

Navios Maritime Partners L.P.
Form 424B4
November 14, 2007

Table of Contents

This Prospectus contains the inside front cover page inadvertently omitted from the previous form of Rule 424(b)(4) prospectus filed on November 13, 2007.

Filed Pursuant to Rule 424(b)(4)
Registration File No.: 333-146972

PROSPECTUS

10,000,000 Common Units

Navios Maritime Partners L.P.

Representing Limited Partner Interests

We are a Marshall Islands limited partnership recently formed by Navios Maritime Holdings Inc. This is the initial public offering of our common units. Concurrently with this offering, we are offering 500,000 of our common units, at the public offering price, directly to a corporation owned by Angeliki Frangou, our Chairman and Chief Executive Officer.

Although we are organized as a partnership, we have elected to be treated as a corporation solely for U.S. federal income tax purposes. Prior to this offering, no public market existed for the common units. Our common units have been approved for listing on the New York Stock Exchange, subject to official notice of issuance, under the symbol "NMM."

Investing in our common units involves risks that are described in the "Risk Factors" section beginning on page 18 of this prospectus.

These risks include the following:

- We may not have sufficient cash from operations to enable us to pay the minimum quarterly distribution on our common units following the establishment of cash reserves and payment of fees and expenses.
-

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Charter rates for drybulk carriers may fluctuate substantially over time, due to the cyclical nature of the international drybulk shipping industry, and may be lower when we are attempting to recharter our vessels, which could materially adversely affect our operating results and cash available for distribution.

We must make substantial capital expenditures to maintain and expand our fleet, which will reduce our cash available for distribution.

Our debt levels may limit our flexibility in obtaining additional financing and in pursuing other business opportunities.

The loss of a customer or charter or vessel could result in a loss of revenues and cash flow in the event we are unable to replace such customer, charter or vessel.

Historically high numbers of newbuildings are currently under construction in the drybulk industry, which could have a material adverse effect on our future results of operations.

We depend on Navios Maritime and its affiliates to assist us in operating and expanding our business.

Navios Maritime and its affiliates may compete with us.

Unitholders have limited voting rights and our partnership agreement restricts the voting rights of unitholders owning more than 4.9% of our common units.

Our general partner and its affiliates, including Navios Maritime, own a significant interest in us and have conflicts of interest and limited fiduciary and contractual duties, which may permit them to favor their own interests to your detriment.

Fees and cost reimbursements, which our manager will determine for services provided to us, will be significant, will be payable regardless of profitability and will reduce our cash available for distribution.

Our partnership agreement contains provisions that may have the effect of discouraging a person or group from attempting to remove our current management or our general partner, and even if public unitholders are dissatisfied, they will be unable to remove our general partner without Navios Maritime's consent, unless Navios Maritime's ownership share in us is decreased.

You will experience immediate and substantial dilution of \$21.30 per common unit.

Per Common Unit	Total Public offering price	\$20.00	\$200,000,000	Underwriting discount(1)	\$1.28
	\$12,800,000 Proceeds, before expenses, to Navios Maritime Partners L.P.	\$18.72	\$187,200,000		

(1) Excludes a financial advisory fee in an aggregate amount of \$700,000, or \$805,000 if the underwriters exercise their overallotment option in full, payable to Merrill Lynch & Co. and S. Goldman Advisors LLC.

The underwriters also may purchase up to an additional 1,500,000 common units from us at the public offering price, less the underwriting discount, within 30 days from the date of this prospectus to cover overallotments.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a

criminal offense.

The common units will be ready for delivery on or about November 16, 2007.

Merrill Lynch & Co. JPMorgan

Cantor Fitzgerald & Co.

S. Goldman Advisors LLC

DVB Capital Markets

The date of this prospectus is November 12, 2007.

You should rely only on the information contained in this prospectus. We have not, and the underwriters have not, authorized anyone to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not, and the underwriters are not, making an offer to sell these securities in any jurisdiction where an offer or sale is not permitted. You should assume that the information appearing in this prospectus is accurate only as of the date on the front cover of this prospectus. Our business, financial condition, results of operations and prospects may have changed since that date.

TABLE OF CONTENTS

	Page
Summary	1
1 Navios Maritime Partners L.P.	1
Our Relationship with Navios Maritime	3
Business Opportunities	3
Competitive Strengths	4
Business Strategies	4
Risk Factors	5
The Transactions	6
Organizational Structure	8
After the Transactions	8
Principal Executive Offices and Internet Address; SEC Filing Requirements	9
Summary of Conflicts of Interest and Fiduciary Duties	9
The Offering	10
Summary Historical and Pro Forma Financial and Operating Data	16
Risk Factors	18
Risks Inherent in Our Business	18
Risks Inherent in an Investment in Us	33
Tax Risks	41
Forward-Looking Statements	44
Use of Proceeds	46
Capitalization	47
Dilution	48
Our Cash Distribution Policy and Restrictions on Distributions	50
General	50
Forecasted Results of Operations for the Year Ending December 31, 2008	52
Pro Forma Results of Operations for the Year Ended December 31, 2006	53
Significant Pro Forma Assumptions	55
Forecast Assumptions and Considerations	55
Comparison of Pro Forma Results of Operations to Forecasted Results of Operations	60
Pro Forma and Forecasted Cash Available for Distribution	62
How We Make Cash Distributions	67
Distributions of Available Cash	67
Operating Surplus and Capital Surplus	67
Subordination Period	70
Distributions of Available Cash From Operating Surplus During the Subordination Period	72
Distributions of Available Cash From Operating Surplus After the Subordination Period	72
Incentive Distribution Rights	72
Percentage Allocations of Available Cash From Operating Surplus	73
Distributions From Capital Surplus	73
Adjustment to the Minimum Quarterly Distribution and Target Distribution Levels	74
Distributions of Cash Upon Liquidation	74

	Page
Selected Historical and pro forma Financial and Operating Data	76
Management's Discussion and Analysis of Financial Condition and Results of Operations	78
Overview	78
Our Charters	80
Vessel Operations	81
Administrative Services	82
Factors Affecting Our Future Results of Operations	83
Results of Operations	83
Liquidity and Capital Resources	89
Contractual Obligations and Contingencies	97
Critical Accounting Policies	98
Quantitative and Qualitative Disclosures About Market Risk	100
Inflation	100
Recent Accounting Pronouncements	100
The International Drybulk Shipping Industry	102
Industry Overview	102
Demand for Drybulk Vessels	103
Supply of Drybulk Vessels	104
Charter Market	106
Charter Rates	107
Vessel Prices	108
Business	110
Overview	110
Our Relationship with Navios Maritime	110
Business Opportunities	110
Our Competitive Strengths	111
Business Strategies	112
Our Fleet	112
Acquisition of Navios TBN I and Navios TBN II	114
Our Customers	114
Competition	115
Time Charters	116
Classification, Inspection and Maintenance	117
Management of Ship Operations, Administration and Safety	118
Crewing and Staff	118
Risk of Loss and Liability Insurance	118
Regulation	119
Properties	124
Legal Proceedings	124
Taxation of the Partnership	124
Management	128
Management of Navios Maritime Partners L.P.	128
Directors and Executive Officers	130
Reimbursement of Expenses of Our General Partner	131
Executive Compensation	132
Compensation of Directors	132
Security Ownership of Certain Beneficial Owners and Management	133
Certain Relationships and Related Party Transactions	134

	Page
Distributions and Payments to our General Partner and Its Affiliates	134
Agreements Governing the Transactions	135
Concurrent Sale of Common Units	142
Other Related Party Transactions	142
Conflicts of Interest and Fiduciary Duties	144
Conflicts of Interest	144
Fiduciary Duties	147
Description of the Common Units	151
The Units	151
Transfer Agent and Registrar	151
Transfer of Common Units	151
The Partnership Agreement	153
Organization and Duration	153
Purpose	153
Power of Attorney	153
Capital Contributions	153
Voting Rights	153
Limited Liability	155
Issuance of Additional Securities	156
Tax Status	157
Amendment of the Partnership Agreement	157
Action Relating to the Operating Subsidiary	159
Merger, Sale, or Other Disposition of Assets	159
Termination and Dissolution	160
Liquidation and Distribution of Proceeds	160
Withdrawal or Removal of our General Partner	160
Transfer of General Partner Interest	161
Transfer of Ownership Interests in General Partner	162
Transfer of Incentive Distribution Rights	162
Change of Management Provisions	162
Limited Call Right	162
Board of Directors	163
Meetings; Voting	164
Status as Limited Partner or Assignee	164
Indemnification	165
Reimbursement of Expenses	165
Books and Reports	165
Right to Inspect Our Books and Records	165
Registration Rights	166
Units Eligible for Future Sale	167
Material U.S. Federal Income Tax Considerations	168
Election to be Treated as a Corporation	168
U.S. Federal Income Taxation of U.S. Holders	168
U.S. Federal Income Taxation of Non-U.S. Holders	172
Backup Withholding and Information Reporting	173
Non-United States Tax Considerations	174
Marshall Islands Tax Consequences	174
Underwriting	175
Commissions and Discounts	175

	Page
Overallotment Option	176
No Sales of Similar Securities	176
New York Stock Exchange Listing	176
Lack of Public Market	176
Price Stabilization, Short Positions and Penalty Bids	177
Electronic Distribution	177
United Kingdom	178
European Economic Area	178
Federal Republic of Germany	178
Hong Kong	179
Singapore	179
Japan	180
Switzerland	180
Italy	180
Ireland	181
Australia	181
Other Relationships	181
Service of Process and Enforcement of Civil Liabilities	181
Legal Matters	182
Experts	182
Expenses Related to This Offering	183
Where You Can Find More Information	183
Industry and Market Data	184
INDEX TO FINANCIAL STATEMENTS	185
Appendix A – Form of First Amended and Restated Agreement of Limited Partnership of Navios Maritime Partners L.P.	A-1
Appendix B – Glossary of Terms	B-1

iv

Table of Contents

Summary

This summary highlights information contained elsewhere in this prospectus. Unless we otherwise specify, all references to information and data in this prospectus about our business refer to the business and fleet that will be transferred to us in connection with this offering. You should read the entire prospectus carefully, including the historical financial statements and the notes to those financial statements. The information presented in this prospectus assumes, unless otherwise noted, that the underwriters' overallotment option is not exercised. You should read "Risk Factors" for more information about important risks that you should consider carefully before buying our common units. We include a glossary of some of the terms used in this prospectus in Appendix B. Unless otherwise indicated, all references to "dollars" and "\$" in this prospectus are to, and amounts are presented in, U.S. Dollars. Yen amounts translated to U.S. Dollars, unless otherwise indicated, have been translated at a rate of 120 Yen per \$1.00. Such translation is solely for convenience and should not be construed as a representation that the Yen amounts actually represent such U.S. Dollar amounts or could be converted into U.S. Dollars at the rate indicated or any other rate. Unless otherwise indicated, all data regarding our fleet and the terms of our charters is as of June 30, 2007 and all industry data is as of September 30, 2007.

References in this prospectus to "Navios Maritime Partners L.P.," "we," "our," "us" or similar terms when used in a historical context refer to the assets of Navios Maritime Holdings Inc. and its vessels and vessel-owning subsidiaries that are being sold, transferred or contributed to Navios Maritime Partners L.P. in connection with this offering. When used in the present tense or prospectively, those terms refer, depending on the context, to Navios Maritime Partners L.P. or any one or more of its subsidiaries, or to all of such entities.

References in this prospectus to "Navios Maritime" refer, depending on the context, to Navios Maritime Holdings Inc. or any one or more of its subsidiaries, including Navios ShipManagement Inc., or Navios ShipManagement. Navios ShipManagement (an affiliate of our general partner) will manage the commercial and technical operation of our fleet pursuant to a management agreement that it will enter into with us in connection with the closing of this offering and will provide administrative services to us pursuant to an administrative services agreement that it will enter into with us in connection with the closing of this offering.

Navios Maritime Partners L.P.

We are an international owner and operator of drybulk carriers newly formed by Navios Maritime Holdings Inc. (NYSE: NM), a vertically integrated seaborne shipping company with over 50 years of operating history in the drybulk shipping industry. Our vessels are chartered out under long-term time charters with an average remaining term of approximately 5.2 years to a strong group of counterparties consisting of Cargill International SA, COSCO Bulk Carrier Co., Ltd., Mitsui O.S.K. Lines, Ltd., Rio Tinto Shipping Pty Ltd., Augustea Atlantica SrL Charterers, The Sanko Steamship Co., Ltd. and Daiichi Chuo Kisen Kaisha. Upon the closing of this offering, Navios Maritime will own a 43.2% interest in us, including a 2.0% interest through our general partner which Navios Maritime owns and controls.

Following this offering, our fleet will consist of six modern, active Panamax vessels, one modern Capesize vessel, one newbuild Panamax vessel that is contracted to be chartered to us, or chartered-in, under a long-term charter in 2008, and one newbuild Capesize vessel, Navios TBN I, which we are scheduled to acquire when it is delivered to Navios Maritime in June 2009. We also have an option to acquire an additional Capesize vessel, Navios TBN II, from Navios Maritime upon delivery of such vessel to Navios Maritime, which is expected in October 2009. Assuming delivery of Navios TBN I in June 2009, our fleet of high-quality Panamax and Capesize vessels will have an average age of approximately 5.5 years in June 2009, which is significantly younger than the current industry average of 15.0 years.

Panamax vessels are highly flexible vessels capable of carrying a wide range of drybulk commodities, including iron ore, coal, grain and fertilizer and of being accommodated in most major discharge ports, while Capesize vessels are primarily dedicated to the carriage of iron ore and coal.

1

Table of Contents

We plan to use the expertise and reputation of Navios Maritime to pursue additional growth opportunities in the Panamax and Capesize markets and in other drybulk shipping markets. We will seek to grow our fleet through purchasing additional vessels from Navios Maritime, selectively pursuing open market acquisition opportunities and entering into long-term charter-in contracts. Pursuant to the omnibus agreement we will enter into with Navios Maritime, we will have the right to purchase additional Panamax and Capesize vessels from Navios Maritime when those vessels are fixed under charters of three or more years upon the expiration of their current charters or upon completion of their construction. We believe that current conditions in our industry will present us with opportunities to make third-party acquisitions and enter into long-term charter-in contracts.

Navios Maritime will manage the commercial and technical operation of our fleet through its wholly-owned subsidiary, Navios ShipManagement. Navios Maritime has an experienced management team with a long track record, a reputation for technical expertise in managing and operating vessels, and strong relationships with leading charterers and shipyards. We believe we will have stable and growing cash flows through the combination of the long-term nature of our charters and our commercial and technical management agreement with Navios ShipManagement, which provides for a fixed management fee for two years from the closing of this offering.

The following table provides summary information about our fleet:

Vessel (Dwt)	Year Built	Capacity Original	Ownership	Charter Expiration Date/New Charter Expiration Date(1)	Original Charter-Out Rate/New Charter-Out Rate	Per Day(2) Initial Fleet:	Fantastiks	2005	180,265	Chartered-in(3)	March 2011
\$32,279 Navios Alegria	2004	76,466	100%	December 2007/ December 2010	\$19,475/						
\$23,594 Navios Felicity	1997	73,867	100%	April 2008/ April 2013	\$9,595/						
\$26,169 Navios Galaxy I	2001	74,195	100%	January 2008/ January 2018	\$24,062/						
\$21,937 Navios Gemini S	1994	68,636	100%	February 2009/ February 2014	\$19,523/						
\$24,225 Navios Libra II	1995	70,136	100%	December 2007/ December 2010	\$21,613/						
\$23,513 Navios Prosperity	2007	82,535	Chartered-in(4)	June 2012	\$24,000	Newbuilding:					
Navios Aldebaran	Expected delivery March 2008	76,500	Chartered-in(5)	March 2013	\$28,391	Navios TBN I(6)	Expected delivery June 2009	180,000	100%	June 2014	\$47,400

(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) Fantastiks is chartered-in through March 2008. We have exercised the option to purchase the vessel in March 2008 at a purchase price of \$34.2 million. (4) Navios Prosperity is chartered-in for seven years and we will have options to extend for two

2

Table of Contents 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 (\$31.7 million), declining pro rata by 145 million Yen (\$1.21 million) per calendar year. (5) We expect that Navios Aldebaran will be delivered in March 2008. Navios Aldebaran will be chartered-in for seven years and we will have options to extend for two one-year periods. We will have the option to purchase the vessel after March 2013 at a purchase price that is initially 3.6 billion Yen (\$30.0 million) declining pro rata by 150 million Yen (\$1.25 million) per calendar year. (6) We will acquire Navios TBN I, when it is delivered in June 2009, from Navios Maritime for \$130.0 million, which we expect to fund through borrowings under our new credit facility and the issuance of additional common units.

Our Relationship with Navios Maritime

One of our key strengths is our relationship with Navios Maritime (NYSE: NM), one of the world's largest independent drybulk operators with a market capitalization of approximately \$1.9 billion as of October 31, 2007. Navios Maritime's business was established by United States Steel Corporation in 1954 and has over 50 years of experience working with raw material producers, agricultural traders and exporters, and industrial end-users. Navios Maritime's senior management have on average over 20 years of experience in the shipping industry. We intend to use Navios Maritime's extensive experience and relationships to source accretive acquisitions and secure long-term time charters for our vessels.

Business Opportunities

We believe that the following factors create opportunities for us to successfully execute our business plan and grow our business:

• Additional demand for seaborne transportation of drybulk commodities. The marine industry is fundamental to international trade, as it is the only practical and cost effective means of transporting large volumes of basic commodities and finished products over long distances. In 2006, approximately 2.8 billion tons of drybulk cargo was transported by sea, comprising more than one-third of all international seaborne trade. From 2001 to 2006, trade in all drybulk commodities experienced an aggregate increase of 29%, primarily driven by increasing global industrial production and consumption and international trade, economic growth and urbanization in China, Russia, Brazil, India and the Far East. We believe that these global market dynamics will continue for the foreseeable future.

• Increased demand for long-term time charter contracts with modern drybulk vessels. Many customers are seeking longer-term time charter contracts in order to secure tonnage for the carriage of their drybulk shipments. This trend is being driven by several factors, including several inefficient infrastructure bottlenecks that are causing delays in cargo discharging and loading at main exporting terminals worldwide. These delays, coupled with increasing voyage lengths from producers to consumers requiring additional ton-miles to service the demands of the global drybulk trade, are reducing the supply of vessels available for hire at any particular time. The increased age of the world drybulk fleet and the limited near-term availability of newbuilding berths have also increased the demand for long-term contracts with modern drybulk vessels.

We can provide no assurance, however, that the industry dynamics described above will continue or that we will be able to expand our business. For further discussion of the risks that we face, see "Risk Factors" beginning on page 18 of this prospectus. Please read "The International Drybulk Shipping Industry."

Table of Contents

Competitive Strengths

We believe we are well positioned to execute our business strategies successfully because of the following competitive strengths:

- Stable and growing cash flows. We believe that the long-term, fixed-rate nature of our charters will provide a stable base of revenue. In addition, we believe our commitment to charter-in one additional newbuild vessel scheduled for delivery in 2008, the exercise of the purchase option for Fantastiks, the purchase of the Navios TBN I upon its anticipated delivery in June 2009, and the potential exercise of our option to purchase Navios TBN II, as well as the potential opportunity to purchase additional vessels from Navios Maritime provide visible future growth in our revenue and distributable cash flow.

- Strong relationship with Navios Maritime. We believe our relationship with Navios Maritime and its affiliates provides us with numerous benefits that are key to our long-term growth and success, including Navios Maritime's expertise in commercial management and Navios Maritime's reputation within the shipping industry and network of strong relationships with many of the world's drybulk raw material producers, agricultural traders and exporters, industrial end-users, shipyards, and shipping companies.

- High-quality, flexible fleet. Following this offering, our fleet will consist of six modern active Panamax vessels, one modern Capesize vessel, one newbuild Panamax vessel that is contracted to be chartered-in to us in 2008 and one newbuild Capesize vessel, Navios TBN I, that we are scheduled to acquire in June 2009. We will also have an option to acquire one newbuild Capesize vessel, Navios TBN II, from Navios Maritime that Navios Maritime is scheduled to acquire in October 2009. Assuming delivery of Navios TBN I in June 2009, our fleet of high-quality vessels will have an average age of approximately 5.5 years in June 2009, compared to a current industry average age of 15.0 years. Our vessels are highly flexible vessels capable of carrying a wide range of drybulk commodities. We believe that our high-quality, flexible fleet provides us with a competitive advantage in the time charter market, where vessel age, flexibility and quality are of significant importance in competing for business.

- Operating visibility through long-term charters with strong counterparties. All of our vessels are chartered out under long-term time charters with an average remaining charter duration of 5.2 years to a strong group of counterparties consisting of Cargill International SA, COSCO Bulk Carrier Co., Ltd., Mitsui O.S.K. Lines, Ltd., Rio Tinto Shipping Pty Ltd., Augustea Atlantica SrL Charterers, The Sanko Steamship Co., Ltd. and Daiichi Chuo Kisen Kaisha. In addition, Navios TBN I, which we are scheduled to acquire from Navios Maritime in June 2009, will be chartered for five years to Mitsui O.S.K. Lines, Ltd. We believe our existing charter coverage with strong counterparties provides us with predictable contracted revenues and operating visibility.

We can provide no assurance, however, that we will be able to utilize our strengths described above. For further discussion of the risks that we face, see "Risk Factors" beginning on page 18 of this prospectus.

Business Strategies

Our primary business objective is to increase quarterly distributions per unit over time by executing the following strategies:

- Pursue stable cash flows through long-term charters for our fleet. We intend to continue to utilize long-term, fixed-rate

charters for our existing fleet. Currently, the vessels in our fleet have an average remaining charter duration of 5.2 years and have staggered charter expirations with no more than two vessels subject to re-chartering in any one year.

4

Table of Contents

and diversify our fleet of owned and chartered-in vessels. We will seek to make strategic acquisitions to expand our fleet in order to capitalize on the demand for drybulk carriers in a manner that is accretive to distributable cash flow per unit. We will have the right to purchase certain additional drybulk vessels currently owned or chartered-in by Navios Maritime when those vessels are fixed under long-term charters for a period of three or more years. In addition, we will seek to expand and diversify our fleet through the open market purchase of owned and chartered-in drybulk vessels with charters of three or more years.

- Continue to grow

relationship with Navios Maritime and expand our charters with recognized charterers. We believe that we can use our relationship with Navios Maritime and its established reputation in order to obtain favorable long-term time charters and attract new customers. We plan to increase the number of vessels we charter to our existing charterers and will seek new charterers to develop a portfolio that is diverse from a customer, geographic and maturity perspective.

- Capitalize on our
- Provide

superior customer service by maintaining high standards of performance, reliability and safety. Our customers seek transportation partners that have a reputation for high standards of performance, reliability and safety. We intend to use Navios Maritime's operational expertise and customer relationships to further expand a sustainable competitive advantage with consistent delivery of superior customer service.

We can provide no assurance, however, that we will be able to implement our business strategies described above. For further discussion of the risks that we face, see "Risk Factors" beginning on page 18 of this prospectus.

Risk Factors

An investment in our common units involves risks associated with our business, our partnership structure and the tax characteristics of our common units, including those set forth below. Please read carefully these and other risks described under "Risk Factors" beginning on page 18 of this prospectus.

- We may

not have sufficient cash from operations to enable us to pay the minimum quarterly distribution on our common units following the establishment of cash reserves and payment of fees and expenses.

- Charter rates for

drybulk carriers may fluctuate substantially over time, due to the cyclical nature of the international drybulk shipping industry, and may be lower when we are attempting to recharter our vessels, which could materially adversely affect our operating results and cash available for distribution.

- We must make

substantial capital expenditures to maintain and expand our fleet, which will reduce our cash available for distribution.

- Our debt

levels may limit our flexibility in obtaining additional financing and in pursuing other business opportunities.

- The loss of a

customer or charter or vessel could result in a loss of revenues and cash flow in the event we are unable to replace such customer, charter or vessel.

- Historically high

numbers of newbuildings are currently under construction in the drybulk industry, which could have a material adverse effect on our future results of operations.

- We depend on

Navios Maritime and its affiliates to assist us in operating and expanding our business.

- Navios Maritime

and its affiliates may compete with us.

limited voting rights and our partnership agreement restricts the voting rights of unitholders owning more than 4.9% of our common units.

- Unitholders have

5

Table of Contents

and its affiliates, including Navios Maritime, own a significant interest in us and have conflicts of interest and limited fiduciary and contractual duties, which may permit them to favor their own interests to your detriment.

reimbursements, which our manager will determine for services provided to us, will be significant, will be payable regardless of profitability and will reduce our cash available for distribution.

agreement contains provisions that may have the effect of discouraging a person or group from attempting to remove our current management or our general partner, and even if public unitholders are dissatisfied, they will be unable to remove our general partner without Navios Maritime's consent, unless Navios Maritime's ownership share in us is decreased.

You will experience immediate and substantial dilution of \$21.30 per common unit.

The Transactions

General

We were formed on August 7, 2007 as a Marshall Islands limited partnership to own and operate drybulk carriers. Navios GP L.L.C., a wholly-owned subsidiary of Navios Maritime, was also formed on that date to act as our general partner, and received a 2.0% general partner interest in us. The following transactions will occur in connection with our formation and in connection with the transfer to us of seven Panamax vessels and one Capesize vessel described in this prospectus, and to effect the public offering of our common units:

the closing of the offering, Navios Maritime will contribute to us all of the outstanding shares of capital stock of one vessel-owning subsidiary in exchange for 4,195,000 subordinated units;

10,000,000 common units to the public in this offering, representing a 54.1% limited partner interest in us;

500,000 common units, representing a 2.7% limited partner interest in us, directly to a corporation owned by Angeliki Frangou, our Chairman and Chief Executive Officer, at a price per unit equal to the initial public offering price;

into a new revolving credit facility that will provide us with financing availability of up to \$260.0 million, and we will borrow \$165.0 million thereunder upon the closing of the offering; and

this offering, Navios Maritime will sell to us all of the outstanding shares of capital stock of four of Navios Maritime's vessel-owning subsidiaries and three Navios Maritime subsidiaries that operate, and have options to purchase, three vessels in exchange for (i) all of the net proceeds from this offering and the offering to a corporation owned by Ms. Frangou (\$193.3 million based on the initial public offering price of \$20.00 per common unit), (ii) \$160.0 million of the \$165.0 million that we will borrow under the new revolving credit facility that we will enter into at the closing of this offering, (iii) the issuance of 3,426,843 additional subordinated units to Navios Maritime and (iv) the issuance to Navios GP L.L.C. of all of our incentive distribution rights, which will entitle it to increasing percentages of the cash we distribute in excess of \$0.4025 per unit per quarter. See "Use of Proceeds."

In addition, at or prior to the closing of this offering, we will enter into the following agreements:

purchase agreement pursuant to which we will acquire the capital stock of the subsidiary that will own the Capesize

vessel Navios TBN I and related time charter, upon delivery of the vessel in June 2009;

6

Table of Contents

agreement pursuant to which we will have the option, exercisable at any time between January 1, 2009 and April 1, 2009, to acquire the capital stock of the subsidiary that will own the Capesize vessel Navios TBN II and related time charter, scheduled for delivery in October 2009;

- a share purchase

agreement with Navios ShipManagement pursuant to which Navios ShipManagement will agree to provide us commercial and technical management services;

- a management

services agreement with Navios ShipManagement, pursuant to which Navios ShipManagement will agree to provide us administrative services; and

- an administrative

agreement with Navios Maritime, our general partner and others, governing, among other things:

- an omnibus
- when we and Navios
- certain rights of first

Maritime may compete with each other; and

offer on certain drybulk carriers.

Please read “Certain Relationships and Related Party Transactions.”

We believe that conducting our operations through a publicly traded limited partnership will offer us the following advantages:

- access to

the public equity and debt capital markets;

- a lower cost of

capital for expansion and acquisitions; and

- an enhanced ability

to use equity securities as consideration in future acquisitions.

Holding Company Structure

We are a holding entity and will conduct our operations and business through subsidiaries, as is common with publicly traded limited partnerships, to maximize operational flexibility. Initially, Navios Maritime Operating L.L.C., a limited liability company organized in the Marshall Islands, will be our only directly owned subsidiary and will conduct all of our operations through itself and its subsidiaries.

Table of Contents

Organizational Structure After the Transactions

The following diagram depicts our simplified organizational structure after giving effect to the transactions described above:

		Public Common Units	54.1 %	Common Units to
be Purchased by Amadeus Maritime S.A.*	2.7	Navios Maritime Subordinated Units	41.2	General Partner
Interest	2.0			
				100 %

*

Amadeus Maritime S.A. is a Panama corporation whose sole shareholder is Angeliki Frangou.

Table of Contents

Principal Executive Offices and Internet Address; SEC Filing Requirements

Our principal executive offices are located at 85 Akti Miaouli Street, Piraeus, Greece 185 38, and our phone number is (+30) 210 459 5000. We expect to make our periodic reports and other information filed with or furnished to the SEC available, free of charge, through our website at <http://www.navios-mlp.com>, which will be operational after this offering, as soon as reasonably practicable after those reports and other information are electronically filed with or furnished to the SEC. Information on our website or any other website, including Navios Maritime's website, is not incorporated by reference into this prospectus and does not constitute a part of this prospectus. Please read "Where You Can Find More Information" for an explanation of our reporting requirements as a foreign private issuer.

Summary of Conflicts of Interest and Fiduciary Duties

Our general partner and our directors have a legal duty to manage us in a manner beneficial to our unitholders, subject to the limitations described below and under "Conflicts of Interest and Fiduciary Duties." This legal duty is commonly referred to as a "fiduciary" duty. Similarly, our directors and officers have fiduciary duties to manage us in a manner beneficial to us, our general partner and our limited partners. As a result of these relationships, conflicts of interest may arise in the future between us and our unitholders, on the one hand, and Navios Maritime and its other affiliates, including our general partner on the other hand. In particular:

- all of our executive officers and three of our directors also serve as executive officers and/or directors of Navios Maritime;
- Navios

Maritime and its other affiliates may compete with us; and

- we have entered into arrangements, and may enter into additional arrangements, with Navios Maritime and certain of its subsidiaries, including Navios ShipManagement, relating to the purchase of additional vessels, the provision of certain services and other matters. In the performance of their obligations under these agreements, Navios Maritime and its subsidiaries, other than Navios GP L.L.C., are not held to a fiduciary duty standard of care to us, our general partner or our limited partners, but rather to the standard of care specified in these agreements.

Please read "Management—Directors and Executive Officers" and "Certain Relationships and Related Party Transactions."

Although a majority of our directors will over time be elected by common unitholders, our general partner will likely have substantial influence on decisions made by our board of directors.

For a more detailed description of the conflicts of interest and fiduciary duties of our general partner and its affiliates, please read "Conflicts of Interest and Fiduciary Duties." For a description of our other relationships with our affiliates, please read "Certain Relationships and Related Party Transactions."

In addition, our partnership agreement contains provisions that reduce the standards to which our general partner and our directors would otherwise be held under Marshall Islands law. For example, our partnership agreement limits the liability and reduces the fiduciary duties of our general partner and our directors to our unitholders. Our partnership agreement also restricts the remedies available to unitholders. By purchasing a common unit, you are treated as having agreed to the modified standard of fiduciary duties and to certain actions that may be taken by our general partner, its affiliates or our directors, all as set forth in the partnership agreement. Please read "Conflicts of Interest and Fiduciary Duties" for a description of the fiduciary duties that would otherwise be imposed on our general partner, its affiliates and our directors under Marshall Islands law, the material modifications of those duties contained in our partnership

agreement and certain legal rights and remedies available to our unitholders under Marshall Islands law.

9

Table of Contents

The Offering

units offered to the public by us 10,000,000 common units; or 11,500,000 common units if the underwriters exercise their overallotment option in full. Common

Units outstanding after this offering 10,500,000 common units and 7,621,843 subordinated units, representing a 56.8% and 41.2% limited partner interest in us, respectively; or 12,000,000 common units and 6,121,843 subordinated units if the underwriters exercise their overallotment option in full.

Use of proceeds The proceeds from this offering will be used primarily to fund a portion of the purchase price of the capital stock in the subsidiaries of Navios Maritime that own or have rights to vessels in our initial fleet.

The purchase price of the capital stock of the subsidiaries that own or have rights to the eight vessels in our initial fleet will be equal to:

- all of the net proceeds from our sale of an aggregate of 10,500,000 common units in this offering and the offering to a corporation owned by Ms. Frangou (estimated at \$193.3 million, based on the initial public offering price of \$20.00 per common unit), plus
- \$160.0 million of the \$165.0 million of borrowings under our new revolving credit facility, plus
- 7,621,843 subordinated units to be issued to Navios Maritime, plus
- the 2.0% general partner interest and all of our incentive distribution rights to be issued to our general partner.

Based on the initial public offering price of \$20.00 per common unit and assuming that the fair market value of each subordinated unit and general partner unit is \$20.00, the total dollar value of the consideration to be paid to Navios Maritime for the capital stock of the subsidiaries that own or have rights to the vessels in our initial fleet is approximately \$513.1 million.

The initial public offering price of our common units, as well as the total consideration to be paid to Navios Maritime for the capital stock of the subsidiaries that own or have rights to the eight vessels in our initial fleet was determined through negotiations among us and the representatives of the underwriters. In addition to prevailing market conditions, the factors considered in determining the initial public offering price as well as the total consideration for the capital stock of the subsidiaries that own the vessels in our initial fleet were:

Table of Contents

representatives believe to be comparable to us, history of, and the prospects for, our partnership and the industry in which we compete, assessment of our management, its past and present operations, and the prospects for, and timing of, our future revenues, and valuation measures of other companies engaged in activities similar to ours.

- the valuation multiples of publicly traded companies that the
- our financial information,
- the
- as
- the above factors in relation to market values and various

Please read “Underwriting.”

Over allotment option We have granted the underwriters a 30-day option to purchase up to 1,500,000 additional common units to cover over allotments. We will use the net proceeds of any exercise of the underwriters’ over allotment option to redeem a number of subordinated units from Navios Maritime equal to the number of units for which the underwriters exercise their over allotment option.

Cash distributions We intend to make minimum quarterly distributions of \$0.35 per common unit to the extent we have sufficient cash from operations after establishment of cash reserves and payment of fees and expenses, including payments to our general partner. In general, we will pay any cash distributions we make each quarter in the following manner:

- first, 98.0% to the holders of common units and 2.0% to our general partner, until each common unit has received a minimum quarterly distribution of \$0.35 plus any arrearages from prior quarters;
- second, 98.0% to the holders of subordinated units and 2.0% to our general partner, until each subordinated unit has received a minimum quarterly distribution of \$0.35; and
- third, 98.0% to all unitholders, pro rata, and 2.0% to our general partner, until each unit has received an aggregate distribution of \$0.4025.

If cash distributions exceed \$0.4025 per unit in a quarter, our general partner will receive increasing percentages, up to 50.0% (including its 2.0% general partner interest), of the cash we distribute in excess of that amount. We refer to these distributions as “incentive distributions.” We must distribute all of our cash on hand at the end of each quarter, less reserves established by our general partner to

Table of Contents

provide for the proper conduct of our business, to comply with any applicable debt instruments or to provide funds for future distributions. We refer to this cash as “available cash,” and we define its meaning in our partnership agreement and in the glossary of terms attached as Appendix B. The amount of available cash may be greater than or less than the aggregate amount of the minimum quarterly distribution to be distributed on all units. The amount of available cash we need to pay the minimum quarterly distributions for four quarters on our common units, subordinated units and the 2.0% general partner interest to be outstanding immediately after this offering is \$25.9 million.

We believe, based on the estimates contained in and the assumptions listed under “Our Cash Distribution Policy and Restrictions on Distributions—Forecasted Results of Operations for the Year Ending December 31, 2008” and “—Forecast Assumptions and Considerations” that we will have sufficient cash available for distributions to enable us to pay all of the minimum quarterly distribution of \$0.35 per unit on all of our common and subordinated units for each quarter through December 31, 2008. However, unanticipated events may occur which could materially adversely affect the actual results we achieve during the forecast period. Consequently, our actual results of operations, cash flows and financial condition during the forecast period may vary from the forecast, and such variations may be material. Prospective investors are cautioned to not place undue reliance on the forecast and should make their own independent assessment of our future results of operations, cash flows and financial condition. Our pro forma available cash to make distributions generated during the year ended December 31, 2006 would have been sufficient to allow us to pay only 96.0% of the minimum quarterly distribution on the common units, and would have not allowed us to pay any distributions on the subordinated units during the year ended December 31, 2006. Please read “Our Cash Distribution Policy and Restrictions on Distributions—Pro Forma and Forecasted Cash Available for Distribution” and “How We Make Cash Distributions—Subordination Period.”

Subordinated units Navios Maritime will initially own all of our subordinated units. The principal difference between our common units and subordinated units is that in any quarter during the subordination period the subordinated units are entitled to receive the minimum quarterly distribution of \$0.35 per unit only after the common units have received the minimum quarterly distribution and arrearages in the payment of the minimum quarterly distribution from prior

Table of Contents

quarters. Subordinated units will not accrue arrearages.

The subordination period generally will end if we have earned and paid at least \$1.40 on each outstanding unit and the corresponding distribution on the general partner's 2.0% interest for any three consecutive four-quarter periods ending on or after December 31, 2011. The subordination period may also end prior to December 31, 2011 if certain financial tests are met as described below. When the subordination period ends, all subordinated units will automatically convert into common units on a one-for-one basis, and the common units will no longer be entitled to arrearages. Please read "How We Make Cash Distributions—Subordination Period."

Early conversion of subordinated units If we have earned and paid at least \$2.10 (150.0% of the annualized minimum quarterly distribution) on each outstanding unit for the four-quarter period ending on or before the date of determination, the subordinated units will convert into common units. Please read "How We Make Cash Distributions—Subordination Period."

Issuance of additional units Our partnership agreement allows us to issue an unlimited number of units without the consent of our unitholders.

Please read "Units Eligible for Future Sale" and "The Partnership Agreement—Issuance of Additional Securities."

Board of directors We will hold a meeting of the limited partners every year to elect one or more members of our board of directors and to vote on any other matters that are properly brought before the meeting. Our general partner has the right to appoint three of the seven members of our board of directors who will serve as directors for terms determined by our general partner. At our 2008 annual meeting, the common unitholders will elect four of our seven directors. The four directors elected by our common unitholders at our 2008 annual meeting will be divided into three classes to be elected by our common unitholders annually on a staggered basis to serve for three-year terms.

Voting rights Each outstanding common unit is entitled to one vote on matters subject to a vote of common unitholders. However, to preserve our ability to be exempt from U.S. federal income tax under Section 883 of the U.S. Internal Revenue Code, as amended, or the Code, if at any time, any person or group owns beneficially more than 4.9% of any class of units then outstanding, any such units owned by that person or group in excess of 4.9% may not be voted on any matter and will not be considered to be outstanding when sending notices of a meeting of unitholders, calculating required votes, except for purposes of

Table of Contents

nominating a person for election to our board, determining the presence of a quorum or for other similar purposes under our partnership agreement, unless otherwise required by law. The voting rights of any such unitholders in excess of 4.9% will effectively be redistributed pro rata among the other common unitholders holding less than 4.9% of the voting power of all classes of units entitled to vote. Our general partner, its affiliates, and persons who acquired common units with the prior approval of our board of directors will not be subject to this 4.9% limitation except with respect to voting their common units in the election of the elected directors.

You will have no right to elect our general partner on an annual or other continuing basis. Our general partner may not be removed except by a vote of the holders of at least 662/3% of the outstanding units, including any units owned by our general partner and its affiliates, voting together as a single class. Upon consummation of this offering, Navios Maritime will own all of our subordinated units (representing 42.1% of the total number of common and subordinated units, assuming no exercise of the underwriters' overallotment option, and 33.8% of the total number of common and subordinated units if the underwriters exercise their overallotment option in full). As a result, you will initially be unable to remove our general partner without Navios Maritime's consent because Navios Maritime will own sufficient units upon completion of this offering to be able to prevent the general partner's removal and Navios Maritime will have the right to acquire additional units in the future to maintain its percentage interest in our partnership. Please read "The Partnership Agreement—Voting Rights."

Limited
call right If at any time our general partner and its affiliates, including Navios Maritime, own more than 80% of the outstanding common units, our general partner has the right, but not the obligation, to purchase all, but not less than all, of the remaining common units at a price equal to the greater of (x) the average of the daily closing prices of the common units over the 20 trading days preceding the date three days before the notice of exercise of the call right is first mailed and (y) the highest price paid by our general partner or any of its affiliates for common units during the 90-day period preceding the date such notice is first mailed. Our general partner is not obligated to obtain a fairness opinion regarding the value of the common units to be repurchased by it upon the exercise of this limited call right.

Table of Contents

U.S. federal income tax considerations Although we are organized as a partnership, we have elected to be treated as a corporation for U.S. federal income tax purposes. Under current U.S. federal income tax law, a portion of the distributions you receive from us will constitute dividends, and if you are an individual citizen or resident of the United States or a U.S. estate or trust and meet certain holding period requirements, such dividends are expected to be taxable as “qualified dividend income” currently subject to a maximum 15.0% U.S. federal income tax rate (until 2011, at which time, in the absence of legislation extending the term of the preferential tax rates for qualified dividend income, dividends will be taxed at ordinary income tax rates). The remaining portion of our distributions will be treated first as a non-taxable return of capital to the extent of your tax basis in your common units and, thereafter, as capital gain. We estimate that if you hold the common units that you purchase in this offering through the period ending December 31, 2009, the distributions you receive that will constitute dividends for U.S. federal income tax purposes will be approximately 56% of the total cash distributions received during that period. Please read “Material U.S. Federal Income Tax Considerations— U.S. Federal Income Taxation of U.S. Holders—Ratio of Dividend Income to Distributions” for the basis for this estimate. Please also read “Risk Factors—Tax Risks” for a discussion of proposed legislation that would deny the preferential rate of taxation of qualified dividend income to distributions received from us.

Exchange listing Our common units have been approved for listing on the New York Stock Exchange, subject to official notice of issuance, under the symbol “NMM.”

Table of Contents

Summary Historical and Pro Forma Financial and Operating Data

The following table presents in each case for the periods and at the dates indicated:

financial and operating data of Navios Maritime Partners Predecessor; and
data of Navios Maritime Partners L.P.

- historical
- pro forma financial

We have derived the summary historical financial data as of December 31, 2006 and 2005 and for the year ended December 31, 2006, the periods from January 1, 2005 to August 25, 2005 and from August 26, 2005 to December 31, 2005, and the year ended December 31, 2004 from our audited predecessor combined financial statements appearing elsewhere in this prospectus. The summary historical financial data as of December 31, 2004 are derived from our unaudited predecessor combined financial statements, which are not included in this prospectus. The summary historical financial data as of June 30, 2007 and for the six months ended June 30, 2006 and 2007 are derived from our unaudited predecessor combined financial statements appearing elsewhere in this prospectus, which in the opinion of management, include all adjustments, consisting of normal recurring adjustments necessary for fair presentation of that information. The predecessor combined financial statements included in the prospectus have been carved out of the consolidated financial statements of Navios Maritime, which operated one of the drybulk vessels that we will acquire in connection with this offering during the year ended December 31, 2004 and the period from January 1, 2005 to August 25, 2005, owned three and operated four of the drybulk vessels that we will acquire in connection with this offering during the period from August 26, 2005 to December 31, 2005, owned and operated five of the drybulk vessels that we will acquire in connection with this offering during the year ended December 31, 2006 and owned five and operated seven of the drybulk vessels that we will acquire in connection with this offering during the six months ended June 30, 2007. Results of operations have been included from the respective dates that (i) the vessel-owning subsidiaries were acquired or when rights to operate the vessels were obtained by Navios Maritime or (ii) at the inception of charter-in agreements for chartered-in vessels. Navios Maritime's shipping interests and other assets, liabilities, revenues and expenses that do not relate to the vessel-owning subsidiaries to be acquired by us are not included in our combined financial statements. Our financial position, results of operations and cash flows reflected in our combined financial statements include all expenses allocable to our business, but may not be indicative of those that would have been achieved had we operated as a public entity for all periods presented or of future results. In accordance with standard shipping industry practice, Navios Maritime did not obtain from the seller historical operating data for the acquired vessels, as that data was not material to the decision to purchase the vessels. Accordingly, we have not included any historical financial data relating to the results of operations of our vessels for any period before Navios Maritime acquired them.

We have derived the summary pro forma financial data of Navios Maritime Partners L.P. as of June 30, 2007 and for the year ended December 31, 2006 and the six months ended June 30, 2007 from our unaudited pro forma combined financial statements included elsewhere in this prospectus. The pro forma income statement data for the year ended December 31, 2006 and the six months ended June 30, 2007 assumes this offering and the related transactions and the concurrent offering to a corporation owned by Ms. Frangou occurred on January 1, 2006. The pro forma balance sheet assumes this offering and the related transactions and the concurrent offering occurred on June 30, 2007. The pro forma financial data may not be comparable to the historical financial data for the reasons set forth in "Management's Discussion and Analysis of Financial Condition and Results of Operations—Results of Operations." A more complete explanation of the pro forma data can be found in our unaudited pro forma combined financial statements and accompanying notes included elsewhere in this prospectus.

The following table should be read together with, and is qualified in its entirety by reference to, the historical combined financial statements, unaudited pro forma combined financial statements and the accompanying notes included elsewhere in this prospectus. The table should also be read together with “Management’s Discussion and Analysis of Financial Condition and Results of Operations.”

16

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Successor	Successor	Year Ended	Historical(1)	Pro Forma	Predecessor	Predecessor	Successor	
December 31, 2004	January 1, 2005							
to	August 25, 2005	August 26, 2005						
to	December 31, 2005	Year Ended						
December 31, 2006	Six Months Ended							
June 30, 2006	Year Ended							
December 31, 2006	Six Months Ended							
Ended	June 30, 2007							
2007	2006	2007	(unaudited)	(unaudited)	(In thousands of U.S. dollars, except per unit and fleet data)			
			Income Statement Data:			Time charter and voyage revenue		
3,715	\$ 5,780	\$ 3,451	\$ 31,549	\$ 16,064	\$ 23,177	\$ 62,115	\$ 33,292	Loss on forward freight agreements
(2,305)	(1,266)	(1,344)	(2,923)	(460)	(2,923)	(16,243)	(7,827)	Time charter and voyage expenses
(69)	(5,626)	(2,554)	(3,055)	(6,952)	(3,620)	(392)	(284)	Direct vessel expenses
(698)	(496)	(521)	—	—	—	—	—	Management fees
(1,000)	—	—	—	—	—	—	—	General and administrative expenses
)	—	—	—	—	—	—	—	Depreciation and amortization
)	—	—	—	—	—	—	—	Interest expense and finance cost, net
Other income	—	—	61	147	27	61	27	Other expense
(74)	(46)	—	—	—	—	—	—	—
10,335	Income tax	—	—	—	—	—	—	—
\$ 4,449	\$ 9,609	\$ 12,872	\$ 10,335	486	—	—	—	—
257	\$ 207	Limited partners' interest in net income						
net income per common unit, basic and diluted								
per subordinated unit, basic and diluted								
number of common units outstanding, basic and diluted								
Pro forma weighted average number of subordinated units outstanding, basic and diluted								
7,621,843	7,621,843	Balance Sheet Data (at end of period):						Vessels, net
\$ —	\$ 96,296	\$ 143,834	\$ 139,905	\$ 139,905	Total assets	1,080	118,986	
152,243	220,990	206,054	Owner's net investment	509	49,078	70,902		
114,213	Partners' equity				General Partner			
(7,643)	Limited Partners				35,791			
	Net cash provided by operating activities	\$ —	\$ —	\$ 520	\$ 14,496	\$ 387	\$ 1,444	
	Net cash used in investing activities	—	—	(76,058)	(36,985)	(36,985)	—	Net cash
	provided by financing activities	—	—	75,538	22,489	36,598	(1,444)	
								Fleet Data:
	Vessels at end of period(2)	1	1	4	5	5	7	

(1)

On August 25, 2005, International Shipping Enterprises Inc., a publicly traded Delaware shell company, or ISE, acquired Navios Maritime through the purchase of all of the outstanding shares of common stock of Navios Maritime. Simultaneously with the acquisition, ISE effected a reincorporation through a downstream merger with and into

Navios Maritime, in order to become a Marshall Islands corporation, as it exists today. The carved out results of operations prior to August 26, 2005 are labeled as “Predecessor” and the carved out results of operations from August 26, 2005 forward are labeled as “Successor.” (2) Includes owned and chartered-in vessels.

17

Table of Contents

Risk Factors

Although many of our business risks are comparable to those a corporation engaged in a similar business would face, limited partner interests are inherently different from the capital stock of a corporation. You should carefully consider the following risk factors together with all of the other information included in this prospectus when evaluating an investment in our common units.

If any of the following risks actually occur, our business, financial condition, cash flows or operating results could be materially adversely affected. In that case, we might not be able to pay distributions on our common units, the trading price of our common units could decline, and you could lose all or part of your investment.

Risks Inherent in Our Business

We may not have sufficient cash from operations to enable us to pay the minimum quarterly distribution on our common units following the establishment of cash reserves and payment of fees and expenses.

We may not have sufficient cash available each quarter to pay the minimum quarterly distribution of \$0.35 per common unit following the establishment of cash reserves and payment of fees and expenses. The amount of cash we can distribute on our common units principally depends upon the amount of cash we generate from our operations, which may fluctuate based on numerous factors generally described under this “Risk Factors” heading, including, among other things:

- the rates we obtain from our charters and the market for long-term charters when we recharter our vessels;
- the level of our operating costs, such as the cost of crews and insurance, following the expiration of our management agreement pursuant to which we will pay a fixed daily fee for an initial term of approximately two years from the closing of this offering;
- the number of unscheduled off-hire days for our fleet and the timing of, and number of days required for, scheduled inspection, maintenance or repairs of submerged parts, or drydocking, of our vessels;
- demand for drybulk commodities;
- supply of drybulk vessels;
- the effect of prevailing global and regional economic and political conditions; and
- the effect of governmental regulations and maritime self-regulatory organization standards on the conduct of our business.

The actual amount of cash we will have available for distribution also will depend on other factors, some of which are beyond our control, such as:

- the level of capital expenditures we make, including those associated with maintaining vessels, building new vessels, acquiring existing vessels and complying with regulations;
- our debt service requirements and restrictions on distributions contained in our debt instruments;
- interest rate

fluctuations;

acquisitions, if any;

working capital needs;

working capital borrowings, including the payment of distributions to unitholders; and

cash reserves, including reserves for future maintenance and replacement capital expenditures, working capital and other matters, established by our board of directors in its discretion.

- the cost of
- fluctuations in our
- our ability to make
- the amount of any

18

Table of Contents

The amount of cash we generate from our operations may differ materially from our profit or loss for the period, which will be affected by non-cash items. As a result of this and the other factors mentioned above, we may make cash distributions during periods when we record losses and may not make cash distributions during periods when we record net income.

The cyclical nature of the international drybulk shipping industry may lead to decreases in long-term charter rates and lower vessel values, resulting in decreased distributions to our common unitholders.

The shipping business, including the dry cargo market, is cyclical in varying degrees, experiencing severe fluctuations in charter rates, profitability and, consequently, vessel values. At various times from 2004 to date, charter rates for the international drybulk shipping industry reached historic highs but may not be as high in the future. For example, during the period from January 4, 2005 to June 30, 2007, the Baltic Exchange’s Panamax time charter average daily rates experienced a low of \$10,162 and a high of \$51,870. We anticipate that the future demand for our drybulk carriers and drybulk charter rates will be dependent upon continued demand for imported commodities, economic growth in the emerging markets, including the Asia Pacific region, India, Brazil and Russia and the rest of the world, seasonal and regional changes in demand and changes to the capacity of the world fleet. The capacity of the world fleet seems likely to increase, and there can be no assurance that economic growth will continue. Adverse economic, political, social or other developments could decrease demand and growth in the shipping industry and thereby reduce revenue significantly. A decline in demand for commodities transported in drybulk carriers or an increase in supply of drybulk vessels could cause a significant decline in charter rates, which could materially adversely affect our results of operations and financial condition. The demand for vessels, in general, has been influenced by, among other factors:

- global and regional economic conditions;
- developments in international trade;
- changes in seaborne and other transportation patterns, such as port congestion and canal closures;
- weather and crop yields;
- armed conflicts and terrorist activities;
- political developments; and
- embargoes and strikes.

In connection with the closing of this offering, we will enter into an agreement with a subsidiary of Navios Maritime to purchase its interests in the subsidiary that owns the newbuilding Capesize Navios TBN I at the pre-determined purchase price of \$130.0 million. We will purchase from a subsidiary of Navios Maritime its interests in the subsidiary that owns the newbuilding upon delivery of the vessel to the subsidiary. Even if the market value of the Capesize declines between the time we enter into the agreement to purchase the newbuilding and the time the newbuilding is actually delivered to the vessel-owning subsidiary, we will still be required to purchase the interests in that subsidiary at the price specified in the share purchase agreement. As a result, we may pay substantially more for that vessel than we would pay if we were to purchase that vessel from an unaffiliated third party. Please read “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Purchase of Newbuilding” and Certain Relationships and Related Party Transactions—Agreements Governing the Transactions—Agreement to Purchase Future Vessel.”

If we sell a vessel at a time when the market value of our vessels has fallen, the sale may be at less than the vessel's carrying amount, resulting in a loss. A decline in the market value of our vessels could also lead to a default under any prospective credit facility to which we become a party, affect our ability to refinance our new credit facility and/or limit our ability to obtain additional financing.

19

Table of Contents

Charter rates for drybulk carriers may fluctuate substantially over time and may be lower when we are attempting to recharter our vessels, which could materially adversely affect our operating results and cash available for distribution.

Our ability to recharter our vessels following expiration of existing time charter contracts and the rates payable upon any renewal or replacement charters will depend upon, among other things, the state of the drybulk market at the time of rechartering. As described above, the international drybulk shipping industry is very cyclical and we may be rechartering our long-term charters during downturns in the cycle. Currently, China, Japan, other Asian Pacific economies and India are the main driving force behind the increase in seaborne drybulk trades and the demand for drybulk carriers. Demand from such economies has driven increased rates and vessel values. Conversely, a negative change in economic conditions in any Asian Pacific country, but particularly in China or Japan, as well as India, may have a material adverse effect on our business, financial condition and results of operations, as well as our future prospects, by reducing demand and the resultant charter rates. In particular, in recent years, China has been one of the world's fastest growing economies in terms of gross domestic product. We cannot assure you that such growth will be sustained or that the Chinese economy will not experience a material decline from current levels in the future.

All of our time charters are scheduled to expire on dates ranging from December 2010 to January 2018. If, upon expiration or termination of these or other contracts, long-term recharter rates are lower than existing rates, particularly considering that we intend to enter into long-term charters, or if we are unable to obtain replacement charters, our earnings, cash flow and our ability to make cash distributions to our unitholders under any new contracts could be materially adversely affected.

The assumptions underlying the forecast of cash available for distribution that we include in "Our Cash Distribution Policy and Restrictions on Distributions" are inherently uncertain and are subject to significant business, economic, regulatory and competitive risks and uncertainties that could cause actual results to differ materially from those forecasted.

Our estimate of cash available for distribution set forth in "Our Cash Distribution Policy and Restrictions on Distributions" includes our forecast of results of operations and cash available for distribution for the year ending December 31, 2008. The forecast has been prepared by management. Neither our independent registered public accounting firm, nor any other independent accountants, have examined, compiled or performed any procedures with respect to the forecast, nor have they expressed any opinion or any other form of assurance on such information or its achievability, and assume no responsibility for, the forecast. The assumptions underlying the forecast are inherently uncertain and are subject to significant business, economic, regulatory and competitive risks, including those discussed in this section that could cause actual results to differ materially from those forecasted. If the forecasted results are not achieved, we may not be able to pay the full minimum quarterly distribution or any amount on the common units or subordinated units, in which event the market price of the common units may decline materially. The amount of available cash we need to pay the minimum quarterly distribution for four quarters on the common units, the subordinated units and the 2.0% general partner interest to be outstanding immediately after this offering is \$25.9 million. Pro forma available cash to make distributions generated during the year ended December 31, 2006 would have been sufficient to allow us to pay only 96.0% of the minimum quarterly distribution on the common units, and would have not allowed us to pay any distributions on the subordinated units for the year ended December 31, 2006. For a forecast of our ability to pay the full minimum quarterly distributions on the common units, the subordinated units and the 2.0% general partner interest for the year ending December 31, 2008, please read "Our Cash Distribution Policy and Restrictions on Distributions" and "Forward-Looking Statements."

The market values of our vessels, which are at historically high levels, may decrease, which could cause us to breach covenants in our new revolving credit facility and result in the foreclosure on our mortgaged vessels.

Factors that influence vessel values include:

- number of newbuilding deliveries;
- changes in environmental and other regulations that may limit the useful life of vessels;

20

Table of Contents

<p>drybulk commodity supply;</p> <p>vessels;</p> <p>development of and increase in use of other modes of transportation;</p> <p>acquisitions;</p> <p>other regulations; and</p> <p>charter rates, which are at historical highs.</p>	<ul style="list-style-type: none"> • changes in global • types and sizes of • cost of vessel • governmental or • prevailing level of
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If the market values of our owned vessels decrease, we may breach covenants contained in our new credit facility. We purchased our vessels from Navios Maritime based on current market prices which are at historically high levels. If we breach such covenants and are unable to remedy any relevant breach, our lenders could accelerate our debt and foreclose on the collateral, including our vessels. Any loss of vessels would significantly decrease our ability to generate positive cash flow from operations and therefore service our debt. In addition, if the book value of a vessel is impaired due to unfavorable market conditions, or a vessel is sold at a price below its book value, we would incur a loss.

We must make substantial capital expenditures to maintain the operating capacity of our fleet, which will reduce our cash available for distribution. In addition, each quarter our board of directors is required to deduct estimated maintenance and replacement capital expenditures from operating surplus, which may result in less cash available to unitholders than if actual maintenance and replacement capital expenditures were deducted.

We must make substantial capital expenditures to maintain, over the long term, the operating capacity of our fleet. These maintenance and replacement capital expenditures include capital expenditures associated with drydocking a vessel, modifying an existing vessel or acquiring a new vessel to the extent these expenditures are incurred to maintain the operating capacity of our fleet. These expenditures could increase as a result of changes in:

<p>our labor and materials;</p> <p>replacement vessels;</p> <p>requirements;</p> <p>of our fleet; and</p> <p>regulations and maritime self-regulatory organization standards relating to safety, security or the environment.</p>	<ul style="list-style-type: none"> • the cost of • the cost of suitable • customer/market • increases in the size • governmental
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Please see “Management’s Discussion and Analysis of Financial Condition and Results of Operations —Liquidity and Capital Resources—Capital Expenditures.”

Our significant maintenance and replacement capital expenditures will reduce the amount of cash we have available for distribution to our unitholders. Any costs associated with scheduled drydocking for the first two years after the closing of this offering are included in a daily fee of \$4,000 per owned Panamax vessel and \$5,000 per owned Capesize vessel that we will pay Navios ShipManagement under a management agreement. The initial term of the

management agreement will be five years from the closing of this offering and this fee will be fixed for the first two years of that agreement. During the remaining three years of the term of the management agreement, we expect that we will reimburse Navios ShipManagement for all of the actual operating costs and expenses it incurs in connection with the management of our fleet. In the event our management agreement is not renewed, we will separately deduct estimated capital expenditures associated with drydocking from our operating surplus in addition to estimated replacement capital expenditures.

Our partnership agreement requires our board of directors to deduct estimated, rather than actual, maintenance and replacement capital expenditures from operating surplus each quarter in an effort to reduce fluctuations in operating surplus. The amount of estimated capital expenditures deducted from operating surplus is subject to review and change by the conflicts committee at least

Table of Contents

once a year. If our board of directors underestimates the appropriate level of estimated maintenance and replacement capital expenditures, we may have less cash available for distribution in future periods when actual capital expenditures begin to exceed previous estimates.

If we expand the size of our fleet in the future, we generally will be required to make significant installment payments for acquisitions of vessels prior to their delivery and generation of revenue. In addition, we intend to finance the purchase of Fantastiks to be delivered in 2008 with debt, and the purchase of Navios TBN I, to be delivered in 2009, partly with debt and partly by issuing additional equity securities. Depending on whether we finance our expenditures through cash from operations or by issuing debt or equity securities, our ability to make cash distributions may be diminished or our financial leverage could increase or our unitholders could be diluted.

The actual cost of a vessel varies significantly depending on the market price, the size and specifications of the vessel, governmental regulations and maritime self-regulatory organization standards.

We have exercised the option to purchase Fantastiks in March 2008 at a purchase price of \$34.2 million. In addition, the purchase price for the newbuilding Navios TBN I and related time charter we will acquire in June 2009 is \$130.0 million. We intend to finance the purchase of Fantastiks using borrowings under our new credit facility. We intend to finance the purchase of Navios TBN I partially with borrowings under our new credit facility and partially by issuing additional common units or other equity securities, which would dilute your ownership interest in us. If we exercise the option to acquire Navios TBN II for \$135.0 million, we may finance such acquisition in whole or in part with borrowings under a credit facility or by issuing additional common units or other debt securities, which would further dilute your ownership interest in us. Please read “—We may issue additional equity securities without your approval, which would dilute your ownership interests.” We may enter into similar arrangements with Navios Maritime and its affiliates in the future.

If we purchase additional vessels in the future, we generally will be required to make installment payments prior to their delivery. If we finance these acquisition costs by issuing debt or equity securities, we will increase the aggregate amount of interest payments or minimum quarterly distributions we must make prior to generating cash from the operation of the vessel.

To fund the remaining portion of these and other capital expenditures, we will be required to use cash from operations or incur borrowings or raise capital through the sale of debt or additional equity securities. Use of cash from operations will reduce cash available for distributions to unitholders. After borrowing under our revolving credit facility to finance the purchase of Navios TBN I in June 2009, we will have very little borrowing capacity under such credit facility unless we increase the size of the facility. Our ability to obtain bank financing or to access the capital markets for future offerings may be limited by our financial condition at the time of any such financing or offering as well as by adverse market conditions resulting from, among other things, general economic conditions and contingencies and uncertainties that are beyond our control. Our failure to obtain the funds for necessary future capital expenditures could have a material adverse effect on our business, results of operations and financial condition and on our ability to make cash distributions. Even if we are successful in obtaining necessary funds, the terms of such financings could limit our ability to pay cash distributions to unitholders. In addition, incurring additional debt may significantly increase our interest expense and financial leverage, and issuing additional equity securities may result in significant unitholder dilution and would increase the aggregate amount of cash required to meet our minimum quarterly distribution to unitholders, which could have a material adverse effect on our ability to make cash distributions.

Our debt levels may limit our flexibility in obtaining additional financing and in pursuing other business opportunities.

Upon the closing of this offering, we will enter into a new revolving credit facility which will provide us with the ability to borrow up to \$260.0 million, of which we expect \$165.0 million will be outstanding after the closing of this offering. We intend to borrow an additional \$34.2 million under our revolving credit facility to finance the acquisition of the Fantastiks in March 2008 and an

22

Table of Contents

additional \$60.8 million to finance a portion of the purchase price of Navios TBN I in June 2009. We do not have the funds or availability under our credit facility to purchase this vessel and will need to either raise the funds through the issuance of additional equity or debt securities to satisfy our obligation. There can be no assurance we will be able to obtain such financing. For more information regarding the terms of our new revolving credit facility, please read “Management’s Discussion and Analysis of Financial Condition and Results of Operation—Liquidity and Capital Resources—Revolving Credit Facility.” Following this offering, we will continue to have the ability to incur additional debt, subject to limitations in our new revolving credit facility. Our level of debt could have important consequences to us, including the following:

- our ability to obtain additional financing, if necessary, for working capital, capital expenditures, acquisitions or other purposes may be impaired or such financing may not be available on favorable terms;
- we will need a substantial portion of our cash flow to make principal and interest payments on our debt, reducing the funds that would otherwise be available for operations, future business opportunities and distributions to unitholders;
- our debt level will make us more vulnerable than our competitors with less debt to competitive pressures or a downturn in our business or the economy generally; and
- our debt level may limit our flexibility in responding to changing business and economic conditions.

Our ability to service our debt will depend upon, among other things, our future financial and operating performance, which will be affected by prevailing economic conditions and financial, business, regulatory and other factors, some of which are beyond our control. If our operating results are not sufficient to service our current or future indebtedness, we will be forced to take actions such as reducing distributions, reducing or delaying our business activities, acquisitions, investments or capital expenditures, selling assets, restructuring or refinancing our debt, or seeking additional equity capital or bankruptcy protection. We may not be able to effect any of these remedies on satisfactory terms, or at all.

The new revolving credit facility that we will enter into in connection with this offering contains restrictive covenants, which may limit our business and financing activities.

The operating and financial restrictions and covenants in the new revolving credit facility that we will enter into upon the closing of this offering and any future credit facility could adversely affect our ability to finance future operations or capital needs or to engage, expand or pursue our business activities. For example, our new revolving credit facility requires the consent of our lenders or limit our ability to, among other items:

- incur or guarantee indebtedness;
- charge, pledge or encumber the vessels;
- merge or consolidate;
- change the flag, class or commercial and technical management of our vessels; and
- sell or change the beneficial ownership or control of our vessels.

The credit facility also requires us to comply with the ISM Code and ISPS Code and to maintain valid safety management certificates and documents of compliance at all times.

In addition, our new revolving credit facility requires us to:

• maintain minimum free consolidated liquidity (which may be in the form of undrawn commitments under the credit facility) of at least \$5.0 million per year (increasing by \$8.0 million per year until it reaches \$37.0 million, at which level it is required to be maintained thereafter);

• maintain a ratio of EBITDA (as defined in our credit facility) to interest expense of at least 2.00 to 1.00; and

Table of Contents

total liabilities to total assets of less than 0.75 to 1.00. • maintain a ratio of

We will also be required to maintain an aggregate market value of our financed vessels equal to 143% of the aggregate amount outstanding under the credit facility and a tangible net worth of at least \$120.0 million. For a description of the definition of “EBITDA” under our credit facility, please read “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Revolving Credit Facility.”

Our ability to comply with the covenants and restrictions that will be contained in our new revolving credit facility and any other debt instruments we may enter into in the future may be affected by events beyond our control, including prevailing economic, financial and industry conditions. If market or other economic conditions deteriorate, our ability to comply with these covenants may be impaired. If we are in breach of any of the restrictions, covenants, ratios or tests in our new credit facility, especially if we trigger a cross default currently contained in certain of our loan agreements, a significant portion of our obligations may become immediately due and payable, and our lenders’ commitment to make further loans to us may terminate. We may not have, or be able to obtain, sufficient funds to make these accelerated payments. In addition, our obligations under the new revolving credit facility will be secured by certain of our vessels, and if we are unable to repay borrowings under such credit facility, lenders could seek to foreclose on those vessels.

Restrictions in our debt agreements may prevent us from paying distributions.

Our payment of principal and interest on the debt will reduce cash available for distribution on our units. In addition, our new credit facility prohibits the payment of distributions if we are not in compliance with certain financial covenants or upon the occurrence of an event of default.

Events of default under our new credit facility include, among other things, the following:

- failure to pay any principal, interest, fees, expenses or other amounts when due;
- failure to observe any other agreement, security instrument, obligation or covenant beyond specified cure periods in certain cases;
- default under other indebtedness;
- an event of insolvency or bankruptcy;
- material adverse change in the financial position or prospects of us or our general partner;
- failure of any representation or warranty to be materially correct; and
- failure of Navios Maritime or its affiliates to own at least 30% of us.

We anticipate that any subsequent refinancing of our current debt or any new debt will have similar restrictions. For more information regarding our financing arrangements, please read “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources.”

We depend on Navios Maritime and its affiliates to assist us in operating and expanding our business.

Pursuant to a management agreement between us and Navios ShipManagement, Navios ShipManagement will provide to us significant commercial and technical management services (including the commercial and technical management of our vessels, vessel maintenance and crewing, purchasing and insurance and shipyard supervision). Please read “Certain Relationships and Related Party Transactions—Agreements Governing the Transactions—Management Agreement.” In addition, pursuant to an administrative services agreement between us and Navios ShipManagement, Navios ShipManagement will provide to us significant administrative, financial and other support services. Please read “Certain Relationships and Related Party Transactions—Agreements Governing the Transactions—Administrative Services Agreement.” Our operational success and ability to execute our growth strategy will depend significantly upon Navios ShipManagement’s satisfactory performance of these services. Our business will be harmed if Navios ShipManagement fails to perform these services

Table of Contents

satisfactorily, if Navios ShipManagement cancels either of these agreements, or if Navios ShipManagement stops providing these services to us. We may also in the future contract with Navios Maritime for it to have newbuildings constructed on our behalf and to incur the construction-related financing. We would purchase the vessels on or after delivery based on an agreed-upon price.

Our ability to enter into new charters and expand our customer relationships will depend largely on our ability to leverage our relationship with Navios Maritime and its reputation and relationships in the shipping industry. If Navios Maritime suffers material damage to its reputation or relationships, it may harm our ability to:

- existing charters upon their expiration;
 - successfully interact with shipyards during periods of shipyard construction constraints;
 - commercially acceptable terms; or
 - satisfactory relationships with suppliers and other third parties.
- renew
 - obtain new charters;
 - obtain financing on
 - maintain

If our ability to do any of the things described above is impaired, it could have a material adverse effect on our business, results of operations and financial condition and our ability to make cash distributions.

As we expand our business, we may have difficulty managing our growth, which could increase expenses.

We intend to seek to grow our fleet, either through purchases, the increase of the number of chartered-in vessels or through the acquisitions of businesses. The addition of vessels to our fleet or the acquisition of new businesses will impose significant additional responsibilities on our management and staff. We will also have to increase our customer base to provide continued employment for the new vessels. Our growth will depend on:

- and acquiring suitable vessels;
 - consummating acquisitions or joint ventures;
 - acquired business successfully with our existing operations;
 - customer base;
 - expansion; and
 - financing.
- locating
 - identifying and
 - integrating any
 - enhancing our
 - managing our
 - obtaining required

Growing any business by acquisition presents numerous risks such as undisclosed liabilities and obligations, difficulty in obtaining additional qualified personnel, and managing relationships with customers and suppliers and integrating newly acquired operations into existing infrastructures. We cannot give any assurance that we will be successful in executing our growth plans or that we will not incur significant expenses and losses in connection therewith or that our acquisitions will perform as expected, which could materially adversely affect our results of operations and

financial condition.

Our growth depends on continued growth in demand for drybulk commodities and the shipping of drybulk cargoes.

Our growth strategy focuses on expansion in the drybulk shipping sector. Accordingly, our growth depends on continued growth in world and regional demand for drybulk commodities and the shipping of drybulk cargoes, which could be negatively affected by a number of factors, such as declines in prices for drybulk commodities, or general political and economic conditions.

Reduced demand for drybulk commodities and the shipping of drybulk cargoes would have a material adverse effect on our future growth and could harm our business, results of operations and financial condition. In particular, Asian Pacific economies and India have been the main driving force behind the current increase in seaborne drybulk trade and the demand for drybulk carriers. A negative change in economic conditions in any Asian Pacific country, but particularly in China or

25

Table of Contents

Japan, as well as India, may have a material adverse effect on our business, financial condition and results of operations, as well as our future prospects, by reducing demand and resultant charter rates.

Our growth depends on our ability to expand relationships with existing customers and obtain new customers, for which we will face substantial competition.

Long-term time charters have the potential to provide income at pre-determined rates over more extended periods of time. However, the process for obtaining longer term time charters is highly competitive and generally involves a lengthy, intensive and continuous screening and vetting process and the submission of competitive bids that often extends for several months. In addition to the quality, age and suitability of the vessel, longer term shipping contracts tend to be awarded based upon a variety of other factors relating to the vessel operator, including:

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

It is likely that we will face substantial competition for long-term charter business from a number of experienced companies. Many of these competitors have significantly greater financial resources than we do. It is also likely that we will face increased numbers of competitors entering into our transportation sectors, including in the drybulk sector. Many of these competitors have strong reputations and extensive resources and experience. Increased competition may cause greater price competition, especially for long-term charters.

As a result of these factors, we may be unable to expand our relationships with existing customers or obtain new customers for long-term charters on a profitable basis, if at all. However, even if we are successful in employing our vessels under longer term charters, our vessels will not be available for trading in the spot market during an upturn in the drybulk market cycle, when spot trading may be more profitable. If we cannot successfully employ our vessels in profitable time charters our results of operations and operating cash flow could be adversely affected.

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

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

- fail to realize anticipated benefits, such as new customer relationships, cost-savings or cash flow enhancements;
- be unable to hire, train or retain qualified shore and seafaring personnel to manage and operate our growing business and fleet;

Table of Contents

liquidity by using a significant portion of our available cash or borrowing capacity to finance acquisitions;
 increase our interest expense or financial leverage if we incur additional debt to finance acquisitions;
 unanticipated liabilities, losses or costs associated with the business or vessels acquired; or
 significant charges, such as impairment of goodwill or other intangible assets, asset devaluation or restructuring charges.

- decrease our
- significantly
- incur or assume
- incur other

Delays, cancellations or non-completion of deliveries of newbuilding vessels could harm our operating results.

Navios Aldebaran and Navios TBN I are newbuildings the delivery of which could be delayed, not completed or cancelled, which would delay our receipt of revenues under the charters or other contracts related to the vessels. The shipbuilder could fail to deliver the newbuilding vessel as agreed or their counterparty could cancel the purchase contract if the shipbuilder fails to meet its obligations. In addition, under charters we may enter into that are related to a newbuilding, if our delivery of the newbuilding to our customer is delayed, we may be required to pay liquidated damages during the delay. For prolonged delays, the customer may terminate the charter and, in addition to the resulting loss of revenues, we may be responsible for additional, substantial liquidated damages.

The completion and delivery of newbuildings could be delayed, cancelled or otherwise not completed because of:

engineering problems;
 governmental regulations or maritime self-regulatory organization standards;
 other labor disturbances at the shipyard;
 financial crisis of the shipbuilder;
 at the shipyard;
 economic disturbances;
 or catastrophic event, such as a major earthquake or fire;
 to the original vessel specifications;
 delays in the receipt of necessary construction materials, such as steel;
 the construction or conversion of the vessels; or
 requisite permits or approvals.

- quality or
- changes in
- work stoppages or
- bankruptcy or other
- a backlog of orders
- political or
- weather interference
- requests for changes
- shortages of or
- inability to finance
- inability to obtain

If delivery of a vessel is materially delayed, it could materially adversely affect our results of operations and financial condition and our ability to make cash distributions.

The loss of a customer or charter or vessel could result in a loss of revenues and cash flow in the event we are unable to replace such customer, charter or vessel.

For the year ended December 31, 2006, Cargill International SA, Mitsui O.S.K. Lines, Ltd., American Bulk Transport, Inc. and COSCO Bulk Carrier Co., Ltd. accounted for 42.9% (for two charters), 25.0%, 10.2% and 10.1%, respectively, of our revenue. For the six months ended June 30, 2007, Cargill International SA, The Sanko Steamship Co., Ltd., Mitsui O.S.K. Lines, Ltd. and Augustea Imprese Maritime e di Salvataggi accounted for 34.2%, 22.7%, 20.0% and 14.9%, respectively, of our revenue. Upon delivery of Navios TBN I, we will have nine charters with seven customers.

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

customer fails to make charter payments because of its financial inability, disagreements with us or otherwise;

- the

Table of Contents

exercises certain rights to terminate the charter;

- the customer

terminates the charter because we fail to deliver the vessel within a fixed period of time, the vessel is lost or damaged beyond repair, there are serious deficiencies in the vessel or prolonged periods of off-hire, or we default under the charter; or

- the customer

a prolonged force majeure event affecting the customer, including damage to or destruction of relevant production facilities, war or political unrest prevents us from performing services for that customer.

Please read “Business—Time Charters.”

If we lose a charter, we may be unable to re-deploy the related vessel on terms as favorable to us due to the long-term nature of most charters and the cyclical nature of the industry or we may be forced to charter the vessel on the spot market at then market rates which may be less favorable than the charter that has been terminated. If we are unable to re-deploy a vessel for which the charter has been terminated, we will not receive any revenues from that vessel, but we may be required to pay expenses necessary to maintain the vessel in proper operating condition. In addition, if a customer exercises any right to purchase a vessel to the extent we have granted any such rights, we would not receive any further revenue from the vessel and may be unable to obtain a substitute vessel and charter. This may cause us to receive decreased revenue and cash flows from having fewer vessels operating in our fleet. Any replacement newbuilding would not generate revenues during its construction, and we may be unable to charter any replacement vessel on terms as favorable to us as those of the terminated charter. Any compensation under our charters for a purchase of the vessels may not adequately compensate us for the loss of the vessel and related time charter.

The permanent loss of a customer, time charter or vessel, or a decline in payments under our charters, could have a material adverse effect on our business, results of operations and financial condition and our ability to make cash distributions in the event we are unable to replace such customer, time charter or vessel.

Historically high numbers of newbuildings are currently under construction in the drybulk industry, which could have a material adverse effect on our future results of operations.

According to Drewry Shipping Consultants Ltd., newbuildings with an aggregate capacity equal to approximately 44.8% of the current world drybulk carrier fleet capacity are currently under construction, which is high relative to historical levels. Furthermore, in the Panamax and Capesize size range in which we operate, the vessels on order represent approximately 52.8% of the current fleet capacity, which also is high historically. This large order book will result in high levels of deliveries over the next few years, which will significantly increase the size of the world fleet of drybulk carriers. This may have a negative impact on charter rates and vessel values depending on the ultimate rate of growth of the fleet which is also dependent on the number of drybulk carriers taken off-line. Please read “The International Drybulk Shipping Industry.” A material increase in the net supply of drybulk carrier capacity without corresponding growth in drybulk carrier demand could have a material adverse effect on our fleet utilization and our charter rates and could accordingly materially adversely affect our business, financial condition and operating results.

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

Assuming delivery of Navios TBN I in June 2009, the vessels in our fleet will have an average age of approximately 5.5 years in June 2009, and most drybulk vessels have an expected life of approximately 25 years. We may acquire older vessels in the future. In some instances, charterers prefer newer vessels that are more fuel efficient than older vessels. Cargo insurance rates also increase with the age of a vessel, making older vessels less desirable to charterers as well. Governmental regulations, safety or other equipment standards related to the age of the vessels may require

expenditures for alterations or the addition of new equipment, to our vessels and may restrict the type of activities in which these vessels may engage. We cannot assure you that as our vessels age, market conditions will justify those expenditures or enable us to operate our vessels profitably during the remainder of their useful lives. If we sell vessels, we may have to sell them at a loss, and if charterers no longer charter out vessels due to their age, it could materially adversely affect our earnings.

28

Table of Contents

Vessels may suffer damage and we may face unexpected drydocking costs, which could affect our cash flow and financial condition.

If our owned vessels suffer damage, they may need to be repaired at a drydocking facility. The costs of drydock repairs are unpredictable and can be substantial. We may have to pay drydocking costs that insurance does not cover. The loss of earnings while these vessels are being repaired and repositioned, as well as the actual cost of these repairs, could decrease our revenues and earnings substantially, particularly if a number of vessels are damaged or drydocked at the same time. Under the terms of our management agreement with Navios ShipManagement, the costs of drydocking repairs will be included in the daily management fee of \$4,000 per owned Panamax vessel and \$5,000 per owned Capesize vessel which will be fixed for the first two years of the term of that agreement. During the remaining three years of the term of the management agreement, we expect that we will reimburse Navios ShipManagement for all of the actual operating costs and expenses it incurs in connection with the management of our fleet.

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

The shipping business and vessel operation are materially affected by government regulation in the form of international conventions, national, state, and local laws, and regulations in force in the jurisdictions in which vessels operate, as well as in the country or countries of their registration. Because such conventions, laws, and regulations are often revised, we cannot predict the ultimate cost of complying with such conventions, laws, and regulations, or the impact thereof on the resale price or useful life of our vessels. Additional conventions, laws, and regulations may be adopted which could limit our ability to do business or increase our cost of doing business, which may materially adversely affect our operations, as well as the shipping industry generally. We are required by various governmental and quasi-governmental agencies to obtain certain permits, licenses, and certificates with respect to our operations.

The operation of vessels is also affected by the requirements set forth in the International Safety Management, or ISM Code. The ISM Code requires shipowners and bareboat charterers to develop and maintain an extensive “Safety Management System” that includes the adoption of a safety and environmental protection policy setting forth instructions and procedures for safe vessel operation and describing procedures for dealing with emergencies. The failure of a shipowner or bareboat charterer to comply with the ISM Code may subject such party to increased liability, may decrease available insurance coverage for the affected vessels, and may result in a denial of access to, or detention in, certain ports. Currently, each of the vessels in our owned fleet is ISM Code-certified. However, there can be no assurance that such certification will be maintained indefinitely.

For drybulk vessels, such as those operated under our fleet, at present, there is no international oil pollution regime in force that comprehensively governs liability for oil pollution from ship’s bunkers. In 2001, the International Maritime Organization, or IMO, adopted the International Convention on Civil Liability for Bunker Oil Pollution Damage, or the Bunker Convention, which imposes strict liability on shipowners for pollution damage in contracting states caused by discharges of bunker oil from drybulk vessels. The Bunker Convention also requires registered owners of ships over a certain size to maintain insurance to cover their liability for pollution damage in an amount equal to the limits of liability under the applicable national or international limitation regime (but not exceeding the amount calculated in accordance with the Convention on Limitation of Liability for Maritime Claims 1976, as amended, or the 1976 Convention). The Bunker Convention has not yet received sufficient ratifications to come into force. In the meantime, liability for such bunker oil pollution typically is determined by the national or other domestic laws in the jurisdiction where the spillage occurs.

In the United States, the Oil Pollution Act of 1990, or the OPA, establishes an extensive regulatory and liability regime for the protection and cleanup of the environment from oil spills, including bunker oil spills from drybulk vessels as well as cargo or bunker oil spills from tankers. The OPA affects all owners and operators whose vessels trade in the United States, its territories and

29

Table of Contents

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

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

In 2005, the European Union adopted a directive on ship-source pollution, imposing criminal sanctions for intentional, reckless or seriously negligent pollution discharges by ships. The directive could result in criminal liability being incurred in circumstances where it would not be incurred under international law as set out in the International Convention for the Prevention of Pollution from Ships, or the MARPOL Convention. Criminal liability for an oil pollution incident could not only result in us incurring substantial penalties or fines but may also, in some jurisdictions, facilitate civil liability claims for greater compensation than would otherwise have been payable.

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

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

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

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

Since the terrorist attacks of September 11, 2001, there have been a variety of initiatives intended to enhance vessel security. On November 25, 2002, the Maritime Transportation Security Act of 2002, or MTSA, came into effect. To implement certain portions of the MTSA, in July 2003, the U.S. Coast Guard issued regulations requiring the implementation of certain security requirements aboard vessels operating in waters subject to the jurisdiction of the

United States. Similarly, in December 2002, amendments to the International Convention for the Safety of Life at Sea, or SOLAS, created a new chapter of the convention dealing specifically with maritime security. The new chapter went into effect in July 2004, and imposes various detailed security obligations on vessels and port authorities, most of which are contained in the newly created International Ship and Port Facilities Security Code, or ISPS Code. Among the various requirements are:

30

Table of Contents

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

Furthermore, additional security measures could be required in the future which could have a significant financial impact on us. The U.S. Coast Guard regulations, intended to be aligned with international maritime security standards, exempt non-U.S. vessels from MTSA vessel security measures, provided such vessels have on board, by July 1, 2004, a valid International Ship Security Certificate, or ISSC, that attests to the vessel’s compliance with SOLAS security requirements and the ISPS Code. We will implement the various security measures addressed by the MTSA, SOLAS and the ISPS Code and take measures for the vessels to attain compliance with all applicable security requirements within the prescribed time periods. Although management does not believe these additional requirements will have a material financial impact on our operations, there can be no assurance that there will not be an interruption in operations to bring vessels into compliance with the applicable requirements and any such interruption could cause a decrease in charter revenues. Furthermore, additional security measures could be required in the future which could have a significant financial impact on us.

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

The operation of ocean-going vessels entails certain inherent risks that may materially adversely affect our business and reputation, including:

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

Any of these circumstances or events could substantially increase our costs. For example, the costs of replacing a vessel or cleaning up a spill could substantially lower its revenues by taking vessels out of operation permanently or for periods of time. The involvement of our vessels in a disaster or delays in delivery or damages or loss of cargo may harm our reputation as a safe and reliable vessel operator and cause us to lose business.

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

The hull and machinery of every commercial vessel must be classed by a classification society authorized by its country of registry. The classification society certifies that a vessel is safe and seaworthy in accordance with the applicable rules and regulations of the country of registry of the vessel and the United Nations Safety of Life at Sea Convention. Our owned fleet is currently enrolled with Lloyd's Register of Shipping, Nippon Kaiji Kiokai and Bureau Veritas.

A vessel must undergo an annual survey, an intermediate survey and a special survey. In lieu of a special survey, a vessel's machinery may be on a continuous survey cycle, under which the machinery would be surveyed periodically over a five-year period. Our vessels are on special survey cycles for

Table of Contents

hull inspection and continuous survey cycles for machinery inspection. Every vessel is also required to be drydocked every two to three years for inspection of the underwater parts of such vessel.

If any vessel fails any annual survey, intermediate survey or special survey, the vessel may be unable to trade between ports and, therefore, would be unemployable, potentially causing a negative impact on our revenues due to the loss of revenues from such vessel until it was able to trade again.

We are subject to inherent operational risks that may not be adequately covered by our insurance.

The operation of ocean-going vessels in international trade is inherently risky. Although we carry insurance for our fleet against risks commonly insured against by vessel owners and operators, including hull and machinery insurance, war risks insurance and protection and indemnity insurance (which include environmental damage and pollution insurance), all risks may not be adequately insured against, and any particular claim may not be paid. We do not currently maintain off-hire insurance, which would cover the loss of revenue during extended vessel off-hire periods, such as those that occur during an unscheduled drydocking due to damage to the vessel from accidents. Accordingly, any extended vessel off-hire, due to an accident or otherwise, could have a material adverse effect on our business and our ability to pay distributions to our unitholders. Any claims covered by insurance would be subject to deductibles, and since it is possible that a large number of claims may be brought, the aggregate amount of these deductibles could be material.

We may be unable to procure adequate insurance coverage at commercially reasonable rates in the future. For example, more stringent environmental regulations have led in the past to increased costs for, and in the future may result in the lack of availability of, insurance against risks of environmental damage or pollution. A catastrophic oil spill or marine disaster could exceed our insurance coverage, which could harm our business, financial condition and operating results. Changes in the insurance markets attributable to terrorist attacks may also make certain types of insurance more difficult for us to obtain. In addition, the insurance that may be available to us may be significantly more expensive than our existing coverage.

Even if our insurance coverage is adequate to cover our losses, we may not be able to timely obtain a replacement vessel in the event of a loss. Furthermore, in the future, we may not be able to obtain adequate insurance coverage at reasonable rates for our fleet. Our insurance policies also contain deductibles, limitations and exclusions which can result in significant increased overall costs to us.

Because we obtain some of our insurance through protection and indemnity associations, we may also be subject to calls, or premiums, in amounts based not only on our own claim records, but also the claim records of all other members of the protection and indemnity associations.

We may be subject to calls, or premiums, in amounts based not only on our claim records but also the claim records of all other members of the protection and indemnity associations through which we receive insurance coverage for tort liability, including pollution-related liability. Our payment of these calls could result in significant expenses to us, which could have a material adverse effect on our business, results of operations and financial condition.

Because we generate all of our revenues in U.S. dollars but incur a portion of our expenses in other currencies, exchange rate fluctuations could cause us to suffer exchange rate losses thereby increasing expenses and reducing income.

We will engage in worldwide commerce with a variety of entities. Although our operations may expose us to certain levels of foreign currency risk, our transactions are at present predominantly U.S. dollar denominated. Transactions in currencies other than the functional currency are translated at the exchange rate in effect at the date of each transaction. Expenses incurred in foreign currencies against which the U.S. dollar falls in value can increase, decreasing our income. For example, during the first six months of 2007, the value of the U.S. dollar declined by approximately 2.4% as compared to the Euro. A greater percentage of our transactions and expenses in the future may be denominated in currencies other than the U.S. dollar.

Table of Contents

Our operations expose us to global political risks, such as wars and political instability that may interfere with the operation of our vessels causing a decrease in revenues from such vessels.

We are an international company and primarily conduct our operations outside the United States. Changing economic, political and governmental conditions in the countries where we are engaged in business or where our vessels are registered will affect us. In the past, political conflicts, particularly in the Persian Gulf, resulted in attacks on vessels, mining of waterways and other efforts to disrupt shipping in the area. For example, in October 2002, the vessel *Limburg*, which was not affiliated with us, was attacked by terrorists in Yemen. Acts of terrorism and piracy have also affected vessels trading in regions such as the South China Sea. Following the terrorist attack in New York City on September 11, 2001, and the military response of the United States, the likelihood of future acts of terrorism may increase, and our vessels may face higher risks of being attacked in the Middle East region and interruption of operations causing a decrease in revenues. In addition, future hostilities or other political instability in regions where our vessels trade could affect our trade patterns and adversely affect our operations by causing delays in shipping on certain routes or making shipping impossible on such routes, thereby causing a decrease in revenues.

A government could requisition title or seize our vessels during a war or national emergency. Requisition of title occurs when a government takes a vessel and becomes the owner. A government could also requisition our vessels for hire, which would result in the government's taking control of a vessel and effectively becoming the charterer at a dictated charter rate. Requisition of one or more of our vessels would have a substantial negative effect on us as we would potentially lose all revenues and earnings from the requisitioned vessels and permanently lose the vessels. Such losses might be partially offset if the requisitioning government compensated us for the requisition.

Maritime claimants could arrest our vessels, which could interrupt our cash flow.

Crew members, suppliers of goods and services to a vessel, shippers of cargo, and other parties may be entitled to a maritime lien against a vessel for unsatisfied debts, claims or damages against such vessel. In many jurisdictions, a maritime lien holder may enforce its lien by arresting a vessel through foreclosure proceedings. The arrest or attachment of one or more of our vessels could interrupt our cash flow and require us to pay large sums of funds to have the arrest lifted. We are not currently aware of the existence of any such maritime lien on our vessels.

In addition, in some jurisdictions, such as South Africa, under the "sister ship" theory of liability, a claimant may arrest both the vessel which is subject to the claimant's maritime lien and any "associated" vessel, which is any vessel owned or controlled by the same owner. Claimants could try to assert "sister ship" liability against one vessel in our fleet for claims relating to another ship in the fleet.

We have no history operating as a separate publicly traded entity and will incur increased costs as a result of being a publicly traded limited partnership.

We have no history operating as a separate publicly traded entity. As a publicly traded limited partnership, we will be required to comply with the SEC's reporting requirements and with corporate governance and related requirements of the Sarbanes-Oxley Act, the SEC and the securities exchange on which our common units will be listed. We will incur significant legal, accounting and other expenses in complying with these and other applicable regulations. We anticipate that our general and administrative expenses as a publicly traded limited partnership taxed as a corporation for U.S. federal income tax purposes will be approximately \$2.0 million annually, and will include costs associated with annual reports to unitholders, tax return, investor relations, registrar and transfer agent's fees, director and officer liability insurance costs and director compensation.

Risks Inherent in an Investment in Us

Navios Maritime and its affiliates may compete with us.

Pursuant to the omnibus agreement that we and Navios Maritime will enter into in connection with the closing of this offering, Navios Maritime and its controlled affiliates (other than us, our

33

Table of Contents

general partner and our subsidiaries) generally will agree not to acquire or own Panamax or Capesize drybulk carriers under time charters of three or more years without the consent of our general partner. The omnibus agreement, however, contains significant exceptions that will allow Navios Maritime or any of its controlled affiliates to compete with us under specified circumstances which could harm our business. Please read “Certain Relationships and Related Party Transactions—Agreements Governing the Transactions—Omnibus Agreement—Noncompetition.”

Unitholders have limited voting rights and our partnership agreement restricts the voting rights of unitholders owning more than 4.9% of our common units.

Holders of common units have only limited voting rights on matters affecting our business. We will hold a meeting of the limited partners every year to elect one or more members of our board of directors and to vote on any other matters that are properly brought before the meeting. Common unitholders may only elect four of the seven members of our board of directors. The elected directors will be elected on a staggered basis and will serve for three year terms. Our general partner in its sole discretion has the right to appoint the remaining three directors and to set the terms for which those directors will serve. The partnership agreement also contains provisions limiting the ability of unitholders to call meetings or to acquire information about our operations, as well as other provisions limiting the unitholders’ ability to influence the manner or direction of management. Unitholders will have no right to elect our general partner and our general partner may not be removed except by a vote of the holders of at least 662/3% of the outstanding units, including any units owned by our general partner and its affiliates, voting together as a single class.

Our partnership agreement further restricts unitholders’ voting rights by providing that if any person or group owns beneficially more than 4.9% of any class of units then outstanding, any such units owned by that person or group in excess of 4.9% may not be voted on any matter and will not be considered to be outstanding when sending notices of a meeting of unitholders, calculating required votes, except for purposes of nominating a person for election to our board, determining the presence of a quorum or for other similar purposes, unless required by law. The voting rights of any such unitholders in excess of 4.9% will effectively be redistributed pro rata among the other common unitholders holding less than 4.9% of the voting power of all classes of units entitled to vote. Our general partner, its affiliates and persons who acquired common units with the prior approval of our board of directors will not be subject to this 4.9% limitation except with respect to voting their common units in the election of the elected directors.

Our general partner and its affiliates, including Navios Maritime, own a significant interest in us and have conflicts of interest and limited fiduciary and contractual duties, which may permit them to favor their own interests to your detriment.

Following this offering, Navios Maritime will indirectly own the 2.0% general partner interest and a 41.2% limited partner interest in us, assuming no exercise of the underwriters’ overallotment option, and will own and control our general partner. All of our officers and three of our directors are directors and/or officers of Navios Maritime and its affiliates and as such they have fiduciary duties to Navios Maritime that may cause them to pursue business strategies that disproportionately benefit Navios Maritime or which otherwise are not in the best interests of us or our unitholders. Conflicts of interest may arise between Navios Maritime and its affiliates, including our general partner on the one hand, and us and our unitholders, on the other hand. As a result of these conflicts, our general partner and its affiliates may favor their own interests over the interests of our unitholders. Please read “—Our partnership agreement limits our general partner’s and our directors’ fiduciary duties to our unitholders and restricts the remedies available to unitholders for actions taken by our general partner or our directors.” These conflicts include, among others, the following situations:

• neither our partnership agreement nor any other agreement requires our general partner or Navios Maritime or its affiliates to pursue a business strategy that favors us or utilizes our assets, and Navios Maritime's officers and directors have a fiduciary duty to make decisions in the best interests of the stockholders of Navios Maritime, which may be contrary to our interests;

34

Table of Contents

and our board of directors are allowed to take into account the interests of parties other than us, such as Navios Maritime, in resolving conflicts of interest, which has the effect of limiting their fiduciary duties to our unitholders;

- our general partner and our directors have limited their liabilities and reduced their fiduciary duties under the laws of the Marshall Islands, while also restricting the remedies available to our unitholders, and, as a result of purchasing common units, unitholders are treated as having agreed to the modified standard of fiduciary duties and to certain actions that may be taken by our general partner and our directors, all as set forth in the partnership agreement;

- our general partner and our board of directors will be involved in determining the amount and timing of our asset purchases and sales, capital expenditures, borrowings, issuances of additional partnership securities and reserves, each of which can affect the amount of cash that is available for distribution to our unitholders;

- our general partner may have substantial influence over our board of directors' decision to cause us to borrow funds in order to permit the payment of cash distributions, even if the purpose or effect of the borrowing is to make a distribution on the subordinated units or to make incentive distributions or to accelerate the expiration of the subordination period;

- our general partner is entitled to reimbursement of all reasonable costs incurred by it and its affiliates for our benefit;

- our partnership agreement does not restrict us from paying our general partner or its affiliates for any services rendered to us on terms that are fair and reasonable or entering into additional contractual arrangements with any of these entities on our behalf; and

- our general partner may exercise its right to call and purchase our common units if it and its affiliates own more than 80% of our common units.

Although a majority of our directors will be elected by common unitholders, our general partner will likely have substantial influence on decisions made by our board of directors. Please read "Certain Relationships and Related Party Transactions," "Conflicts of Interest and Fiduciary Duties" and "The Partnership Agreement."

Our officers face conflicts in the allocation of their time to our business.

Navios Maritime conducts businesses and activities of its own in which we have no economic interest. If these separate activities are significantly greater than our activities, there will be material competition for the time and effort of our officers, who also provide services to Navios Maritime and its affiliates. Our officers are not required to work full-time on our affairs and are required to devote time to the affairs of Navios Maritime and its affiliates. Each of our Chief Executive Officer and our Chief Financial Officer is also an executive officer of Navios Maritime.

Our partnership agreement limits our general partner's and our directors' fiduciary duties to our unitholders and restricts the remedies available to unitholders for actions taken by our general partner or our directors.

Our partnership agreement contains provisions that reduce the standards to which our general partner and directors would otherwise be held by Marshall Islands law. For example, our partnership agreement:

- permits our general partner to make a number of decisions in its individual capacity, as opposed to in its capacity as our general partner. Where our partnership agreement permits, our general partner may consider only the interests and factors that it desires, and in such cases it has no fiduciary duty or obligation to give any consideration to any interest of, or factors affecting us, our affiliates or our unitholders. Decisions made by our general partner in its individual

capacity will be made by its sole owner, Navios Maritime. Specifically, pursuant to our partnership agreement, our general partner will be considered to be acting in its individual capacity if it exercises its call right, pre-emptive rights or registration rights, consents or withholds consent to any merger or consolidation of the partnership, appoints any

35

Table of Contents

directors or votes for the election of any director, votes or refrains from voting on amendments to our partnership agreement that require a vote of the outstanding units, voluntarily withdraws from the partnership, transfers (to the extent permitted under our partnership agreement) or refrains from transferring its units, general partner interest or incentive distribution rights or votes upon the dissolution of the partnership;

- provides that our general partner and our directors are entitled to make other decisions in “good faith” if they reasonably believe that the decision is in our best interests;
- generally provides that affiliated transactions and resolutions of conflicts of interest not approved by the conflicts committee of our board of directors and not involving a vote of unitholders must be on terms no less favorable to us than those generally being provided to or available from unrelated third parties or be “fair and reasonable” to us and that, in determining whether a transaction or resolution is “fair and reasonable,” our board of directors may consider the totality of the relationships between the parties involved, including other transactions that may be particularly advantageous or beneficial to us; and
- provides that neither our general partner nor our officers or our directors will be liable for monetary damages to us, our limited partners or assignees for any acts or omissions unless there has been a final and non-appealable judgment entered by a court of competent jurisdiction determining that our general partner or directors or our officers or directors or those other persons engaged in actual fraud or willful misconduct.

In order to become a limited partner of our partnership, a common unitholder is required to agree to be bound by the provisions in the partnership agreement, including the provisions discussed above. Please read “Conflicts of Interest and Fiduciary Duties—Fiduciary Duties.”

Fees and cost reimbursements, which Navios ShipManagement will determine for services provided to us, will be significant, will be payable regardless of profitability and will reduce our cash available for distribution.

Under the terms of our management agreement with Navios ShipManagement, we will pay a daily fee of \$4,000 per owned Panamax vessel and \$5,000 per owned Capesize vessel for technical and commercial management services provided to us by Navios ShipManagement. The initial term of the management agreement will be five years from the closing of this offering and this fee will be fixed for the first two years of that agreement. The daily fee to be paid to Navios ShipManagement includes all costs incurred in providing certain commercial and technical management services to us as described under “Certain Relationships and Related Party Transactions—Agreements Governing the Transactions—Management Agreement.” While this fee is fixed for an initial term of two years, for the remaining three years of the term of the management agreement, we expect that we will reimburse Navios ShipManagement for all of the actual operating costs and expenses it incurs in connection with the management of our fleet, which may result in significantly higher fees for the remaining three years of the term. All of the fees we are required to pay to Navios ShipManagement under the management agreement will be payable to our manager without regard to our financial condition or results of operations. In addition, Navios ShipManagement will provide us with administrative services, including the services of our officers and directors, pursuant to an administrative services agreement which has an initial term of five years, and we will reimburse Navios ShipManagement for all costs and expenses reasonably incurred by it in connection with the provision of those services. The exact amount of these future costs and expenses are unquantifiable at this time. The fees and reimbursement of expenses to Navios ShipManagement are payable regardless of our profitability and could materially adversely affect our ability to pay cash distributions.

Our partnership agreement contains provisions that may have the effect of discouraging a person or group from attempting to remove our current management or our general partner, and even if public unitholders are dissatisfied, they will be unable to remove our general partner without Navios Maritime’s consent, unless Navios Maritime’s

ownership share in us is decreased; all of which could diminish the trading price of our common units.

Our partnership agreement contains provisions that may have the effect of discouraging a person or group from attempting to remove our current management or our general partner.

36

Table of Contents

be unable initially to remove our general partner without its consent because our general partner and its affiliates will own sufficient units upon completion of this offering to be able to prevent its removal. The vote of the holders of at least 66 $\frac{2}{3}$ % of all outstanding common and subordinated units voting together as a single class is required to remove the general partner. Following the closing of this offering, Navios Maritime will own 42.1% of the total number of common and subordinated units, assuming no exercise of the underwriters' overallotment option.

- The unitholders will

partner is removed without "cause" during the subordination period and units held by our general partner and Navios Maritime are not voted in favor of that removal, (i) all remaining subordinated units will automatically convert into common units, (ii) any existing arrearages on the common units will be extinguished and (iii) our general partner will have the right to convert its general partner interest and its incentive distribution rights into common units or to receive cash in exchange for those interests based on the fair market value of the interests at the time. A removal of our general partner under these circumstances would adversely affect the common units by prematurely eliminating their distribution and liquidation preference over the subordinated units, which would otherwise have continued until we had met certain distribution and performance tests. Any conversion of the general partner interest and incentive distribution rights would be dilutive to existing unitholders. Furthermore, any cash payment in lieu of such conversion could be prohibitively large. "Cause" is narrowly defined to mean that a court of competent jurisdiction has entered a final, non-appealable judgment finding our general partner liable for actual fraud or willful or wanton misconduct in its capacity as our general partner. Cause does not include most cases of charges of poor business decisions such as charges of poor management of our business by the directors appointed by our general partner, so the removal of our general partner because of the unitholders' dissatisfaction with the general partner's decisions in this regard would most likely result in the termination of the subordination period.

- If our general

unitholders elect only four of the seven members of our board of directors. Our general partner in its sole discretion has the right to appoint the remaining three directors.

- Common

directors elected by unitholders is staggered, meaning that the members of only one of three classes of our elected directors are selected each year. In addition, the directors appointed by our general partner will serve for terms determined by our general partner.

- Election of the four

agreement contains provisions limiting the ability of unitholders to call meetings of unitholders, to nominate directors and to acquire information about our operations as well as other provisions limiting the unitholders' ability to influence the manner or direction of management.

- Our partnership

rights are further restricted by the partnership agreement provision providing that if any person or group owns beneficially more than 4.9% of any class of units then outstanding, any such units owned by that person or group in excess of 4.9% may not be voted on any matter and will not be considered to be outstanding when sending notices of a meeting of unitholders, calculating required votes, except for purposes of nominating a person for election to our board, determining the presence of a quorum or for other similar purposes, unless required by law. The voting rights of any such unitholders in excess of 4.9% will be redistributed pro rata among the other common unitholders holding less than 4.9% of the voting power of all classes of units entitled to vote. Our general partner, its affiliates and persons who acquired common units with the prior approval of our board of directors will not be subject to this 4.9% limitation except with respect to voting their common units in the election of the elected directors.

- Unitholders' voting

latitude in issuing equity securities without unitholder approval.

- We have substantial

The effect of these provisions may be to diminish the price at which the common units will trade.

Table of Contents

The control of our general partner may be transferred to a third party without unitholder consent.

Our general partner may transfer its general partner interest to a third party in a merger or in a sale of all or substantially all of its assets without the consent of the unitholders. In addition, our partnership agreement does not restrict the ability of the members of our general partner from transferring their respective membership interests in our general partner to a third party.

Substantial future sales of our common units in the public market could cause the price of our common units to fall.

We have granted registration rights to Navios Maritime and certain affiliates of Navios Maritime, including Amadeus Maritime S.A., a corporation owned by Angeliki Frangou. These unitholders have the right subject to some conditions to require us to file registration statements covering any of our common, subordinated or other equity securities owned by them or to include those securities in registration statements that we may file for ourselves or other unitholders. Upon the closing of this offering, Navios Maritime will own 7,621,843 subordinated units and the incentive distribution rights. Following their registration and sale under an applicable registration statement, those securities will become freely tradable. By exercising their registration rights and selling a large number of common units or other securities, these unitholders could cause the price of our common units to decline.

You will experience immediate and substantial dilution of \$21.30 per common unit.

The initial public offering price of \$20.00 per common unit exceeds pro forma net tangible book value of \$(1.30) per common unit. Based on the initial public offering price, you will incur immediate and substantial dilution of \$21.30 per common unit. This dilution results primarily because the assets contributed by our general partner and its affiliates are recorded at their historical cost, and not their fair value, in accordance with accounting principles generally accepted in the United States, or GAAP. Please read “Dilution.”

We may issue additional equity securities in connection with acquisitions, including our purchase of Navios TBN I and Navios TBN II, and may do so without your approval, which would dilute your ownership interests.

We may, without the approval of our unitholders, issue an unlimited number of additional units or other equity securities. The issuance by us of additional common units or other equity securities of equal or senior rank will have the following effects:

- our unitholders’ proportionate ownership interest in us will decrease;
- the amount of cash available for distribution on each unit may decrease;
- because a lower percentage of total outstanding units will be subordinated units, the risk that a shortfall in the payment of the minimum quarterly distribution will be borne by our common unitholders will increase;
- the relative voting strength of each previously outstanding unit may be diminished; and
- the market price of the common units may decline.

We intend to partially finance the purchase of Navios TBN I by issuing common units or other equity securities. In addition, if we exercise our option to purchase Navios TBN II, we may finance such acquisition, in whole or in part,

by issuing additional equity securities. Please read “—If we expand the size of our fleet in the future, we generally will be required to make significant installment payments for acquisitions of vessels prior to their delivery and generation of revenue. In addition, we intend to finance the purchase of Fantastiks to be delivered in 2008 with debt, and the purchase of Navios TBN I, to be delivered in 2009, partly with debt and partly by issuing additional equity securities. Depending on whether we finance our expenditures through cash from operations or by issuing debt or equity securities, our ability to make cash distributions may be diminished or our financial leverage could increase or our unitholders could be diluted.”

38

Table of Contents

In establishing cash reserves, our board of directors may reduce the amount of cash available for distribution to you.

Our partnership agreement requires our general partner to deduct from operating surplus cash reserves that it determines are necessary to fund our future operating expenditures. These reserves also will affect the amount of cash available for distribution to our unitholders. Our board of directors may establish reserves for distributions on the subordinated units, but only if those reserves will not prevent us from distributing the full minimum quarterly distribution, plus any arrearages, on the common units for the following four quarters. As described above in “—Risks Inherent in Our Business—We must make substantial capital expenditures to maintain the operating capacity of our fleet, which will reduce our cash available for distribution. In addition, each quarter our board of directors is required to deduct estimated maintenance and replacement capital expenditures from operating surplus, which may result in less cash available to unitholders than if actual maintenance and replacement capital expenditures were deducted,” our partnership agreement requires our board of directors each quarter to deduct from operating surplus estimated maintenance and replacement capital expenditures, as opposed to actual expenditures, which could reduce the amount of available cash for distribution. The amount of estimated maintenance and replacement capital expenditures deducted from operating surplus is subject to review and change by our board of directors at least once a year, provided that any change must be approved by the conflicts committee of our board of directors.

Our general partner has a limited call right that may require you to sell your common units at an undesirable time or price.

If at any time our general partner and its affiliates, including Navios Maritime, own more than 80% of the common units, our general partner will have the right, which it may assign to any of its affiliates or to us, but not the obligation, to acquire all, but not less than all, of the common units held by unaffiliated persons at a price not less than their then-current market price. As a result, you may be required to sell your common units at an undesirable time or price and may not receive any return on your investment. You may also incur a tax liability upon a sale of your units. For additional information about the limited call right, please read “The Partnership Agreement—Limited Call Right.”

At the completion of this offering, Navios Maritime, an affiliate of our general partner, will not own any of our common units. At the end of the subordination period, assuming no additional issuances of common units, no exercise of the underwriters’ overallotment option and conversion of our subordinated units into common units, Navios Maritime will own 7,621,843 common units, representing a 41.2% limited partner interest in us.

You may not have limited liability if a court finds that unitholder action constitutes control of our business.

As a limited partner in a partnership organized under the laws of the Marshall Islands, you could be held liable for our obligations to the same extent as a general partner if you participate in the “control” of our business. Our general partner generally has unlimited liability for the obligations of the partnership, such as its debts and environmental liabilities, except for those contractual obligations of the partnership that are expressly made without recourse to our general partner. Please read “The Partnership Agreement—Limited Liability” for a discussion of the implications of the limitations on liability of a unitholder.

We can borrow money to pay distributions, which would reduce the amount of credit available to operate our business.

Our partnership agreement will allow us to make working capital borrowings to pay distributions. Accordingly, we can make distributions on all our units even though cash generated by our operations may not be sufficient to pay such distributions. Any working capital borrowings by us to make distributions will reduce the amount of working capital

borrowings we can make for operating our

39

Table of Contents

business. For more information, please read “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources.”

Increases in interest rates may cause the market price of our common units to decline.

An increase in interest rates may cause a corresponding decline in demand for equity investments in general, and in particular for yield-based equity investments such as our common units. Any such increase in interest rates or reduction in demand for our common units resulting from other relatively more attractive investment opportunities may cause the trading price of our common units to decline. In addition, our interest expense will increase, since initially our debt will bear interest at a floating rate, subject to any interest rate swaps we may enter into the future.

There is no existing market for our common units, and a trading market that will provide you with adequate liquidity may not develop. The price of our common units may fluctuate significantly, and you could lose all or part of your investment.

Prior to this offering, there has been no public market for the common units. Immediately upon completion of this offering and the concurrent offering to a corporation owned by Angeliki Frangou, there will be only 10,500,000 common units outstanding. We do not know the extent to which investor interest will lead to the development of a trading market or how liquid that market might be. You may not be able to resell your common units at or above the initial public offering price. Additionally, the lack of liquidity may result in wide bid-ask spreads, contribute to significant fluctuations in the market price of the common units and limit the number of investors who are able to buy the common units.

Unitholders may have liability to repay distributions.

Under some circumstances, unitholders may have to repay amounts wrongfully returned or distributed to them. Under the Marshall Islands Act, we may not make a distribution to you if the distribution would cause our liabilities to exceed the fair value of our assets. Marshall Islands law provides that for a period of three years from the date of the impermissible distribution, limited partners who received the distribution and who knew at the time of the distribution that it violated Marshall Islands law will be liable to the limited partnership for the distribution amount. Assignees who become substituted limited partners are liable for the obligations of the assignor to make contributions to the partnership that are known to the assignee at the time it became a limited partner and for unknown obligations if the liabilities could be determined from the partnership agreement. Liabilities to partners on account of their partnership interest and liabilities that are non-recourse to the partnership are not counted for purposes of determining whether a distribution is permitted.

We have been organized as a limited partnership under the laws of the Republic of the Marshall Islands, which does not have a well developed body of partnership law; as a result, unitholders may have more difficulty in protecting their interests than would unitholders of a similarly organized limited partnership in the United States.

Our partnership affairs are governed by our partnership agreement and by the Marshall Islands Act. The provisions of the Marshall Islands Act resemble provisions of the limited partnership laws of a number of states in the United States, most notably Delaware. The Marshall Islands Act also provides that it is to be applied and construed to make it uniform with the Delaware Revised Uniform Partnership Act and, so long as it does not conflict with the Marshall Islands Act or decisions of the Marshall Islands courts, interpreted according to the non-statutory law (or case law) of the State of Delaware. There have been, however, few, if any, court cases in the Marshall Islands interpreting the Marshall Islands Act, in contrast to Delaware, which has a fairly well-developed body of case law interpreting its

limited partnership statute. Accordingly, we cannot predict whether Marshall Islands courts would reach the same conclusions as the courts in Delaware. For example, the rights of our unitholders and the fiduciary responsibilities of our general partner under Marshall Islands law are not as clearly established as under judicial precedent in existence in Delaware. As a result, unitholders may have more difficulty in protecting their interests in the face of actions by our officers or directors than would unitholders of a similarly organized limited partnership in the United States.

Table of Contents

Because we are organized under the laws of the Marshall Islands and our business is operated primarily from our office in Greece, it may be difficult to serve us with legal process or enforce judgments against us, our directors or our management.

We are organized under the laws of the Marshall Islands, and all of our assets are located outside of the United States. Our business is operated primarily from our office in Greece. In addition, our general partner is a Marshall Islands limited liability company, and our directors and officers generally are or will be non-residents of the United States, and all or a substantial portion of the assets of these non-residents are located outside the United States. As a result, it may be difficult or impossible for you to bring an action against us or against these individuals in the United States if you believe that your rights have been infringed under securities laws or otherwise. Even if you are successful in bringing an action of this kind, the laws of the Marshall Islands, Greece and of other jurisdictions may prevent or restrict you from enforcing a judgment against our assets or the assets of our general partner or our directors or officers. For more information regarding the relevant laws of the Marshall Islands, please read “Service of Process and Enforcement of Civil Liabilities.”

Tax Risks

In addition to the following risk factors, you should read “Business—Taxation of the Partnership,” “Material U.S. Federal Income Tax Considerations” and “Non-United States Tax Considerations” for a more complete discussion of the expected material U.S. federal and non-U.S. income tax considerations relating to us and the ownership and disposition of common units.

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

A non-U.S. entity treated as a corporation for U.S. federal income tax purposes will be treated as a “passive foreign investment company,” or a PFIC, for U.S. federal income tax purposes if at least 75.0% of its gross income for any taxable year consists of certain types of “passive income,” or at least 50.0% of the average value of the entity’s assets produce or are held for the production of those types of “passive income.” For purposes of these tests, “passive income” generally includes dividends, interest, gains from the sale or exchange of investment property, and rents and royalties other than rents and royalties that are received from unrelated parties in connection with the active conduct of a trade or business. For purposes of these tests, income derived from the performance of services does not constitute “passive income.” U.S. shareholders of a PFIC are subject to a disadvantageous U.S. federal income tax regime with respect to the income derived by the PFIC, the distributions they receive from the PFIC, and the gain, if any, they derive from the sale or other disposition of their shares in the PFIC.

Based on our current and projected method of operation, and on opinion of counsel, we believe that we will not be a PFIC for our 2007 taxable year, and we expect that we will not become a PFIC with respect to any other taxable year. Our U.S. counsel, Vinson & Elkins L.L.P., is of the opinion that (1) the income we receive from time chartering activities and the assets we own that are engaged in generating such income should not be treated as passive income or assets, respectively, and (2) so long as our income from time charters exceeds 25.0% of our gross income from all sources for each taxable year after our initial taxable year and the fair market value of our vessels contracted under time charters exceeds 50.0% of the average fair market value of all of our assets for each taxable year after our initial taxable year, we should not be a PFIC for any taxable year. This opinion is based on representations and projections provided by us to our counsel regarding our assets, income and charters, and its validity is conditioned on the accuracy of such representations and projections. We expect that all of the vessels in our fleet will be engaged in time chartering activities and intend to treat our income from those activities as non-passive income, and the vessels

engaged in those activities as non-passive assets, for PFIC purposes. However, no assurance can be given that the Internal Revenue Service, or the IRS, will accept this position. Please read “Material U.S. Federal Income Tax Considerations—U.S. Federal Income Taxation of U.S. Holders—PFIC Status and Significant Tax Consequences.”

41

Table of Contents

The preferential tax rates applicable to qualified dividend income are temporary, and the enactment of previously proposed legislation could affect whether dividends paid by us constitute qualified dividend income eligible for the preferential rate.

Certain of our distributions may be treated as qualified dividend income eligible for preferential rates of U.S. federal income tax to U.S. individual unitholders (and certain other U.S. unitholders). In the absence of legislation extending the term for these preferential tax rates, all dividends received by such U.S. taxpayers in tax years beginning on January 1, 2011, or later, will be taxed at graduated tax rates applicable to ordinary income. Please read “Material U.S. Federal Income Tax Considerations— U.S. Federal Income Taxation of U.S. Holders—Distributions.”

In addition, legislation proposed in the U.S. Congress would, if enacted, deny the preferential rate of U.S. federal income tax currently imposed on qualified dividend income with respect to dividends received from a non-U.S. corporation, if the non-U.S. corporation is created or organized under the laws of a jurisdiction that does not have a comprehensive income tax system. Because the Marshall Islands imposes only limited taxes on entities organized under its laws, it is likely that, if this legislation were enacted, the preferential tax rates described under “Material U.S. Federal Income Tax Considerations—U.S. Federal Income Taxation of U.S. Holders—Distributions” would no longer be applicable to distributions received from us. In addition, legislation has been proposed that, if enacted, would eliminate the preferential tax rate with respect to dividends paid after December 31, 2007, thereby causing such dividends to be taxed at ordinary income rates. As of the date hereof, it is not possible to predict with any certainty whether any of this proposed legislation will be enacted.

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

Under the Code, 50.0% of the gross shipping income of a vessel owning or chartering corporation that is attributable to transportation that either begins or ends, but that does not both begin and end, in the United States is characterized as U.S. source shipping income. U.S. source shipping income generally is subject to a 4.0% U.S. federal income tax without allowance for deduction or, if such U.S. source shipping income is effectively connected with the conduct of a trade or business in the United States, U.S. federal corporate income tax (the highest statutory rate presently is 35.0%) as well as a branch profits tax (presently imposed at a 30.0% rate on effectively connected earnings), unless that corporation qualifies for exemption from tax under Section 883 of the Code.

Based on an opinion of counsel, and certain assumptions and representations, we believe that we will qualify for this statutory tax exemption, and we will take this position for U.S. federal income tax return reporting purposes. Please read “Business—Taxation of the Partnership.” However, there are factual circumstances, including some that may be beyond our control, that could cause us to lose the benefit of this tax exemption after this offering. Furthermore, our board of directors could determine that it is in our best interests to take an action that would result in this tax exemption not applying to us in the future. In addition, our conclusion that we qualify for this exemption, as well as the conclusions in this regard of our counsel, Vinson & Elkins L.L.P., is based upon legal authorities that do not expressly contemplate an organizational structure such as ours; specifically, although we have elected to be treated as a corporation for U.S. federal income tax purposes, we are organized as a limited partnership under Marshall Islands law. Therefore, we can give no assurances that the IRS will not take a different position regarding our qualification for this tax exemption.

If we were not entitled to the Section 883 exemption for any taxable year, we generally would be subject to a 4% U.S. federal gross income tax with respect to our U.S. source shipping income or, if such U.S. source shipping income were effectively connected with the conduct of a trade or business in the United States, U.S. federal corporate income tax (the highest statutory rate presently is 35.0%) as well as a branch profits tax (presently imposed at a 30.0% rate on

effectively connected earnings) for those years. Our failure to qualify for the Section 883 exemption could have a negative effect on our business and would result in decreased earnings available for distribution to our unitholders.

You may be subject to income tax in one or more non-U.S. countries, including Greece, as a result of owning our common units if, under the laws of any such country, we are considered to be carrying on business there. Such laws may require you to file a tax return with and pay taxes to those countries.

Table of Contents

We intend that our affairs and the business of each of our controlled affiliates will be conducted and operated in a manner that minimizes income taxes imposed upon us and these controlled affiliates or which may be imposed upon you as a result of owning our common units. However, because we are organized as a partnership, there is a risk in some jurisdictions that our activities and the activities of our subsidiaries may be attributed to our unitholders for tax purposes and, thus, that you will be subject to tax in one or more non-U.S. countries, including Greece, as a result of owning our common units if, under the laws of any such country, we are considered to be carrying on business there. If you are subject to tax in any such country, you may be required to file a tax return with and to pay tax in that country based on your allocable share of our income. We may be required to reduce distributions to you on account of any withholding obligations imposed upon us by that country in respect of such allocation to you. The United States may not allow a tax credit for any foreign income taxes that you directly or indirectly incur.

We believe we can conduct our activities in such a manner that our unitholders should not be considered to be carrying on business in Greece solely as a consequence of the acquisition, holding, disposition or redemption of our common units. However, the question of whether either we or any of our controlled affiliates will be treated as carrying on business in any particular country, including Greece, will be largely a question of fact to be determined based upon an analysis of contractual arrangements, including the management agreement and the administrative services agreement we will enter into with Navios ShipManagement, and the way we conduct business or operations, all of which may change over time. Furthermore, the laws of Greece or any other country may change in a manner that causes that country's taxing authorities to determine that we are carrying on business in such country and are subject to its taxation laws. Any foreign taxes imposed on us or any subsidiaries will reduce our cash available for distribution.

The portion of our distributions that will be taxed as dividend income is subject to business, economic and other uncertainties as well as tax reporting positions with which the IRS may disagree, any of which could be resolved against us, result in a higher ratio of dividend income to distributions and adversely affect the value of the common units.

We estimate that if you hold the common units that you purchase in this offering through the period ending December 31, 2009, the distributions you receive that will constitute dividends for U.S. federal income tax purposes will be approximately 56% of the total cash distributions received during that period. The remaining portion of the distributions will be treated first as a nontaxable return of capital to the extent of the purchaser's tax basis in its common units and thereafter as capital gain. These estimates are based on certain assumptions which are subject to business, economic, regulatory, competitive and political uncertainties beyond our control. In addition, these estimates are based on current U.S. federal income tax law and tax reporting positions that we will adopt and with which the IRS could disagree. As a result of these uncertainties, these estimates may be incorrect and the actual percentage of total cash distributions that will constitute dividend income could be higher, and any difference could adversely affect the value of the common units. Please read "Material U.S. Federal Income Tax Considerations—U.S Federal Income Taxation of U.S. Holders—Ratio of Dividend Income to Distributions."

Table of Contents

Forward-Looking Statements

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

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

- forecasts of our ability to make cash distributions on the units;
- forecasts of our future financial condition or results of operations and our future revenues and expenses;
- our anticipated growth strategies;
- future charter hire rates and vessel values;
- the repayment of our debt;
- our ability to access debt and equity markets;
- planned capital expenditures and availability of capital resources to fund capital expenditures;
- future supply of, and demand for, drybulk commodities;
- increases in interest rates;
- our ability to maintain long-term relationships with major commodity traders;
- our ability to leverage to our advantage Navios Maritime’s relationships and reputation in the shipping industry;
- our continued ability to enter into long-term, fixed-rate time charters;
- our ability to maximize the use of our vessels, including the re-deployment or disposition of vessels no longer under long-term time charter;
- timely purchases and deliveries of newbuilding vessels;
- future purchase prices of newbuildings and secondhand vessels;
- our ability to compete successfully for future chartering and newbuilding opportunities;
- the expected cost of, and our ability to comply with, governmental regulations, maritime self-regulatory organization standards, as well as standard regulations imposed by our charterers applicable to our business;
- our anticipated

incremental general and administrative expenses as a publicly traded limited partnership and our expenses under the management agreement and the administrative services agreement with Navios ShipManagement and for reimbursements for fees and costs of our general partner;

taxation of our partnership and distributions to our unitholders;

maintenance and replacement capital expenditures;

the drybulk shipping sector in general and the demand for our Panamax and Capesize vessels in particular;

- the anticipated
- estimated future
- expected demand in

44

Table of Contents

key executive officers;

increasing emphasis on environmental and safety concerns;

common units in the public market; and

strategy and other plans and objectives for future operations.

- our ability to retain
- customers’
- future sales of our
- our business

These and other forward-looking statements are made based upon management’s current plans, expectations, estimates, assumptions and beliefs concerning future events impacting us and therefore involve a number of risks and uncertainties, including those risks discussed in “Risk Factors,” including those set forth below:

sufficient cash to pay the minimum quarterly distribution on our common units;

of the international drybulk shipping industry;

charter rates for drybulk carriers;

numbers of newbuildings currently under construction in the drybulk industry;

market values of our vessels and the vessels for which we have purchase options;

expand relationships with existing customers and obtain new customers;

customer or charter or vessel;

fleet and resultant increases in operations costs;

vessels; and

and international political conditions, including wars and terrorism.

- a lack of
- the cyclical nature
- fluctuations in
- the historically high
- changes in the
- an inability to
- the loss of any
- the aging of our
- damage to our
- general domestic

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

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

Table of Contents

Use of Proceeds

The proceeds from this offering will be used primarily to fund a portion of the purchase price of the capital stock in the subsidiaries of Navios Maritime that own or have rights to vessels in our initial fleet.

The purchase price of the capital stock of the subsidiaries that own or have rights to the eight vessels in our initial fleet will be equal to:

net proceeds from our sale of an aggregate of 10,500,000 common units in this offering and the offering to a corporation owned by Ms. Frangou (estimated at \$193.3 million, based on (i) the initial public offering price of \$20.00 per common unit and (ii) underwriting discount, structuring fee and other offering expenses of \$16.7 million), plus

- all of the
- \$160.0

 million of the \$165.0 million of borrowings under our new revolving credit facility, plus

- 7,621,843

 subordinated units to be issued to Navios Maritime, plus

- the 2.0% general

 partner interest and all of our incentive distribution rights to be issued to our general partner.

Based on the initial public offering price of \$20.00 per common unit and assuming that the fair market value of each subordinated unit and general partner unit is \$20.00, the total dollar value of the consideration to be paid to Navios Maritime for the capital stock of the subsidiaries that own or have rights to the vessels in our initial fleet is approximately \$513.1 million.

The initial public offering price of our common units, as well as the total consideration to be paid to Navios Maritime for the capital stock of the subsidiaries that own or have rights to the eight vessels in our initial fleet was determined through negotiations among us and the representatives of the underwriters. In addition to prevailing market conditions, the factors considered in determining the initial public offering price as well as the total consideration for the capital stock of the subsidiaries that own the vessels in our initial fleet were:

valuation multiples of publicly traded companies that the representatives believe to be comparable to us,

- the
- our financial
- the history of, and
- as assessment of our
- the above factors in

 information,

- the above factors in

 the prospects for, our partnership and the industry in which we compete,

- the above factors in

 management, its past and present operations, and the prospects for, and timing of, our future revenues, and

- the above factors in

 relation to market values and various valuation measures of other companies engaged in activities similar to ours.

Please read “Underwriting.”

We will use the net proceeds of any exercise of the underwriters’ over-allotment option to redeem a number of subordinated units from Navios Maritime equal to the number of units for which the underwriters exercise their over-allotment option.

Navios Maritime will use the proceeds it receives from us for general corporate purposes. These general corporate purposes may include the acquisition of additional vessels, capital expenditures or the repayment of debt.

46

Table of Contents

Capitalization

The following table shows:

historical capitalization as of June 30, 2007; and
 • our
 • our capitalization as
 of June 30, 2007, on a pro forma as adjusted basis to reflect the transactions described under “Summary—The Transactions” assuming no exercise of the underwriters’ overallotment option.

This table is derived from and should be read together with the historical combined financial statements and the accompanying notes and the unaudited pro forma financial statements and accompanying notes contained elsewhere in this prospectus. You should also read this table in conjunction with “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Use of Proceeds.”

of June 30, 2007	Actual	Pro Forma,	As
As Adjusted	(In thousands of U.S. Dollars)	Debt(1):	Current portion of long-term debt \$ 3,055 \$ —
Long-term debt:	Borrowings under credit facility	73,939	165,000 (2) Total debt \$ 76,994 \$
165,000	Equity:	Owner’s net investment \$ 114,213	\$ — Held by public: Common units —
181,559	Held by general partner and its affiliates:	Common units	11,741 (3) General partner
interest — (7,643)	Subordinated units — (157,509)	Total partners’ equity	\$ 28,148 Total
capitalization \$ 191,207	\$ 193,148		

(1) All debt is guaranteed by our subsidiaries and secured by mortgages covering our vessels. (2) \$160.0 million of this amount will be used to pay a portion of the cash purchase price for the capital stock of the subsidiaries to be acquired by us from Navios Maritime. \$1.3 million of this amount will be used to pay estimated financing fees and \$3.7 million of this amount will be retained by our partnership for working capital. (3) Includes the purchase of 500,000 common units by a corporation owned by our Chairman and Chief Executive Officer in the concurrent offering and the purchase of 95,000 common units by certain of our directors and officers in this offering.

Table of Contents

Dilution

Dilution is the amount by which the offering price will exceed the net tangible book value per common unit after this offering. Based on the initial public offering price of \$20.00 per common unit, on a pro forma basis as of June 30, 2007, after giving effect to this offering of common units, the concurrent offering to a corporation owned by Ms. Frangou, the application of the net proceeds in the manner described under “Use of Proceeds” and the formation and contribution transactions related to this offering, our net tangible book value would have been \$(24.0) million, or \$(1.30) per common unit. Purchasers of common units in this offering will experience substantial and immediate dilution in net tangible book value per common unit for financial accounting purposes, as illustrated in the following table.

	Initial
public offering price per common unit	\$ 20.00
Pro forma net tangible book value per common unit before this offering and the concurrent offering to a corporation owned by Ms. Frangou(1)	7.79
Decrease in net tangible book value per common unit attributable to new investors in this offering	(9.09)
Less: Pro forma net tangible book value per common unit after this offering and the concurrent offering to a corporation owned by Ms. Frangou(2)	
(1.30) Immediate dilution in net tangible book value per common unit to new investors in this offering	
\$ 21.30	

(1)

Determined by dividing the total number of units (7,621,843 subordinated units and the 2.0% general partner interest represented by 369,834 general partner units) to be issued to our general partner and its affiliates for their sale and contribution of assets and liabilities to us into the net tangible book value of the contributed assets and liabilities. (2)

Determined by dividing the total number of units (10,500,000 common units, 7,621,843 subordinated units and the 2.0% general partner interest represented by 369,834 general partner units) to be outstanding after this offering into our pro forma net tangible book value, after giving effect to the application of the net proceeds of this offering and the concurrent offering to a corporation owned by Ms. Frangou.

The following table sets forth the number of units that we will issue and the total consideration contributed to us by our general partner and its affiliates and by the purchasers of common units in this offering and the concurrent offering to a corporation owned by Ms. Frangou upon consummation of the transactions contemplated by this prospectus.

Units Acquired	Total Consideration	Number	Percent	Amount	Percent	General partner and its affiliates(1)(2)	
7,991,677	43.2 %	\$ (165,152,000)		(368.2)%		New investors(3)	10,500,000
210,000,000	468.2 %	Total 18,491,677	100.0 %	\$ 44,848,000	100.0 %		56.8

(1) Upon

the consummation of the transactions contemplated by this prospectus, our general partner and its affiliates, including Navios Maritime, will own an aggregate of 7,621,843 subordinated units and the 2.0% general partner interest represented by 369,834 general partner units. We will use the net proceeds of any exercise of the underwriters’ overallotment option to redeem a number of subordinated units from Navios Maritime equal to the number of units for which the underwriters exercise their overallotment option. If the underwriters exercise their overallotment option in full, our general partner and its affiliates, including Navios Maritime, will own an aggregate of 6,121,843

subordinated units and the 2.0% general partner interest represented by 369,834 general partner units, and new investors will own 12,000,000 common units.

48

Table of Contents (2) The assets contributed by our general partner and its affiliates were recorded at historical book value, rather than fair value, in accordance with GAAP. Book value of the consideration provided by our general partner and its affiliates, as of June 30, 2007, after giving effect to the application of the net proceeds of the offering, the concurrent offering and the related transactions, is as follows:

(In thousands) Book value of net assets contributed \$ 188,148 Less: Distribution to Navios Maritime from the net proceeds of the offering (183,300) Distribution to Navios Maritime from the net proceeds of the concurrent offering (10,000) Distribution to Navios Maritime from borrowings under the credit facility (160,000) Total consideration \$ (165,152)

(3) Includes 500,000 common units concurrently offered directly to a corporation owned by our Chairman and Chief Executive Officer and 95,000 common units purchased by certain of our directors and officers in this offering.

Table of Contents

OUR CASH DISTRIBUTION POLICY AND RESTRICTIONS ON DISTRIBUTIONS

You should read the following discussion of our cash distribution policy and restrictions on distributions in conjunction with specific assumptions included in this section. In addition, you should read “Forward-Looking Statements” and “Risk Factors” for information regarding statements that do not relate strictly to historical or current facts and certain risks inherent in our business.

General

Rationale for Our Cash Distribution Policy

Our cash distribution policy reflects a basic judgment that our unitholders will be better served by our distributing our cash available (after deducting expenses, including estimated maintenance and replacement capital expenditures and reserves) rather than retaining it. Because we believe we will generally finance any expansion capital expenditures from external financing sources, we believe that our investors are best served by our distributing all of our available cash. Our cash distribution policy is consistent with the terms of our partnership agreement, which requires that we distribute all of our available cash quarterly (after deducting expenses, including estimated maintenance and replacement capital expenditures and reserves).

Limitations on Cash Distributions and Our Ability to Change Our Cash Distribution Policy

There is no guarantee that unitholders will receive quarterly distributions from us. Our distribution policy is subject to certain restrictions and may be changed at any time, including:

- Our unitholders have no contractual or other legal right to receive distributions other than the obligation under our partnership agreement to distribute available cash on a quarterly basis, which is subject to the broad discretion of our board of directors to establish reserves and other limitations.
- While our partnership agreement requires us to distribute all of our available cash, our partnership agreement, including provisions requiring us to make cash distributions contained therein, may be amended. Although during the subordination period, with certain exceptions, our partnership agreement may not be amended without the approval of non-affiliated common unitholders, our partnership agreement can be amended with the approval of a majority of the outstanding common units after the subordination period has ended. Upon the closing of this offering, Navios Maritime will not own any of our outstanding common units and will own 100.0% of our outstanding subordinated units.
- Even if our cash distribution policy is not modified or revoked, the amount of distributions we pay under our cash distribution policy and the decision to make any distribution is determined by our board of directors, taking into consideration the terms of our partnership agreement.
- Under Section 51 of the Marshall Islands Limited Partnership Act, we may not make a distribution to you if the distribution would cause our liabilities to exceed the fair value of our assets.
- We may lack sufficient cash to pay distributions to our unitholders due to decreases in net revenues or increases in operating expenses, principal and interest payments on outstanding debt, tax expenses, working capital requirements, maintenance and replacement capital expenditures or anticipated cash needs.
- Our distribution

policy will be affected by restrictions on distributions under our new revolving credit facility that we will enter into in connection with the closing of this offering. Specifically, our new revolving credit facility contains material financial tests that must be satisfied and we will not pay any distributions that will cause us to violate our credit facility or other debt instruments. These financial tests are described in this prospectus in “Management’s Discussion and Analysis of Financial Condition and Results of

50

Table of Contents

Operations—Liquidity and Capital Resources—Revolving Credit Facility.’’ Should we be unable to satisfy these restrictions included in the proposed new credit facility or if we are otherwise in default under our new credit facility, our ability to make cash distributions to you, notwithstanding our cash distribution policy, would be materially adversely affected.

If we make distributions out of capital surplus, as opposed to operating surplus, such distributions will constitute a return of capital and will result in a reduction in the minimum quarterly distribution and the target distribution levels. We do not anticipate that we will make any distributions from capital surplus.

Our ability to make distributions to our unitholders depends on the performance of our subsidiaries and their ability to distribute funds to us. The ability of our subsidiaries to make distributions to us may be restricted by, among other things, the provisions of existing and future indebtedness, applicable partnership and limited liability company laws and other laws and regulations.

We have a limited operating history upon which to rely with respect to whether we will have sufficient cash available for distributions to allow us to pay the minimum quarterly distributions on our common and subordinated units. While we believe, based on our financial forecast and related assumptions, that we will have sufficient cash to enable us to pay the full minimum quarterly distribution on all of our common and subordinated units for the year ending December 31, 2008, we may be unable to pay the full minimum quarterly distribution or any amount on our common units.

Our Ability to Grow Depends on Our Ability to Access External Expansion Capital

Because we distribute all of our available cash, our growth may not be as fast as the growth of businesses that reinvest their available cash to expand ongoing operations. We expect that we will rely upon external financing sources, including bank borrowings and the issuance of debt and equity securities, to fund acquisitions and expansion and investment capital expenditures. As a result, to the extent we are unable to finance growth externally, our cash distribution policy will significantly impair our ability to grow. To the extent we issue additional units in connection with any acquisitions or expansion or investment capital expenditures, the payment of distributions on those additional units may increase the risk that we will be unable to maintain or increase our per unit distribution level, which in turn may affect the available cash that we have to distribute on each unit. There are no limitations in our partnership agreement on our ability to issue additional units, including units ranking senior to the common units. The incurrence of additional borrowings or other debt by us to finance our growth strategy would result in increased interest expense, which in turn may affect the available cash that we have to distribute to our unitholders.

Initial Distribution Rate

The amount of the minimum quarterly distribution is \$0.35 per unit, or \$1.40 per unit per year. The amount of available cash from operating surplus, which we also refer to as cash available for distributions, needed to pay the minimum quarterly distribution on all of the common units and subordinated units and the 2.0% general partner interest to be outstanding immediately after this offering for one quarter and for four quarters will be approximately:

No Exercise of the Underwriters’

Overallotment Option Full Exercise of the Underwriters’

Overallotment Option Number of

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Units	Distributions	Number of							
Units	Distributions	One Quarter	Four	One Quarter	Four	One Quarter	Four	One Quarter	Four
Quarters	One Quarter	Four	Quarters	One Quarter	Four	Quarters	One Quarter	Four	Quarters
Common units	10,500,000	\$ 3,675,000	\$ 14,700,000	12,000,000	\$ 4,200,000	\$			
Subordinated units	16,800,000	7,621,843	2,667,645	10,670,580	6,121,843	2,142,645	8,570,580		
General Partner interest(1)	369,834	129,442	517,768	369,834	129,442	517,768	Total		
	18,491,677	\$ 6,472,087	\$ 25,888,348	18,491,677	\$ 6,472,087	\$ 25,888,348			

51

Table of Contents

(1) The number of general partner units is determined by multiplying the total number of units deemed to be outstanding (i.e., the total number of common and subordinated units outstanding divided by 98.0%) by the general partner's 2.0% general partner interest.

Upon completion of this offering, our board of directors will adopt a policy pursuant to which we will pay an initial quarterly distribution of \$0.35 per unit for each complete quarter. Beginning with the quarter ending December 31, 2007, we will distribute, within 45 days after the end of each quarter, all of our available cash to unitholders of record on the applicable record date. We will adjust our first distribution for the period from the closing of this offering through December 31, 2007 based on the actual length of the period.

During the subordination period, before we make any quarterly distributions to subordinated unitholders, our common unitholders are entitled to receive payment of the full minimum quarterly distribution plus any arrearages in distributions from prior quarters. Please read "How We Make Cash Distributions—Subordination Period." The amount of the minimum quarterly distribution is \$0.35 per unit, or \$1.40 per unit per year. We cannot guarantee, however, that we will pay the minimum quarterly distribution or any amount on the common units in any quarter.

In general, our general partner will be entitled to 2.0% of all distributions that we make prior to our liquidation. The general partner's initial 2.0% interest in these distributions, however, may be reduced if we issue additional units in the future and our general partner does not contribute a proportionate amount of capital to us to maintain its initial 2.0% general partner interest. Our general partner has the right, but not the obligation, to contribute a proportionate amount of capital to us to maintain its current general partner interest.

In the sections that follow, we present in detail the basis for our belief that we will have sufficient available cash from operating surplus to pay our minimum quarterly distribution on all of our common and subordinated units for the year ending December 31, 2008. We present two tables consisting of:

- Pro Forma Results of Operations for the year ended December 31, 2006 and Forecasted Results of Operations for the year ending December 31, 2008.

- Pro Forma Cash Available for Distribution for the year ended December 31, 2006 and Forecasted Cash Available for Distribution for the year ending December 31, 2008.

Forecasted Results of Operations for the Year Ending December 31, 2008

We present below a forecast of the expected results of operations for Navios Maritime Partners L.P. for the year ending December 31, 2008. Our forecast presents, to the best of our knowledge and belief, the expected results of operations for Navios Maritime Partners L.P. for the forecast period.

Our forecast reflects our judgment as of the date of this prospectus of conditions we expect to exist and the course of action we expect to take during the year ending December 31, 2008. The assumptions disclosed in "—Forecast Assumptions and Considerations—Summary of Significant Forecast Assumptions" are those that we believe are significant to our forecasted results of operations. We believe that we have a reasonable basis for those assumptions. We believe our actual results of operations will approximate those reflected in our forecast, but we can give no assurance that our forecasted results will be achieved. There will likely be differences between our forecast and the actual results and those differences could be material. Our operations are subject to numerous risks that are beyond our control. If the forecast is not achieved, we may not be able to pay cash distributions on our common units at the

initial distribution rate stated in our cash distribution policy or at all.

Our forecast of our results of operations is a forward-looking statement and should be read together with the historical combined financial statements of Navios Maritime Partners Predecessor and our pro forma financial statements and the accompanying notes included elsewhere in this prospectus and together with “Management’s Discussion and Analysis of Financial Condition and

52

Table of Contents

Results of Operations” and “Forward-Looking Statements.” The forecast has been prepared by and is the responsibility of the management of our partnership.

When considering our financial forecast, you should consider the risk factors and other cautionary statements included under the heading “Risk Factors” elsewhere in this prospectus. Any of the risks discussed in this prospectus could cause our actual results of operations to vary significantly from the financial forecast.

We are providing the financial forecast to supplement the historical combined financial statements of Navios Maritime Partners Predecessor and our pro forma combined financial statements in support of our belief that we will have sufficient cash available to allow us to pay cash distributions on all of our outstanding common and subordinated units for each quarter in the year ending December 31, 2008, at our stated initial distribution rate. Please read “—Forecast Assumptions and Considerations—Summary of Significant Forecast Assumptions” for further information as to the assumptions we have made for the financial forecast.

We do not undertake any obligation to release publicly the results of any future revisions we may make to the financial forecast or to update the financial forecast to reflect events or circumstances after the date of this prospectus. Therefore, we caution you not to place undue reliance on this information.

Neither our independent registered public accounting firm, nor any other independent registered public accounting firm have compiled, examined or performed any procedures with respect to the forecasted financial information contained herein, nor have they expressed any opinion or given any other form of assurance on such information or its achievability, and they assume no responsibility for such forecasted financial information. Our independent registered public accounting firm’s reports included in this prospectus relate to historical financial information of Navios Maritime Partners Predecessor, Navios Maritime Partners L.P. and Navios GP L.L.C. Those reports do not extend to the tables, and the related forecasted and pro forma financial information contained in this section and should not be read to do so.

Pro Forma Results of Operations for the Year Ended December 31, 2006

We present in the table below our unaudited pro forma combined results of operations for the year ended December 31, 2006, which are derived from our unaudited pro forma combined financial statements included in this prospectus beginning on page P-1. The unaudited pro forma combined results of operations are based on the historical combined financial statements of Navios Maritime Partners Predecessor included elsewhere in this prospectus, as adjusted to illustrate the estimated pro forma effects of the transactions described below. These unaudited pro forma combined financial statements should be read together with the sections entitled “Selected Historical and Pro Forma Financial and Operating Data,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and the historical combined financial statements of Navios Maritime Partners Predecessor and the notes to those statements, as well as the full unaudited pro forma combined financial statements of Navios Maritime Partners L.P. and the notes thereto included elsewhere in this prospectus.

The pro forma data included herein is not indicative of forecasted financial results nor does it represent comparable results of operations.

Table of Contents

NAVIOS MARITIME PARTNERS L.P.
PRO FORMA AND FORECASTED RESULTS OF OPERATIONS

Pro

Forma(1) Forecast Year Ended
December 31,
2006 Year Ending
December 31,
2008 (unaudited)

(In thousands, except per unit amounts)	Time charter and voyage revenues	\$ 62,115	\$ 68,681	Gain/(loss) on forward freight agreements	(2,923)	—	Time charter and voyage expenses	(16,243)	(10,248)	Direct vessel expenses	(6,952)	(8,695)	Depreciation and amortization	(11,142)	(9,854)	General and administrative expenses	(2,000)	(2,000)	Interest expense and finance cost	(9,970)	(11,355)	Interest income	—	185	Other income	61	—	Other expenses	(74)	—	Net income	\$ 12,872	\$ 26,714
General partner's interest in net income	\$ 257	\$ 534	Limited partners' interest:	Net income	\$ 12,615	\$ 26,180	Net income per:	—	Common unit (basic and diluted)	\$ 1.20	\$ 1.44	—	Subordinated unit (basic and diluted)	\$ —	\$ 1.44																		

(1) The

pro forma data included herein is not indicative of forecasted financial results nor does it represent comparable results of operations.

Please read the accompanying summary of significant accounting policies and forecast assumptions.

Table of Contents

Significant Pro Forma Assumptions

The unaudited pro forma combined results of operations for Navios Maritime Partners Predecessor for the year ended December 31, 2006 are presented to illustrate the assumed effects of the following events as if they occurred on January 1, 2006:

- The Partnership's entry into new time charter contracts relating to two Panamax vessels, Navios Prosperity and Navios Aldebaran, and the acquisition of an existing time charter contract related to one Capesize vessel, Fantastiks, which was part of Navios Maritime's acquisition of Kleimar.
- The Partnership's entry into a management agreement with Navios ShipManagement pursuant to which Navios ShipManagement will provide certain commercial and technical management services to the Partnership for a fixed daily fee of \$4,000 per owned Panamax vessel and \$5,000 per owned Capesize vessel.
- The Partnership's incurrence of additional debt of \$165.0 million under a new revolving credit facility to be entered into in connection with the offering.
- Navios Maritime's assumption of \$77.0 million of outstanding debt allocated to certain vessel owning subsidiaries prior to the transfer of such vessel owning subsidiaries to the Partnership.
- The Partnership's acquisition of all of the outstanding shares of capital stock of the Navios Maritime subsidiaries that own or have rights to eight vessels (Navios Alegria, Navios Libra II, Navios Gemini S, Navios Felicity, Navios Galaxy I, Navios Prosperity, Navios Aldebaran and Fantastiks) in exchange for:
 - 7,621,843 subordinated units of the Partnership;
 - the issuance to Navios GP L.L.C., a wholly owned subsidiary of Navios Maritime, of the 2.0% general partner interest in the Partnership and all of the Partnership's incentive distribution rights; and
 - the net proceeds of this offering and the concurrent offering to a corporation owned by Ms. Frangou (approximately \$193.3 million based on the initial public offering price of \$20.00 per common unit), and an additional \$160.0 million of the \$165.0 million the Partnership will borrow under its new credit facility.
- The Partnership's issuance of an aggregate of 10,500,000 common units (assuming no exercise of the underwriters' over-allotment option) at the initial public offering price of \$20.00 per common unit, resulting in aggregate gross proceeds to the Partnership of approximately \$210.0 million.
- The Partnership's payment of estimated underwriting fees and other offering expenses of \$16.7 million.
- The Partnership's incurrence of estimated general and administrative expenses of \$2.0 million annually.

Forecast Assumptions and Considerations

Basis of Presentation

The accompanying financial forecast and related notes of Navios Maritime Partners L.P. present the forecasted results of operations of Navios Maritime Partners L.P. for the year ending December 31, 2008, based on the assumption that:

the closing of the offering, Navios Maritime will contribute to us all of the outstanding shares of capital stock of one vessel-owning subsidiary in exchange for 4,195,000 subordinated units;

aggregate of 10,500,000 common units, representing a 56.8% limited partner interest in us;

- Prior to
- We will sell an

Table of Contents

• We will enter into a new revolving credit facility that will provide us with financing availability of up to \$260.0 million and we will borrow \$165.0 million thereunder upon the closing of the offering; and

• At the closing of this offering, Navios Maritime will sell to us all of the outstanding shares of capital stock of the subsidiaries which own or have the rights to seven vessels in exchange for (i) all the net proceeds from this offering and the concurrent offering to a corporation owned by Ms. Frangou (\$193.3 million, based on the initial public offering price of \$20.00 per common unit), (ii) \$160.0 million of the \$165.0 million that we will borrow under our proposed new revolving credit facility, (iii) the issuance of 3,426,843 additional subordinated units to Navios Maritime and (iv) the issuance to Navios GP L.L.C of a 2.0% general partner interest in us and all of our incentive distribution rights, which will entitle it to increasing percentages of the cash we distribute in excess of \$0.4025 per unit per quarter.

The accompanying financial forecast is presented in accordance with the guidelines established by the American Institute of Certified Public Accountants.

Summary of Significant Accounting Policies

Organization. We are a Marshall Islands limited partnership formed on August 7, 2007 to own and operate drybulk carriers. Our general partner is Navios GP L.L.C., a wholly owned subsidiary of Navios Maritime.

Principles of Consolidation. This financial forecast includes our accounts and those of our wholly owned subsidiaries. All intercompany transactions and balances have been eliminated in consolidation.

Use of Estimates. The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Reporting Currency. The financial forecast is stated in U.S. Dollars because we operate in international shipping markets that typically utilize the U.S. Dollar as the functional currency. Transactions involving other currencies during a period are converted into U.S. Dollars using the exchange rates in effect at the time of the transactions. At the balance sheet dates, monetary assets and liabilities that are denominated in currencies other than the U.S. Dollar are translated to reflect the period-end exchange rates. Resulting gains or losses are reflected in our consolidated statements of income.

Revenue Recognition. Revenue is recorded when services are rendered, we have a signed charter agreement or other evidence of an arrangement, the price is fixed or determinable, and collection is reasonably assured. We generate revenue from the time charter of vessels.

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

Time Charter Expenses. Time charter expenses comprise all expenses related to time charter hire paid and bunkers, port charges, canal tolls, cargo handling, agency fees and brokerage commissions. Also included in time charter expenses are charterers' liability insurances, provision for losses on time charters in progress at year-end, direct port

terminal expenses and other miscellaneous expenses.

Direct Vessel Expenses. Direct vessel expenses consist of all expenses relating to the operation of vessels, including crewing, repairs and maintenance, insurance, stores and lubricants and miscellaneous expenses such as communications and amortization of drydocking and special survey costs. Pursuant to the management agreement, Navios ShipManagement will provide such services to us for a daily

56

Table of Contents

fee of \$4,000 per owned Panamax vessel and of \$5,000 per owned Capesize vessel which will be fixed for a period of two years following the closing of this offering.

Vessels, net. Vessels are stated at historical cost, which consists of the contract price, any material expenses incurred upon acquisition (improvements and delivery expenses). Subsequent expenditures for major improvements and upgrading are capitalized, provided they appreciably extend the life, increase the earning capacity or improve the efficiency or safety of the vessels. Expenditures for routine maintenance and repairs are expensed as incurred. Depreciation is computed using the straight line method over the useful life of the vessels, after considering the estimated residual value. We estimate the useful life of our vessels to be 25 years from the vessel's original construction. However, when regulations place limitations over the ability of a vessel to trade on a worldwide basis, its useful life is re-estimated to end at the date such regulations become effective.

Impairment of Long Lived Assets. Vessels, other fixed assets and other long lived assets held and used by us are reviewed periodically for potential impairment whenever events or changes in circumstances indicate that the carrying amount of a particular asset may not be fully recoverable. In accordance with FAS 144, management reviews valuations and compares them to the asset's carrying amounts. Should the valuations indicate potential impairment, management determines projected undiscounted cash flows for each asset and compares it to its carrying amount. In the event that impairment occurs, an impairment charge is recognized by comparing the asset's carrying amount to its estimated fair value. For the purposes of assessing impairment, long lived-assets are grouped at the lowest levels for which there are separately identifiable cash flows. No impairment loss was recognized for any of the periods presented.

Deferred Financing Costs. Deferred financing costs include fees, commissions and legal expenses associated with obtaining loan facilities. These costs are amortized over the life of the related debt using the effective interest rate method, and are included in interest expense.

Cash and Cash Equivalents. We classify all highly liquid investments with a maturity date of three months or less when purchased as cash and cash equivalents.

Income Taxes. We are a Marshall Islands limited partnership. Pursuant to various treaties and the United States Internal Revenue Code, we believe that substantially all of our operations are exempt from income taxes in the Marshall Islands and in the United States.

Summary of Significant Forecast Assumptions

Vessels. The forecast assumes 12 months of operations for the five owned vessels in our fleet as well as one of our chartered-in vessels (Navios Prosperity). The forecast assumes that we purchased one of our chartered-in vessels (Fantastiks) on March 31, 2008 and therefore assumes operation on this vessel for three months as a chartered-in vessel and nine months as an owned vessel. The forecast assumes the delivery of our additional chartered-in vessel, Navios Aldebaran, on March 1, 2008.

Time Charter and Voyage Revenues. Our forecast assumptions are based on contracted daily charter rates for each vessel (as set forth in the table below) and 362 days per calendar year of expected operations for each vessel under time charter. All of the vessels in our fleet are hired out under time charters and we intend to continue to hire out our vessels under time charters.

In determining the forecasted number of unscheduled off-hire days, we have assumed that unscheduled off-hire for our vessels will be four days per vessel which represents utilization of 98.9%. Navios Maritime's historical utilization was 99.5% and 100% for the year ended December 31, 2006 and six months ended June 30, 2007, respectively. We expect to drydock our vessels under time charter five years from the completion of construction and every 30 months thereafter. We do not expect any drydocking in the forecast period. The amount of actual off-hire time depends upon, among other things, the time a vessel spends in drydocking for repairs, maintenance or inspection, equipment breakdowns or delays due to accidents, crewing strikes, certain vessel detentions or similar problems as well as failure to maintain the vessel in compliance with its specifications and contractual standards or to provide the required crew.

Table of Contents

Vessel	Year Built	Capacity	(Dwt)	Ownership	Original Charter	Expiration Date/ New Charter	Expiration Date(1)	Original Charter-Out Rate/New Charter-Out Rate	Per Day(2)	Initial Fleet:	Fantastiks	2005	180,265	Chartered-in(3)	March 2011
\$32,279 Navios Alegria	2004	76,466	100%	December 2007/ December 2010	\$19,475/										
\$23,594 Navios Felicity	1997	73,867	100%	April 2008/ April 2013	\$9,595/										
\$26,169 Navios Galaxy I	2001	74,195	100%	January 2008/ January 2018	\$24,062/										
\$21,937 Navios Gemini S	1994	68,636	100%	February 2009/ February 2014	\$19,523/										
\$24,225 Navios Libra II	1995	70,136	100%	December 2007/ December 2010	\$21,613/										
\$23,513 Navios Prosperity	2007	82,535	Chartered-in(4)	June 2012	\$ 24,000	Newbuilding(5):									
Navios Aldebaran	Expected delivery														
March 2008	76,500	Chartered-in(6)	March 2013	\$ 28,391											

(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) Fantastiks is chartered-in through March 2008. We have exercised the option to purchase Fantastiks in March 2008 at a purchase price of \$34.2 million. (4) Navios Prosperity is chartered-in for seven years and we will 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 (\$31.7 million), declining pro rata by 145 million Yen (\$1.21 million) per calendar year. (5) Does not include Navios TBN I, which we have agreed to acquire from Navios Maritime upon its anticipated delivery in June 2009. (6) We have assumed that Navios Aldebaran will be delivered in March 2008. Navios Aldebaran will be chartered-in for seven years and we will have options to extend for two one-year periods. We will have the option to purchase the vessel after March 2013 at a purchase price that is initially 3.6 billion Yen (\$30.0 million) declining pro rata by 150 million Yen (\$1.25 million) per calendar year.

Time Charter Hire Expense. Our forecast assumes time charter hire expense per chartered-in vessel will be based on the number of available days for each chartered-in vessel during the year (based on the estimated delivery date of each vessel and assuming four unscheduled off-hire days per vessel) multiplied by the applicable charter hire expense rate set forth in the charter-in contract of each vessel. The average forecasted daily charter hire expense is \$13,609 per chartered-in vessel.

Direct Vessel Expenses. Our forecast assumes vessel operating expenses per owned Panamax vessel will be equal to the number of days in the year, multiplied by \$4,000 and per owned Capesize vessel will be equal to the number of days in the year, multiplied by \$5,000. Direct vessel expenses with respect to the chartered-in vessels in our fleet are borne by the owner of each of the chartered-in vessels. The costs to us of operating the chartered-in vessels are paid to the owner of each chartered-in vessel in our fleet as part of our daily charter-in rate included in our time charter hire

Table of Contents

expense. Direct vessel expenses reflect the costs charged by Navios ShipManagement for the provision of technical and commercial services. Pursuant to the five-year management agreement the Partnership will enter into with Navios ShipManagement, such services will be provided at a daily rate of \$4,000 per owned Panamax vessel and of \$5,000 per owned Capesize vessel which will be fixed for a period of two years after the closing of this offering. Under the management agreement, we will be required to pay additional fees to Navios ShipManagement for additional costs incurred by it in some circumstances. Please read “Certain Relationships and Related Party Transactions—Agreements Governing the Transactions—Management Agreement.” We have assumed we will incur no additional fees during the forecast period. As a result, this forecast could vary significantly if any additional fees are incurred.

Depreciation and Amortization. Depreciation of the owned vessels is based on their historical cost to the vessel-owned subsidiaries (which consists of the contract price and any material expenses incurred upon acquisition, improvements and delivery expenses). Depreciation is calculated using the straight-line method over the useful life of the vessel, after considering the estimated residual value. Management estimates the useful life of the vessels to be 25 years from the vessel’s original construction. However, when regulations place limitations over the ability of a vessel to trade on a worldwide basis, its useful life is re-estimated to end at the date such regulations become effective. Our forecast for depreciation expense assumes that Fantastiks will be purchased on March 31, 2008. Our forecast assumes no other vessels are purchased or sold during the year ending December 31, 2008.

Amortization of intangible assets is based on their valuation following the acquisition of Kleimar by Navios in February 2007, in a process that included the use of independent appraisers. Our forecast assumes amortization expense on the intangible assets (favorable lease terms associated with our charter-in contract) and liabilities (unfavorable lease terms associated with our charter-out contract) relating to Fantastiks. Amortization is calculated using straight-line method over the useful life of the favorable (10.16 years) and unfavorable lease term (4.24 years) accordingly. Our forecast assumes calculation of amortization expense for the favorable leases until the exercise of the purchase option of the vessel (March 31, 2008) and for the unfavorable leases over the useful life of the unfavorable lease.

General and Administrative Expenses. Our forecast assumes we will incur \$2.0 million of total general and administrative expenses per year. We have assumed that the expenses to be incurred for estimated incremental general and administrative expenses, including costs associated with annual reports to unitholders, investor relations, registrar and transfer agent’s fees, directors and officer liability insurance costs and directors compensation and travel expenses, will be \$2.0 million on an annual basis for each period.

At the closing of this offering, we will enter into an administrative services agreement with Navios ShipManagement, pursuant to which Navios ShipManagement will provide certain administrative management services to us. The agreement has an initial term of five years from the closing date of this offering. We will reimburse Navios ShipManagement for reasonable costs and expenses incurred in connection with the provision of these services within 15 days after Navios ShipManagement submits to us an invoice for such costs and expenses, together with any supporting detail that may be reasonably required.

Interest Expense. We have assumed that upon the closing of the offering we will borrow \$165.0 million of the \$260.0 million under our new credit facility at an interest rate of 5.75% (LIBOR plus 80 basis points), which is based on using 4.95% as the expected 1-year LIBOR. On March 31, 2008, we have assumed we will borrow an additional \$34.2 million under our new credit facility in order to finance the acquisition of Fantastiks. Also included in interest expense are administrative fees associated with the new credit facility of \$20,000 per year and associated commitment fees that we have assumed will equal 35 basis points per annum on the undrawn portion of our new credit facility.

Interest Income. We have assumed that we will maintain a minimum cash balance of \$3.7 million throughout the forecast period and that this cash balance will earn interest at an average rate of 5.0%.

59

Table of Contents

Replacement Reserve. Our partnership agreement requires our board of directors to deduct from operating surplus each quarter estimated maintenance and replacement capital expenditures as opposed to actual maintenance and replacement capital expenditures in order to reduce disparities in operating surplus caused by fluctuating maintenance and replacement capital expenditures, such as drydocking and vessel replacement. Please read “How We Make Cash Distributions—Operating Surplus and Capital Surplus—Capital Expenditures” for more detail. Scheduled drydocking expenditures for our vessels are included in the fixed daily fee of \$4,000 per owned Panamax vessel and of \$5,000 per owned Capesize vessel we pay pursuant to our management agreement for the first two years. The amount of \$9.5 million for the year ending December 31, 2008 of estimated maintenance and replacement capital expenditures attributable to future vessel replacement is based on the following assumptions: (i) the lesser of the current market value per vessel and the current market price to purchase a newbuilding vessel of similar size and specifications which we estimate to be \$47.5 million for Panamax vessels and \$89.0 million for Capesize vessels, (ii) a 25-year useful life and (iii) a 7.0% net investment rate. The actual cost of replacing the vessels in our fleet will depend on a number of factors, including prevailing market conditions, charter hire rates and the availability and cost of financing at the time of replacement. Our board of directors, with the approval of the conflicts committee, may determine that one or more of our assumptions should be revised, which could cause our board of directors to increase the amount of estimated maintenance and replacement capital expenditures. We may elect to finance some or all of our maintenance and replacement capital expenditures through the issuance of additional common units which could be dilutive to existing unitholders. Please read “Risk Factors—Risks Inherent in Our Business—We must make substantial capital expenditures to maintain the operating capacity of our fleet, which will reduce our cash available for distribution. In addition, each quarter our board of directors is required to deduct estimated maintenance and replacement capital expenditures from operating surplus, which may result in less cash available to unitholders than if actual maintenance and replacement capital expenditures were deducted.”

Regulatory, Industry and Economic Factors. We forecast for the year ending December 31, 2008 based on the following assumptions related to regulatory, industry and economic factors:

- no material nonperformance or credit-related defaults by suppliers, customers or vendors;
- no new regulation or interpretation of existing regulations that, in either case, would be materially adverse to our business.
- no material accidents, releases, weather-related incidents, unscheduled downtime or similar unanticipated events;
- no major adverse change in the markets in which we operate resulting from production disruptions, reduced demand for drybulk commodities or significant changes in the market prices of drybulk commodities; and
- no material changes to market or overall economic conditions.

Comparison of Pro Forma Results of Operations to Forecasted Results of Operations

Time Charter and Voyage Revenues. Forecasted time charter and voyage revenues for the year ending December 31, 2008 are approximately \$6.6 million greater than the pro forma results for the year ended December 31, 2006, primarily as a result of an increase of \$8.3 million from renewed time charters at higher rates, which occurred, or are contracted to occur. This forecasted increase in time charter and voyage revenues is partially offset by a \$1.7 million decrease due to the fact that for the pro forma results we have assumed that the long-term chartered-in vessels were delivered at the beginning of the year, while in the forecasted results, the chartered-in vessel, Navios Aldebaran, is assumed to be delivered on March 1, 2008.

Time Charter Hire Expense. Forecasted time charter hire expense for the year ending December 31, 2008 is approximately \$6.0 million lower than the pro forma results for the year ended December 31, 2006, primarily as a result of a decrease in charter-in days of the fleet in the forecasted period giving effect to lower forecasted charter-hire expenses of \$5.1 million. For the pro forma results

60

Table of Contents

we have assumed that the long-term chartered-in vessels were delivered at the beginning of the year, while in the forecasted results, the chartered-in vessel, Navios Aldebaran, is assumed to be delivered on March 1, 2008 and the chartered-in vessel, Fantastiks, is assumed to be acquired on March 31, 2008. In addition, \$0.9 million in the pro forma results relate to time charter hire expenses of Navios Galaxy I which was acquired on March 23, 2006.

Direct Vessel Expenses. Forecasted vessel operating expenses for the year ending December 31, 2008 is approximately \$1.7 million greater than the pro forma results for the year ended December 31, 2006, primarily as a result of an increase in operating days of our owned vessels in 2008. Navios Gemini S and Navios Galaxy I were delivered to us on January 5, 2006 and on March 23, 2006, respectively, and therefore the total operating days amounted to 360 and 283, respectively, for 2006, while for 2008, direct vessel expenses have been calculated based on 366 days for both vessels. In addition, we have assumed the delivery of Fantastiks on March 31, 2008 and therefore, there were no operating days in 2006, while for 2008, total operating days were 275.

Depreciation and Amortization. Forecasted depreciation and amortization for the year ending December 31, 2008 is approximately \$1.3 million lower than the pro forma depreciation and amortization for the year ended December 31, 2006, primarily as a result of the calculation of depreciation and amortization expense for Fantastiks. In the pro forma calculations, Fantastiks is treated as a chartered-in vessel and we calculate amortization expense for the year ended December 31, 2006 on the value of its favorable and unfavorable lease terms (over 10.16 and 4.24 years, respectively). In the forecasted period, assuming the acquisition of the vessel on March 31, 2008, Fantastiks is treated as a chartered-in vessel until the day of the acquisition and as an owned vessel until the end of the forecasted period during which we calculate depreciation expense based on the cost of the vessel over its remaining useful life.

General and Administrative Expenses. Forecasted general and administrative expenses for the year ending December 31, 2008 are the same as the pro forma results for the year ended December 31, 2006.

Interest Expense and Finance Cost. Forecasted interest expense for the year ending December 31, 2008 is approximately \$1.4 million greater than the pro forma results for the year ended December 31, 2006, primarily as a result of the interest expense calculated on the additional amount of \$34.2 million expected to be drawn under our proposed new credit facility on March 31, 2008 in order to finance the purchase of Fantastiks, which is reflected in our forecast, but not in our pro forma results of operations.

Interest Income. Forecasted interest income for the year ending December 31, 2008 is approximately \$0.2 million greater than the pro forma results for the year ended December 31, 2006, primarily as a result of interest earned on our forecasted cash balance of \$3.7 million.

FFA Gains/(Losses). Forecasted FFA losses for the year ending December 31, 2008 is approximately \$2.9 million lower than the pro forma results for the year ended December 31, 2006, due to the fact that we do not intend to enter into any FFA trades in the future.

Forecast of Compliance with Debt Covenants. Our ability to make distributions could be affected if we do not remain in compliance with the covenants of our new revolving credit facility. There are certain financial covenants that govern our credit facility. Our leverage covenant requires us to have, as of the date of any distribution a ratio of total liabilities to total assets of less than 0.75 to 1.00. Our EBITDA coverage covenant requires that EBITDA (as defined in our credit facility) is at least 2.0 times our interest expense for the four quarters immediately prior to the distribution. Our credit facility has additional covenants that are not set out in the table below, including a requirement that we maintain minimum free consolidated liquidity (which may be in the form of undrawn commitments under the credit facility) of at least \$5,000,000 per year (increasing by \$8.0 million per year until it reaches, and must thereafter

be maintained at, \$37.0 million) that we maintain a tangible net worth of at least \$120.0 million and that the market value of our vessels be at least 143% of the credit facility. We have assumed we will be in compliance with such covenants and that there will be no change in the market value of our vessels. Please read ‘‘Management’s Discussion and Analysis of Financial

61

Table of Contents

Condition and Results of Operations—Liquidity and Capital Resources—Revolving Credit Facility.’’ The table below outlines the calculations for our leverage covenant and our EBITDA coverage covenant and our forecasted compliance during the forecast period, assuming no exercise of the underwriters’ overallotment option.

	As at/Year Ending	
December 31,		
2008 (Dollars in millions)	Total liabilities	\$ 204.5
	Total tangible assets(1)	546.3
	EBITDA(2)	47.7
Interest expense	11.4	Ratio of EBITDA/interest expense(2)
		4.2 x

(1) For purposes of calculating total tangible assets, the value ascribed to our vessels will be market value as determined in accordance with our credit facility. Such market value will be determined on a quarterly basis by two independent brokers on the basis of the vessel being sold (i) for prompt delivery, (ii) for cash, (iii) on a charter free basis and (iv) at arm’s length on normal commercial terms, but, for purposes of this forecast we have assumed no change in market value. (2) Under our credit facility, EBITDA means, in respect of the relevant period, the aggregate amount of consolidated or combined pre-tax profits of us and our subsidiaries (whether direct or indirect and including, but not limited to, each vessel-owning subsidiary) before extraordinary or exceptional items, interest, depreciation and amortization.

Pro Forma and Forecasted Cash Available for Distribution

If we had completed the transactions contemplated in this prospectus on January 1, 2006 as a publicly traded partnership, pro forma cash available for distribution generated during the year ended December 31, 2006 would have been approximately \$14.6 million. This amount would be sufficient to pay only 96.0% of the minimum quarterly distribution of \$0.35 per unit on our common units and would have not allowed us to pay any distributions on the subordinated units for the year ended December 31, 2006.

The following table illustrates, on a pro forma basis, for the year ended December 31, 2006, the amount of cash available for distribution that would have been available for distributions to our unitholders, assuming that this offering and the related transactions had been consummated on January 1, 2006.

The table below also sets forth our calculation of forecasted cash available for distribution to our unitholders and general partner based on the forecasted results of operations set forth above. Based on the financial forecast and related assumptions, we forecast that our cash available for distribution generated during the year ending December 31, 2008 will be approximately \$27.2 million. This amount would be sufficient to pay 100.0% of the minimum quarterly distribution of \$0.35 per unit on all of our common units and subordinated units for the four quarters ending December 31, 2008.

You should read ‘‘—Forecast Assumptions and Considerations—Summary of Significant Forecast Assumptions’’ included as part of the financial forecast for a discussion of the material assumptions underlying our forecast of EBITDA that is included in the table below. Our forecast is based on those material assumptions and reflects our judgment of conditions we expect to exist and the course of action we expect to take. The assumptions disclosed in our financial forecast are those that we believe are significant to generate the forecasted EBITDA. If our estimate is not achieved, we may not be able to pay distributions on the common units at the initial distribution rate of \$0.35 per unit per quarter (\$1.40 per unit on an annualized basis). Our financial forecast and the forecast of cash available for distribution set forth below have been prepared by our management. Our independent registered public accounting

firm has not examined, compiled, or otherwise applied procedures to our

62

Table of Contents

financial forecast and the forecast of cash available for distribution set forth below and, accordingly, do not express an opinion or any other form of assurance on it.

EBITDA should not be considered an alternative to net income, operating income, cash flow from operating activities or any other measure of financial performance or liquidity calculated in accordance with GAAP.

When considering our forecast of cash available for distribution for the year ending December 31, 2008, you should keep in mind the risk factors and other cautionary statements under the headings “Forward-Looking Statements” and “Risk Factors” and elsewhere in this prospectus. Any of these factors or the other risks discussed in this prospectus could cause our financial condition and consolidated results of operations to vary significantly from those set forth in the financial forecast and the forecast of cash available for distribution set forth below.

Table of Contents

NAVIOS MARITIME PARTNERS L.P.
 PRO FORMA AND FORECASTED CASH AVAILABLE FOR DISTRIBUTION

Pro Forma(1)	Forecast(2)	Year Ended			
		December 31,			
		2006	Year Ending		
		December 31,			
		2008	(unaudited)		
(In thousands, except per unit amounts)					
Time charter and voyage revenues	\$ 62,115	\$ 68,681	FFA gains/(losses)		
(2,923)	—	Time charter and voyage expenses (16,243)	(10,248)	Direct vessel expenses	(6,952)
(8,695)	Depreciation and amortization	(11,142)	(9,854)	General and administrative expenses	(2,000)
(2,000)	Interest expense and finance cost	(9,970)	(11,355)	Interest income	—
—	Other expenses (74)	—	Net income	\$ 12,872	\$ 26,714
Estimated EBITDA	Add:	Depreciation and amortization	11,142	9,854	Interest expense and finance cost
9,970	11,355	Interest income	—	(185)	Estimated EBITDA(3)
					33,984
					47,738
					Adjustments to reconcile estimated EBITDA to estimated cash available for distribution:
					Less:
					Cash interest expense
					(9,840)
					(11,225)
					Cash interest income
					—
					185
					Expansion capital expenditures
					—
					(34,200)
					Replacement capital expenditures reserve
					(9,515)
					(9,515)
					Add:
					Borrowings to fund expansion capital expenditures(4)
					—
					34,200
					Estimated cash available for distribution
					\$ 14,629
					\$ 27,183
					Per unit minimum annual distribution
					\$ 1.40
					\$ 1.40
					Annual distributions to(5):
					Common units
					14,700
					14,700
					Subordinated units held by affiliates of our general partner
					10,671
					10,671
					General partner units held by our general partner
					518
					518
					Total minimum annual cash distributions(6)
					\$ 25,889
					\$ 25,889
					Excess (shortfall) of cash available for distributions over the minimum annual distributions
					\$ (11,260)
					\$ 1,294
					Calculation of minimum estimated EBITDA necessary to pay minimum annual cash distributions
					Estimated EBITDA
					\$ 33,984
					\$ 47,738
					Less:
					(Excess) shortfall of cash available for distributions over minimum annual distributions
					11,260
					(1,294)
					Minimum estimated EBITDA necessary to pay minimum annual cash distributions
					\$ 45,244
					\$ 46,444

(1) The

pro forma data included herein is not indicative of forecasted financial results nor does it represent comparable results of operations.

Table of Contents (2) The forecasted column is based on the assumptions set forth in “—Forecast Assumptions and Considerations—Summary of Significant Forecast Assumptions.” (3) EBITDA represents net income before interest, taxes, depreciation and amortization. EBITDA is not a recognized measure under GAAP, but is a measure that management believes is highly correlated to cash flow and useful for the purpose of reconciling expected cash earnings to cash available for distribution. Additionally, EBITDA will be used as a supplemental financial measure by management and by external users of our financial statements, such as investors, for the reasons discussed below. EBITDA will allow us to measure the financial and operating performance of our assets without regard to financing methods, capital structure or the accounting effects of capital expenditures and acquisitions. For instance, our net income will be affected by whether we finance assets or operations with debt or equity. Likewise, our net income will be affected by our assets’ depreciation or amortization schedules. We anticipate that investors will use EBITDA as an indication of significant future operating cash inflows. By reviewing our earnings before the impact of interest, taxes, depreciation and amortization, we, our investors and others will be able to understand the performance of our assets and operations on a more comparable basis from period to period and against the performance of other companies in our industry. EBITDA should not be considered an alternative to net income, cash flows from operations or any other measure of financial performance or liquidity presented in accordance with GAAP. EBITDA excludes some, but not all, items that affect net income and operating income, and these measures may vary among other companies. Therefore, EBITDA as presented above may not be comparable to similarly titled measures of other companies.

The following table reconciles our pro forma and forecasted EBITDA to our pro forma and forecasted net cash provided by operating activities for the periods presented.

EBITDA Reconciliation to Cash from Operations

(in thousands of U.S. Dollars)

forma	Forecast	Year Ended	Pro
December 31, 2006(a)	Year ending		
December 31, 2008(b)	(unaudited)	(unaudited)	
		Net cash provided by operating activities	\$ 14,496 \$ 36,698
(c)	Net increase (decrease) in operating assets	10,102	—
	Net (increases) decrease in operating liabilities	(833)	
	— Net interest cost	9,970	11,170
	Deferred finance charges	(130)	(130)
	Provision for losses on accounts receivable	(211)	—
	Payments for drydock and special survey costs	590	—
	EBITDA	\$ 33,984	
	Other cash flow information:		
	Net cash used in investing activities	(36,985)	
	(34,200)		
(d)	Net cash (used in)/provided by financing activities	26,189	8,311
(e)			

(a) The pro forma column is based on the assumptions set forth in detail in the unaudited pro forma combined financial statements and forecasted cash flow assumptions contained elsewhere in this prospectus. (b) The forecast column is based on the assumptions set forth in “—Forecast Assumptions and Considerations—Summary of Significant Forecast Assumptions.”

Table of Contents (c) Net cash provided by operating activities is based on the assumptions set forth in “—Forecast Assumptions and Considerations—Summary of Significant Forecast Assumptions” and is calculated as set forth below.

	Forecast	Year Ending
December 31, 2008 (unaudited) Net income	\$ 26,714	9,854
Depreciation and amortization		Deferred finance charges 130
Net cash provided by operating activities	\$ 36,698	

(d) Net cash used in investing activities is based on the assumptions set forth in “—Forecast Assumptions and Considerations—Summary of Significant Forecast Assumptions” and is calculated as set forth below.

	Forecast	Year Ending
December 31, 2008 (unaudited) Expansion capital expenditures	\$ (34,200)	Net cash used in investing activities \$ (34,200)

(e) Net cash provided by financing activities is based on the assumptions set forth in “—Forecast Assumptions and Considerations—Summary of Significant Forecast Assumptions” and is calculated as set forth below.

	Forecast	Year Ending
December 31, 2008 (unaudited) Borrowings to fund expansion capital expenditures	\$ 34,200	Minimum annual cash distribution (25,889)
Net cash provided by financing activities	\$ 8,311	

(4) Represents borrowings under our new credit facility used to fund the purchase of Fantastiks. (5) Assumes the underwriters’ option to purchase additional common units is not exercised. The net proceeds from any exercise of the underwriters’ option to purchase additional common units will be used to redeem subordinated units from Navios Maritime. The number of subordinated units redeemed would equal the number of common units for which the underwriters exercise their over-allotment option. (6) Represents the amount required to fund distributions to our unitholders and our general partner for four quarters based upon our minimum quarterly distribution rate of \$0.35 per unit.

Table of Contents

How We Make Cash Distributions

Distributions of Available Cash

General

Within approximately 45 days after the end of each quarter, beginning with the quarter ending December 31, 2007, we will distribute all of our available cash to unitholders of record on the applicable record date. We will adjust the minimum quarterly distribution for the period from the closing of this offering through December 31, 2007 based on the actual length of the period.

Definition of Available Cash

We define available cash in the glossary, and it generally means, for each fiscal quarter, all cash on hand at the end of the quarter:

amount of cash reserves established by our board of directors to:

- less the
 - provide for the proper conduct of our business (including reserves for future capital expenditures and for our anticipated credit needs);
 - comply with applicable law, any of our debt instruments, or other agreements; or
 - provide funds for distributions to our unitholders and to our 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.

Intent to Distribute the Minimum Quarterly Distribution

We intend to distribute to the holders of common units and subordinated units on a quarterly basis at least the minimum quarterly distribution of \$0.35 per unit, or \$1.40 per unit per year, to the extent we have sufficient cash on hand to pay the distribution after we establish cash reserves and pay fees and expenses. The amount of available cash from operating surplus needed to pay the minimum quarterly distribution for one quarter on all units outstanding immediately after this offering and the related distribution on the 2.0% general partner interest is approximately \$25.9 million. There is no guarantee that we will pay the minimum quarterly distribution on the common units and subordinated units in any quarter. Even if our cash distribution policy is not modified or revoked, the amount of distributions paid under our policy and the decision to make any distribution is determined by our board of directors, taking into consideration the terms of our partnership agreement. We will be prohibited from making any distributions to unitholders if it would cause an event of default, or an event of default is existing, under our the new revolving credit agreement that we will enter into in connection with this offering. Please read ‘‘Management’s Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Revolving Credit Facility’’ for a discussion of the restrictions to be included in our new credit agreement that may restrict our ability to make distributions.

Operating Surplus and Capital Surplus

General

All cash distributed to unitholders will be characterized as either “operating surplus” or “capital surplus.” We treat distributions of available cash from operating surplus differently than distributions of available cash from capital surplus.

67

Table of Contents

Definition of Operating Surplus

We define operating surplus in the glossary, and for any period it generally means:

\$20.0 million; plus

- all of our cash receipts (including our proportionate share of cash receipts of certain subsidiaries we do not wholly own) after the closing of this offering, excluding cash from (1) borrowings, other than working capital borrowings, (2) sales of equity and debt securities, (3) sales or other dispositions of assets outside the ordinary course of business, (4) termination of interest rate swap agreements, (5) capital contributions or (6) corporate reorganizations or restructurings; plus

- working capital borrowings (including our proportionate share of working capital borrowings for certain subsidiaries we do not wholly own) made after the end of a quarter but before the date of determination of operating surplus for the quarter; plus

- interest paid on debt incurred and cash distributions paid on equity securities issued, in each case (and including our proportionate share of such interest and cash distributions paid by certain subsidiaries we do not wholly own), to finance all or any portion of the construction, replacement or improvement of a capital asset such as a vessel during the period from such financing until the earlier to occur of the date the capital asset is put into service or the date that it is abandoned or disposed of; plus

- interest paid on debt incurred and cash distributions paid on equity securities issued, in each case (and including our proportionate share of such interest and cash distributions paid by certain subsidiaries we do not wholly own), to pay the construction period interest on debt incurred, or to pay construction period distributions on equity issued, to finance the construction projects described in the immediately preceding bullet; less

- all of our operating expenditures (including our proportionate share of operating expenditures by certain subsidiaries we do not wholly own) after the closing of this offering and the repayment of working capital borrowings, but not (1) the repayment of other borrowings, (2) actual maintenance and replacement capital expenditures or expansion capital expenditures or investment capital expenditures, (3) transaction expenses (including taxes) related to interim capital transactions or (4) distributions; less

- estimated maintenance and replacement capital expenditures and the amount of cash reserves (including our proportionate share of cash reserves for certain subsidiaries we do not wholly own) established by our board of directors to provide funds for future operating expenditures.

If a working capital borrowing, which increases operating surplus, is not repaid during the 12-month period following the borrowing, it will be deemed repaid at the end of such period, thus decreasing operating surplus at such time. When such working capital borrowing is in fact repaid, it will not be treated as a reduction in operating surplus because operating surplus will have been previously reduced by the deemed repayment.

As described above, operating surplus includes a provision that will enable us, if we choose, to distribute as operating surplus up to \$20.0 million of cash we receive in the future from non-operating sources, such as asset sales, issuances of securities and long-term borrowings, that would otherwise be distributed as capital surplus. In addition, the effect of including, as described above, certain cash distributions on equity securities or interest payments on debt in operating surplus would be to increase operating surplus by the amount of any such cash distributions or interest payments. As a

result, we may also distribute as operating surplus up to the amount of any such cash distributions or interest payments of cash we receive from non-operating sources.

Capital Expenditures

For purposes of determining operating surplus, maintenance and replacement capital expenditures are those capital expenditures required to maintain over the long term the operating capacity of or the

68

Table of Contents

revenue generated by our capital assets, and expansion capital expenditures are those capital expenditures that increase the operating capacity of or the revenue generated by our capital assets. To the extent, however, that capital expenditures associated with acquiring a new vessel increase the revenues or the operating capacity of our fleet, those capital expenditures would be classified as expansion capital expenditures.

Investment capital expenditures are those that are neither maintenance and replacement capital expenditures nor expansion capital expenditures. Investment capital expenditures largely will consist of capital expenditures made for investment purposes.

Examples of investment capital expenditures include traditional capital expenditures for investment purposes, such as purchases of equity securities, as well as other capital expenditures that might be made in lieu of such traditional investment capital expenditures, such as the acquisition of a capital asset for investment purposes.

Examples of maintenance and replacement capital expenditures include capital expenditures associated with drydocking, modifying an existing vessel or acquiring a new vessel to the extent such expenditures are incurred to maintain the operating capacity of or the revenue generated by our fleet. Maintenance and replacement capital expenditures will also include interest (and related fees) on debt incurred and distributions on equity issued to finance the construction of a replacement vessel and paid during the construction period, which we define as the period beginning on the date that we enter into a binding construction contract and ending on the earlier of the date that the replacement vessel commences commercial service or the date that the replacement vessel is abandoned or disposed of. Debt incurred to pay or equity issued to fund construction period interest payments, and distributions on such equity, will also be considered maintenance and replacement capital expenditures.

Because our maintenance and replacement capital expenditures can be very large and vary significantly in timing from period to period, the amount of our actual maintenance and replacement capital expenditures may differ substantially from period to period, which could cause similar fluctuations in the amounts of operating surplus, adjusted operating surplus, and available cash for distribution to our unitholders if we subtracted actual maintenance and replacement capital expenditures from operating surplus each quarter. Accordingly, to eliminate the effect on operating surplus of these fluctuations, our partnership agreement will require that an amount equal to an estimate of the average quarterly maintenance and replacement capital expenditures necessary to maintain the operating capacity of or the revenue generated by our capital assets over the long term be subtracted from operating surplus each quarter, as opposed to the actual amounts spent. In the partnership agreement, we refer to these estimated maintenance and replacement capital expenditures to be subtracted from operating surplus as “estimated maintenance capital expenditures.” The amount of estimated maintenance and replacement capital expenditures deducted from operating surplus is subject to review and change by our board of directors at least once a year, provided that any change must be approved by our conflicts committee. The estimate will be made at least annually and whenever an event occurs that is likely to result in a material adjustment to the amount of our maintenance and replacement capital expenditures, such as a major acquisition or the introduction of new governmental regulations that will affect our fleet. For purposes of calculating operating surplus, any adjustment to this estimate will be prospective only. For a discussion of the amounts we have allocated toward estimated maintenance and replacement capital expenditures, please read “Our Cash Distribution Policy and Restrictions on Distributions.”

The use of estimated maintenance and replacement capital expenditures in calculating operating surplus will have the following effects:

- it will reduce the risk that actual maintenance and replacement capital expenditures in any one quarter will be large enough

to make operating surplus less than the minimum quarterly distribution to be paid on all the units for that quarter and subsequent quarters;

need for us to borrow to pay distributions;

difficult for us to raise our distribution above the minimum quarterly distribution and pay incentive distributions to our general partner; and

- it may reduce the

- it will be more

69

Table of Contents

• it will reduce the likelihood that a large maintenance and replacement capital expenditure in a period will prevent Navios Maritime from being able to convert some or all of its subordinated units into common units since the effect of an estimate is to spread the expected expense over several periods, mitigating the effect of the actual payment of the expenditure on any single period.

Definition of Capital Surplus

We also define capital surplus in the glossary, and it generally will be generated only by:

borrowings other than working capital borrowings;

equity securities; and

dispositions of assets for cash, other than inventory, accounts receivable and other current assets sold in the ordinary course of business or non-current assets sold as part of normal retirements or replacements of assets.

Characterization of Cash Distributions

We will treat all available cash distributed as coming from operating surplus until the sum of all available cash distributed since we began operations equals the operating surplus as of the most recent date of determination of available cash. We will treat any amount distributed in excess of operating surplus, regardless of its source, as capital surplus. As described above, operating surplus includes a provision that will enable us, if we choose, to distribute as operating surplus up to \$15.0 million of cash we receive in the future from non-operating sources, such as asset sales, issuances of securities and long-term borrowings, that would otherwise be distributed as capital surplus. We do not anticipate that we will make any distributions from capital surplus.

Subordination Period

General

During the subordination period, which we define below and in the glossary, the common units will have the right to receive distributions of available cash from operating surplus in an amount equal to the minimum quarterly distribution of \$0.35 per unit, plus any arrearages in the payment of the minimum quarterly distribution on the common units from prior quarters, before any distributions of available cash from operating surplus may be made on the subordinated units. Distribution arrearages do not accrue on the subordinated units. The purpose of the subordinated units is to increase the likelihood that during the subordination period there will be available cash to be distributed on the common units.

Definition of Subordination Period

We define the subordination period in the glossary. Except as described below under “—Early Termination of Subordination Period,” the subordination period will extend until the first day of any quarter, beginning after December 31, 2011, that each of the following tests are met:

• distributions of available cash from operating surplus on each of the outstanding common units and subordinated units

equaled or exceeded the minimum quarterly distribution for each of the three consecutive, non-overlapping four-quarter periods immediately preceding that date;

- the “adjusted operating surplus” (as defined below) generated during each of the three consecutive, non-overlapping four-quarter periods immediately preceding that date equaled or exceeded the sum of the minimum quarterly distributions on all of the outstanding common units and subordinated units during those periods on a fully diluted basis and the related distribution on the 2.0% general partner interest during those periods; and

70

Table of Contents

• there are no outstanding arrearages in payment of the minimum quarterly distribution on the common units.

If the unitholders remove our general partner without cause, the subordination period may end before December 31, 2011.

Early Termination of Subordination Period

The subordination period will automatically terminate and the subordinated units will convert into common units on a one-for-one basis if the following tests are met:

• distributions of available cash from operating surplus on each of the outstanding common units, subordinated units and general partner units equaled or exceeded \$2.10 (150.0% of the annualized minimum quarterly distribution) for the four-quarter period immediately preceding the date of determination; and

• the “adjusted operating surplus” (as defined below) generated during the four-quarter period immediately preceding the date of determination equaled or exceeded the sum of a distribution of \$2.10 per unit (150.0% of the annualized minimum quarterly distribution) on all of the outstanding common units, subordinated units and general partner units on a fully diluted basis; and

• there are no outstanding arrearages in payment of the minimum quarterly distribution on the common units.

For purposes of determining whether sufficient adjusted operating surplus has been generated under these conversion tests, the conflicts committee may adjust adjusted operating surplus upwards or downwards if it determines in good faith that the estimated amount of maintenance and replacement capital expenditures used in the determination of operating surplus was materially incorrect, based on circumstances prevailing at the time of original determination of the estimate.

Definition of Adjusted Operating Surplus

We define adjusted operating surplus in the glossary, and for any period it generally means:

• operating surplus generated with respect to that period; less

• any net increase in working capital borrowings (including our proportionate share of any changes in working capital borrowings of certain subsidiaries we do not wholly own) with respect to that period; less

• any net reduction in cash reserves for operating expenditures (including our proportionate share of cash reserves of certain subsidiaries we do not wholly own) with respect to that period not relating to an operating expenditure made with respect to that period; plus

• any net decrease in working capital borrowings (including our proportionate share of any changes in working capital borrowings of certain subsidiaries we do not wholly own) with respect to that period; plus

• any net increase in cash reserves for operating expenditures (including our proportionate share of cash reserves of certain subsidiaries we do not wholly own) with respect to that period required by any debt instrument for the repayment of principal, interest

or premium.

Adjusted operating surplus is intended to reflect the cash generated from operations during a particular period and therefore excludes net increases in working capital borrowings and net drawdowns of reserves of cash generated in prior periods.

Effect of Expiration of the Subordination Period

Upon expiration of the subordination period, each outstanding subordinated unit will convert into one common unit and will then participate pro rata with the other common units in distributions of available cash. In addition, if the unitholders remove our general partner other than for cause and units held by our general partner and its affiliates are not voted in favor of such removal:

71

Table of Contents

period will end and each subordinated unit will immediately convert into one common unit;

- the subordination

arrears in payment of the minimum quarterly distribution on the common units will be extinguished; and

- any existing
- our general partner

will have the right to convert its general partner interest and, if any, its incentive distribution rights into common units or to receive cash in exchange for those interests.

Distributions of Available Cash From Operating Surplus During the Subordination Period

We will make distributions of available cash from operating surplus for any quarter during the subordination period in the following manner:

- first, 98.0% to the common unitholders, pro rata, and 2.0% to our general partner, until we distribute for each outstanding common unit an amount equal to the minimum quarterly distribution for that quarter;
- second, 98.0% to the common unitholders, pro rata, and 2.0% to our general partner, until we distribute for each outstanding common unit an amount equal to any arrears in payment of the minimum quarterly distribution on the common units for any prior quarters during the subordination period;
- third, 98.0% to the subordinated unitholders, pro rata, and 2.0% to our general partner, until we distribute for each subordinated unit an amount equal to the minimum quarterly distribution for that quarter; and
- thereafter, in the manner described in “—Incentive Distribution Rights” below.

The preceding paragraph is based on the assumption that our general partner maintains its 2.0% general partner interest and that we do not issue additional classes of securities.

Distributions of Available Cash From Operating Surplus After the Subordination Period

We will make distributions of available cash from operating surplus for any quarter after the subordination period in the following manner:

- first, 98.0% to all unitholders, pro rata, and 2.0% to our general partner, until we distribute for each outstanding unit an amount equal to the minimum quarterly distribution for that quarter; and
- thereafter, in the manner described in “—Incentive Distribution Rights” below.

The preceding paragraph is based on the assumption that our general partner maintains its 2.0% general partner interest and that we do not issue additional classes of securities.

Incentive Distribution Rights

Incentive distribution rights represent the right to receive an increasing percentage of quarterly distributions of available cash from operating surplus after the minimum quarterly distribution and the target distribution levels have been achieved. Our general partner currently holds the incentive distribution rights, but may transfer these rights

separately from its general partner interest, subject to restrictions in the partnership agreement. Except for transfers of incentive distribution rights to an affiliate or another entity as part of our general partner's merger or consolidation with or into, or sale of substantially all of its assets to such entity, the approval of a majority of our common units (excluding common units held by our general partner and its affiliates), voting separately as a class, generally is required for a transfer of the incentive distribution rights to a third party prior to December 31, 2017. See "The Partnership Agreement—Transfer of Incentive Distribution Rights." Any transfer by our general partner of the incentive distribution rights would not change the percentage allocations of quarterly distributions with respect to such rights.

72

Table of Contents

If for any quarter:

distributed available cash from operating surplus to the common and subordinated unitholders in an amount equal to the minimum quarterly distribution; and

- we have

available cash from operating surplus on outstanding common units in an amount necessary to eliminate any cumulative arrearages in payment of the minimum quarterly distribution;

- we have distributed

then, we will distribute any additional available cash from operating surplus for that quarter among the unitholders and our general partner in the following manner:

98.0% to all unitholders, pro rata, and 2.0% to our general partner, until each unitholder receives a total of \$0.4025 per unit for that quarter (the “first target distribution”);

- first,

unitholders, pro rata, and 15.0% to our general partner, until each unitholder receives a total of \$0.4375 per unit for that quarter (the “second target distribution”);

- second, 85.0% to all

unitholders, pro rata, and 25.0% to our general partner, until each unitholder receives a total of \$0.525 per unit for that quarter (the “third target distribution”); and

- third, 75.0% to all

all unitholders, pro rata, and 50.0% to our general partner.

- thereafter, 50.0% to

In each case, the amount of the target distribution set forth above is exclusive of any distributions to common unitholders to eliminate any cumulative arrearages in payment of the minimum quarterly distribution. The percentage interests set forth above assume that our general partner maintains its 2.0% general partner interest and has not transferred the incentive distribution rights and that we do not issue additional classes of equity securities.

Percentage Allocations of Available Cash From Operating Surplus

The following table illustrates the percentage allocations of the additional available cash from operating surplus among the unitholders and our general partner up to the various target distribution levels. The amounts set forth under “Marginal Percentage Interest in Distributions” are the percentage interests of the unitholders and our general partner in any available cash from operating surplus we distribute up to and including the corresponding amount in the column “Total Quarterly Distribution Target Amount,” until available cash from operating surplus we distribute reaches the next target distribution level, if any. The percentage interests shown for the unitholders and our general partner for the minimum quarterly distribution are also applicable to quarterly distribution amounts that are less than the minimum quarterly distribution. The percentage interests shown for our general partner assume that our general partner maintains its 2.0% general partner interest and assume our general partner has not transferred the incentive distribution rights.

Total Quarterly Distribution
Target Amount Marginal Percentage Interest

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in Distributions Unitholders General Partner Minimum Quarterly Distribution \$ 0.35 98.0% 2.0% First Target Distribution up to \$0.4025 98.0% 2.0% Second Target Distribution above \$0.4025 up to \$0.4375 85.0% 15.0% Third Target Distribution above \$0.4375 up to \$0.525 75.0% 25.0% Thereafter above \$0.525 50.0% 50.0%

Distributions From Capital Surplus

How Distributions From Capital Surplus Will Be Made

We will make distributions of available cash from capital surplus, if any, in the following manner:

- first, 98.0% to all unitholders, pro rata, and 2.0% to our general partner, until we distribute for each common unit that was issued in this offering and the concurrent offering to a corporation owned by Ms. Frangou, an amount of available cash from capital surplus equal to the initial public offering price;

73

Table of Contents

the common unitholders, pro rata, and 2.0% to our general partner, until we distribute for each common unit, an amount of available cash from capital surplus equal to any unpaid arrearages in payment of the minimum quarterly distribution on the common units; and

- second, 98.0% to
- thereafter, we will

make all distributions of available cash from capital surplus as if they were from operating surplus.

The preceding paragraph is based on the assumption that our general partner maintains its 2.0% general partner interest and that we do not issue additional clauses or equity securities.

Effect of a Distribution From Capital Surplus

The partnership agreement treats a distribution of capital surplus as the repayment of the initial unit price from this offering and the concurrent offering to a corporation owned by Ms. Frangou, which is a return of capital. Each time a distribution of capital surplus is made, the minimum quarterly distribution and the target distribution levels will be reduced in the same proportion as the distribution had to the fair market value of the common units prior to the announcement of the distribution. Because distributions of capital surplus will reduce the minimum quarterly distribution, after any of these distributions are made, it may be easier for our general partner to receive incentive distributions and for the subordinated units to convert into common units. However, any distribution of capital surplus before the minimum quarterly distribution is reduced to zero cannot be applied to the payment of the minimum quarterly distribution or any arrearages.

Once we reduce the minimum quarterly distribution and the target distribution levels to zero, we will then make all future distributions from operating surplus, with 50.0% being paid to the holders of units and 50.0% to our general partner. The percentage interests shown assume that our general partner maintains its 2.0% general partner interest and assume our general partner has not transferred the incentive distribution rights.

Adjustment to the Minimum Quarterly Distribution and Target Distribution Levels

In addition to adjusting the minimum quarterly distribution and target distribution levels to reflect a distribution of capital surplus, if we combine our units into fewer units or subdivide our units into a greater number of units, we will proportionately adjust:

- the minimum quarterly distribution;
- the target distribution levels; and
- the initial unit price.

For example, if a two-for-one split of the common and subordinated units should occur, the minimum quarterly distribution, the target distribution levels and the initial unit price would each be reduced to 50.0% of its initial level. If we combine our common units into a lesser number of units or subdivide our common units into a greater number of units, we will combine our subordinated units or subdivide our subordinated units, using the same ratio applied to the common units. We will not make any adjustment by reason of the issuance of additional units for cash or property.

Distributions of Cash Upon Liquidation

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If we dissolve in accordance with the partnership agreement, we will sell or otherwise dispose of our assets in a process called liquidation. We will apply the proceeds of liquidation in the manner set forth below.

If, as of the date three trading days prior to the announcement of the proposed liquidation, the average closing price for our common units for the preceding 20 trading days (or the current market price) is greater than the sum of:

• any
arrears in payment of the minimum quarterly distribution on the common units for any prior quarters during the subordination period; plus

74

Table of Contents

(less any prior capital surplus distributions and any prior cash distributions made in connection with a partial liquidation);

- the initial unit price

then the proceeds of the liquidation will be applied as follows:

- first, 98.0% to the common unitholders, pro rata, and 2.0% to our general partner, until we distribute for each outstanding common unit an amount equal to the current market price of our common units;
- second, 98.0% to the subordinated unitholders, pro rata, and 2.0% to our general partner, until we distribute for each subordinated unit, an amount equal to the current market price of our common units; and
- thereafter, 50.0% to all unitholders, pro rata, 48.0% to holders of incentive distribution rights and 2.0% to our general partner.

If, as of the date three trading days prior to the announcement of the proposed liquidation, the current market price of our common units is equal to or less than the sum of:

- any arrearages in payment of the minimum quarterly distribution on the common units for any prior quarters during the subordination period; plus
- the initial unit price

(less any prior capital surplus distributions and any prior cash distributions made in connection with a partial liquidation);

then the proceeds of the liquidation will be applied as follows:

- first, 98.0% to the common unitholders, pro rata, and 2.0% to our general partner, until we distribute for each outstanding common unit an amount equal to the initial unit price (less any prior capital surplus distributions and any prior cash distributions made in connection with a partial liquidation);
- second, 98.0% to the common unitholders, pro rata, and 2.0% to our general partner, until we distribute for each outstanding common unit an amount equal to any arrearages in payment of the minimum quarterly distribution on the common units for any prior quarters during the subordination period;
- third, 98.0% to the subordinated unitholders and 2.0% to our general partner, until we distribute for each outstanding subordinated unit an amount equal to the initial unit price (less any prior capital surplus distributions and any prior cash distributions made in connection with a partial liquidation); and
- thereafter, 50.0% to all unitholders, pro rata, 48.0% to holders of incentive distribution rights and 2.0% to our general partner.

The preceding paragraph is based on the assumption that our general partner maintains its 2.0% general partner interest and that we do not issue additional classes of equity securities.

Table of Contents

Selected Historical and pro forma Financial and Operating Data

The following table presents in each case for the periods and at the dates indicated:

financial and operating data of Navios Maritime Partners Predecessor; and
data of Navios Maritime Partners L.P.

- historical
- pro forma financial

We have derived the selected historical financial data as of December 31, 2006 and 2005 and for the year ended December 31, 2006, the periods from January 1, 2005 to August 25, 2005 and from August 26, 2005 to December 31, 2005, and the year ended December 31, 2004 from our audited predecessor combined financial statements appearing elsewhere in this prospectus. The selected historical financial data as of June 30, 2007 and for the six months ended June 30, 2006 and 2007 are derived from our unaudited predecessor combined financial statements appearing elsewhere in this prospectus, which in the opinion of management, include all adjustments, consisting of normal recurring adjustments necessary for fair presentation of that information. The summary historical financial data as of December 31, 2002 and 2003 and for the year ended December 31, 2002 and 2003 are derived from our unaudited predecessor combined financial statements. The predecessor combined financial statements included in the prospectus have been carved out of the consolidated financial statements of Navios Maritime, which operated one of the drybulk vessels that we will acquire in connection with this offering during the year ended December 31, 2004 and the period from January 1, 2005 to August 25, 2005, owned three and operated four of the drybulk vessels that we will acquire in connection with this offering during the period from August 26, 2005 to December 31, 2005, owned and operated five of the drybulk vessels that we will acquire in connection with this offering during the year ended December 31, 2006 and owned five and operated seven of the drybulk vessels that we will acquire in connection with this offering during the six months ended June 30, 2007. Results of operations have been included from the respective dates that (i) the vessel-owning subsidiaries were acquired or when rights to operate vessels were obtained by Navios Maritime or (ii) at the inception of charter-in agreements for chartered-in vessels. Navios Maritime's shipping interests and other assets, liabilities, revenues and expenses that do not relate to the vessel-owning subsidiaries to be acquired by us are not included in our combined financial statements. Our financial position, results of operations and cash flows reflected in our combined financial statements include all expenses allocable to our business, but may not be indicative of those that would have been achieved had we operated as a public entity for all periods presented or of future results. In accordance with standard shipping industry practice, Navios Maritime did not obtain from the seller historical operating data for the acquired vessels, as that data was not material to the decision to purchase the vessels. Accordingly, we have not included any historical financial data relating to the results of operations of our vessels for any period before Navios Maritime acquired them.

We have derived the selected pro forma financial data of Navios Maritime Partners L.P. as of June 30, 2007 and for the year ended December 31, 2006 and the six months ended June 30, 2007 from our unaudited pro forma combined financial statements included elsewhere in this prospectus. The pro forma income statement data for the year ended December 31, 2006 and the six months ended June 30, 2007 assumes this offering and the related transactions and the concurrent offering to a corporation owned by Ms. Frangou occurred on January 1, 2006. The pro forma balance sheet assumes this offering and the related transactions and the concurrent offering occurred on June 30, 2007. The pro forma financial data may not be comparable to the historical financial data for the reasons set forth in "Management's Discussion and Analysis of Financial Condition and Results of Operations—Results of Operations." A more complete explanation of the pro forma data can be found in our unaudited pro forma combined financial statements and accompanying notes included elsewhere in this prospectus.

Table of Contents

The following table should be read together with, and is qualified in its entirety by reference to, the historical combined financial statements, unaudited pro forma combined financial statements and the accompanying notes included elsewhere in this prospectus. The table should also be read together with “Management’s Discussion and Analysis of Financial Condition and Results of Operations.”

Historical(1) Pro Forma Predecessor

Year Ended
December 31,
2002 Predecessor

Year Ended
December 31,
2003 Predecessor

Year Ended
December 31,
2004 Predecessor

January 1, 2005
to
August 25, 2005 Successor

August 26, 2005
to
December 31, 2005 Successor

Year Ended
December 31,
2006
Successor

Six Months Ended
June 30, Year Ended
December 31,
2006 Six Months
Ended

2007	2006	2007	(unaudited)	(unaudited)	(unaudited)	(In thousands of U.S. dollars, except per unit and fleet data)				
						Income Statement Data:				
						Time charter				
and voyage revenue	\$ 3,873	\$ 3,799	\$ 3,715	\$ 5,780	\$ 3,451	\$ 31,549	\$ 16,064	\$ 23,177	\$	
62,115	\$ 33,292	Loss on forward freight agreements	—	—	—	(2,923)	(460)	—	(2,923)	
—	Time charter and voyage expenses	(3,422)	(3,382)	(3,387)	(2,305)	(1,266)	(1,344)			
(1,131)	(2,698)	(16,243)	(7,827)	Direct vessel expenses	—	—	—	(69)	(5,626)	(2,554)

Table of Contents

MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion of our financial condition and results of operations in conjunction with the combined predecessor financial statements and related notes of Navios Maritime Partners L.P. included elsewhere in this prospectus. Among other things, those financial statements include more detailed information regarding the basis of presentation for the following information. The financial statements have been prepared in accordance with GAAP and are presented in U.S. Dollars. Any amounts converted from Euros or another non-U.S. currency to U.S. Dollars in this prospectus are at the rate applicable at the balance sheet date.

Some of the information contained in this discussion includes forward-looking statements that involve risks and uncertainties. Please read "Forward-Looking Statements" for more information. You should also review the "Risk Factors" for a discussion of important factors that could cause actual results to differ materially from the results described in or implied by the forward-looking statements. Yen amounts translated to U.S. Dollars, unless otherwise indicated, have been translated at a rate of 120 Yen per \$1.00. Such translation is solely for convenience and should not be construed as representations that the Yen amounts actually represent such U.S. Dollar amounts or could be converted into U.S. Dollars at the rate indicated or any other rate. Unless otherwise indicated, all data regarding our fleet is as of June 30, 2007.

Overview

We are an international owner and operator of drybulk carriers, formed in August 2007 by Navios Maritime Holdings Inc., a vertically integrated seaborne shipping company with over 50 years of operating history in the drybulk shipping industry. In connection with the closing of this offering, through a series of transactions, we will acquire all of the capital stock of the subsidiaries of Navios Maritime that own or have rights to eight vessels as follows:

- Prior to the closing of the offering, Navios Maritime will contribute to us all of the outstanding shares of the capital stock of one vessel-owning subsidiary in exchange for 4,195,000 subordinated units;
- We will sell 10,500,000 common units, representing a 56.8% limited partner interest in us;
- We will enter into a new revolving credit facility that will provide us with financing availability of up to \$260.0 million, and we will borrow \$165.0 million thereunder upon the closing of the offering; and
- At the closing of this offering, Navios Maritime will sell to us all of the outstanding shares of capital stock of the subsidiaries which own or have the rights to seven vessels in exchange for (i) all of the net proceeds from this offering and the concurrent offering to a corporation owned by Ms. Frangou (\$193.3 million based on the initial public offering price of \$20.00 per common unit), (ii) \$160.0 million of the \$165.0 million that we will borrow under our new revolving credit facility, (iii) the issuance of 3,426,843 additional subordinated units to Navios Maritime and (iv) the issuance to Navios GP L.L.C. of a 2.0% general partner interest in us and all of our incentive distribution rights, which will entitle it to increasing percentages of the cash we distribute in excess of \$0.4025 per unit per quarter.

In addition, at or prior to the closing of the offering, we will enter into the following agreements:

- A share purchase agreement pursuant to which we will acquire the capital stock of the subsidiary that will own the Capesize

vessel Navios TBN I and related time charter, upon delivery of the vessel in June 2009;

• a share purchase agreement pursuant to which we will have the option, exercisable at any time between January 1, 2009 and April 1, 2009, to acquire the capital stock of the subsidiary that will own the Capesize vessel Navios TBN II and related time charter, scheduled for delivery in October 2009;

78

Table of Contents

agreement with Navios ShipManagement pursuant to which Navios ShipManagement will agree to provide us commercial and technical management services for a term of five years from the closing of the offering in exchange for a fixed daily fee of \$4,000 per owned Panamax vessel and \$5,000 per owned Capesize vessel for the initial two years and thereafter for a reimbursement of its actual operating costs and expenses;

- A management services agreement with Navios ShipManagement for a term of five years, pursuant to which Navios ShipManagement will agree to provide us administrative services in return for a reimbursement of its reasonable costs and expenses; and
- An administrative agreement with Navios Maritime, our general partner and others, governing, among other things:
 - when we and Navios Maritime may compete with each other; and
 - certain rights of the first offer on certain drybulk carriers.

Please read “Certain Relationships and Related Party Transactions.”

Navios Maritime acquired three of the owned vessels in our initial fleet in December 2005 (Navios Libra II, Navios Alegria and Navios Felicity), and the fourth owned vessel in January 2006 (Navios Gemini S). The fifth owned vessel was acquired in March 2006 (Navios Galaxy I), however it was included as a chartered-in vessel since its delivery to Navios in June 2001. The sixth vessel in our initial fleet (Fantastiks, which was part of Navios Maritime’s acquisition of Kleimar) has been included in the fleet as a chartered-in vessel since its acquisition date in February 2007 and the seventh vessel in our initial fleet (Navios Prosperity) has been chartered-in by Navios Maritime since its delivery in June 2007. Accordingly, the historical results discussed below, and the historical financial statements and related notes of what we refer to as “Navios Maritime Partners Predecessor” included elsewhere in this prospectus, present operating results (for Navios Galaxy I, results as a chartered-in vessel have been included for periods prior to its acquisition in March 2006) of the five vessels owned for the periods beginning on from the dates of delivery of the vessels as described below to the wholly owned subsidiaries of Navios Maritime from which we will acquire the vessels upon the closing of this offering and two chartered-in vessels, for the period beginning on the dates of delivery of the vessels as described below to Navios to June 30, 2007.

Period for which Historical Results are Presented	Vessel Name	Vessel Owning
Subsidiary Corporation	Owned vessels:	Navios Libra II
2004 —December 22 to December 31	2005 January 1 to December 31	Libra Shipping Enterprises
2006 June 30	2007 January 1 to December 31	
Navios Alegria	Alegria Shipping Corporation	—December 22 to December 31
January 1 to June 30	Navios Felicity	Felicity Shipping Corporation
January 1 to June 30	—December 27 to December 31	January 1 to December 31
Navios Gemini S	Gemini Shipping Corporation	—January 5 to December 31
January 1 to June 30	Navios Galaxy I	Galaxy Shipping Corporation
January 1 to June 30	Chartered-in vessels:	Navios Galaxy I
Chartered-in vessel	January 1 to December 31	January 1 to December 31
March 22 — Fantastiks	Chartered-in vessel	—February 2 to June 30
Navios Prosperity	Chartered-in vessel	—June 19 to

June 30

79

Table of Contents

Our historical results of operations and cash flows are not indicative of the results of operations or cash flows to be expected from any future period. Because these vessels were operated as part of Navios Maritime during the historical periods presented, the vessels were operated in a different manner than they will be in the future. For example, operating expenses during the periods presented represented actual costs incurred in operating the vessels, whereas we will pay a fixed management fee to our vessel manager that will cover our vessel operating expenses for a period of two years following the closing of this offering. In addition, the financing arrangements with respect to our vessels in place at June 30, 2007 are not representative of the financing arrangements we will enter into in connection with this offering.

For more detail on the differences between our historical results and expected future results, please read “—Results of Operations” below. For more detail on our expected future operations, please read “Our Cash Distribution Policy and Restrictions on Distributions.”

Our Charters

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

For the six months ended June 30, 2007, Cargill International SA, The Sanko Steamship Co., Ltd., Mitsui O.S.K. Lines, Ltd. and Augustea Imprese Maritime e di Salvataggi accounted for 34.2%, 22.7%, 20.0% and 14.9%, respectively, of our revenue. For the year ended December 31, 2006, Cargill International SA, Mitsui O.S.K. Lines, Ltd., American Bulk Transport, Inc. and COSCO Bulk Carrier Co., Ltd. accounted for 42.9% (for two charters), 25.0%, 10.2% and 10.1%, respectively, of our revenue. For the year ended December 31, 2005, Mitsui O.S.K. Lines, Ltd. accounted for approximately 94.8% of our revenue. For the year ended December 31, 2004, COSCO Bulk Carrier Co., Ltd. accounted for approximately 96.5% of our revenue.

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 (which provides for a fixed management fee for an initial term of approximately two years from the closing of this offering) 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 drydock;
- the age, condition

and specifications of the vessels; and

- the aggregate level

of supply and demand in the drybulk 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. Vessel charter rates are affected by world economics, international events, weather conditions, strikes, governmental policies, supply and demand and many other factors that might be beyond our control.

Upon the closing of this offering and the delivery of Navios Aldebaran in March 2008 and the Navios TBN I in June 2009, our nine vessels will be chartered to seven different customers. We could lose a customer or the benefits of a charter if:

80

Table of Contents

make charter payments because of its financial inability, disagreements with us or otherwise;

- the customer fails to
- the customer
- the customer

exercises certain rights to terminate the charter the vessel;

terminates the charter because we fail to deliver the vessel within a fixed period of time, the vessel is lost or damaged beyond repair, there are serious deficiencies in the vessel or prolonged periods of off-hire, or we default under the charter; or

-

a prolonged force majeure event affecting the customer, including damage to or destruction of relevant production facilities, war or political unrest prevents us from performing services for that customer.

Please read “Business-Time Charters.”

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

Under some of our time charters, either party may terminate the charter contract in the event of war in specified countries or in locations that would significantly disrupt the free trade of the vessel. Some of the time charters covering our vessels require us to return to the charterer, upon the loss of the vessel, all advances paid by the charterer but not earned by us.

Vessel Operations

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

Under the management agreement that we will enter into with Navios ShipManagement in connection with the closing of this offering, Navios ShipManagement will bear all of our vessel operating expenses in exchange for the payment of fees as described below. Under this agreement, Navios ShipManagement will be responsible for commercial, technical, health and safety and other management services related to the vessels’ operation, including chartering, technical support and maintenance, insurance and costs associated with special surveys and related drydockings. The initial term of the management agreement will be five years from the closing of this offering, and we will pay Navios ShipManagement a fixed daily fee of \$4,000 per owned Panamax vessel and \$5,000 per owned Capesize vessel for the first two years of the term of that agreement. This fixed daily fee will cover all of our vessel operating expenses, other than certain extraordinary costs. Extraordinary costs and expenses include fees and costs resulting from:

- time spent

on insurance and salvage claims;

- time spent vetting
- the deductible of

and pre-vetting the vessels by any charterers in excess of 10 days per vessel per year;

any insurance claims relating to the vessels or for any claims that are within such deductible range;
• the significant
increase in insurance premiums which are due to factors such as “acts of God” outside the control of Navios
ShipManagement;

81

Table of Contents

refurbishment or modifications, including those not covered by the guarantee of the shipbuilder or by the insurance covering the vessels, resulting from maritime accidents, collisions, other accidental damage or unforeseen events (except to the extent that such accidents, collisions, damage or events are due to the fraud, gross negligence or willful misconduct of Navios ShipManagement, its employees or its agents, unless and to the extent otherwise covered by insurance);

- repairs,

expenses imposed due to any improvement, upgrade or modification to, structural changes with respect to the installation of new equipment aboard any vessel that results from a change in, an introduction of new, or a change in the interpretation of, applicable laws, at the recommendation of the classification society for that vessel or otherwise;

- costs

associated with increases in crew employment expenses resulting from an introduction of new, or a change in the interpretation of, applicable laws or resulting from the early termination of the charter of any vessel;

- any taxes, dues or

finances imposed on the vessels or Navios ShipManagement due to the operation of the vessels;

- expenses incurred in

connection with the sale or acquisition of a vessel such as inspections and technical assistance; and

- any similar costs,

liabilities and expenses that were not reasonably contemplated by us and Navios ShipManagement as being encompassed by or a component of the fixed daily fees at the time the fixed daily fees were determined.

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

During the remaining three years of the term of the management agreement, we expect that we will reimburse Navios ShipManagement for all of the actual operating costs and expenses it incurs in connection with the management of our fleet. Please read “Certain Relationships and Related Party Transactions—Agreements Governing the Transactions—Management Agreement” for more information on the management agreement.

Administrative Services

Under the administrative services agreement that we will enter into with Navios ShipManagement at the closing of this offering, we will reimburse Navios ShipManagement for reasonable costs and expenses incurred in connection with the provision of the services under this agreement within 15 days after Navios ShipManagement submits to us an invoice for such costs and expenses, together with any supporting detail that may be reasonably required. Under this agreement which has an initial term of five years from the closing date of this offering, Navios ShipManagement will provide significant administrative, financial and other support services to us. Please read “Certain Relationships and Related Party Transactions—Agreements Governing the Transactions—Administrative Services Agreement” for more information on the administrative services agreement.

Factors Affecting Our Future Results of Operations

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

- the

continuing strong demand for seaborne transportation services;

implementation of our fleet expansion strategy, including taking delivery of Navios Aldebaran, Navios TBN I and Navios TBN II on or about their scheduled delivery dates and the terms of the financing thereof;

- the successful
- the ability of Navios

Maritime's commercial and chartering operations to successfully employ our vessels at economically attractive rates, particularly as our fleet expands and our charters expire;

82

Table of Contents

efficient technical management of our vessels;
 ability to satisfy technical, health, safety and compliance standards of major commodity traders; and
 growth in the number of our customer relationships, especially with major commodity traders.

- the effective and
- Navios Maritime’s
- the strength of and

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

charter hire earned by our vessels under our charters;
 required to acquire additional vessels and/or to implement our business strategy;
 vessels at prices we deem satisfactory;
 and the related interest expense and amortization of principal; and
 distribution on our common units.

- the
- our access to capital
- our ability to sell
- our level of debt
- the level of any

Please read “Risk Factors” for a discussion of certain risks inherent in our business.

Results of Operations

Overview

Our historical results of operations and cash flows are not indicative of results of operations and cash flows to be expected from any future period, principally for the following reasons:

Fleet Size. Our historical financial statements for 2004, 2005 and 2006 and the six months ended June 30, 2007 reflect the results of operations of one, four, five and seven vessels, respectively. Following the closing of this offering, the size of our fleet will increase to nine, including Navios Aldebaran, which is scheduled to be chartered-in in March 2008, and Navios TBN I, which is scheduled to be delivered in June 2009. We also have an option to purchase Navios TBN II in October 2009.

of Operating and General and Administrative Expenses. Our historical operating expenses represented actual costs incurred by the vessel-owning subsidiaries and Navios ShipManagement in the operation of the vessels. Pursuant to the management agreement that we will enter into with Navios ShipManagement upon the closing of this offering, the daily operating expense rate will be \$4,000 per owned Panamax vessel and \$5,000 per owned Capesize vessel and will be fixed for the first two years following the closing of this offering. During the remaining three years of the term of the management agreement, we expect that we will reimburse Navios ShipManagement for all of the actual operating costs and expenses it incurs in connection with the management of our fleet. Under the administrative services agreement that we will enter into with Navios ShipManagement upon the closing of this offering, Navios ShipManagement will provide significant administrative, financial and other support services to us. We will reimburse Navios ShipManagement for reasonable costs and expenses incurred in connection with the provision of the services under this agreement, including certain general and administrative expenses that we will incur as a publicly traded

limited partnership that we have not previously incurred.

• Different Financing Arrangements. Our historical financing and derivative arrangements as of June 30, 2007 are not representative of the arrangements we will enter into to finance the acquisition of our initial fleet from Navios Maritime in connection with the closing of this offering. For example, we will enter into a new credit facility in connection with the offering. In addition, we do not expect to enter into forward freight arrangements in the future. For a description of the new revolving credit facility, please read “—Liquidity and Capital Resources—Revolving Credit Facility.”

83

insurance (approximately 14.8%), spares, repairs, maintenance and other (approximately 17.8%).

84

Table of Contents

The increase in the 2007 period was mainly due to the delivery of Navios Galaxy I as an owned vessel on March 23, 2006 (resulting in 100 ownership days) while in the same period in 2007, ownership days for this vessel amounted to 181.

Under the management agreement we will enter into in connection with the closing of this offering, Navios ShipManagement will provide all of our vessels with a wide range of services, as described under “Certain Relationships and Related Party Transactions—Agreements Governing the Transactions—Management Agreement.”

Management Fees. For the six months ended June 30, 2007 and 2006, management fees charged by the vessel manager amounted to \$0.5 million.

Depreciation. Depreciation and amortization amounted to \$5.3 million for the six months ended June 30, 2007 compared to \$4.1 million for the same period ended June 30, 2006. The main reason for the increase was the increase in amortization expense of \$1.3 million, relating to \$51.1 million of intangible assets and liabilities (favorable and unfavorable leases) recognized on the acquisition of Fantastiks, as part of the acquisition of Kleimar in February 2007. Depreciation of vessels is calculated using an estimated useful life of 25 years from the date the vessel was originally delivered from the shipyard. Intangible assets are amortized over the contract periods which range from 4 to 10 years. Our historical depreciation is not indicative of depreciation to be expected in future periods due to the scheduled acquisition of chartered in vessels under our owned fleet in the future.

Interest Expense and Finance Cost, Net. Interest expense and finance cost, net amounted to \$2.5 million for the six months ended June 30, 2007 compared to \$3.0 million for the same period ended June 30, 2006. Interest expense relating to the credit facilities for the purchase of our vessels amounted to \$2.4 million for the six months ended June 30, 2007 (\$2.9 million for the period ended June 30, 2006), while amortization of deferred finance fees amounted to \$0.1 million for the six months ended June 30, 2007 and 2006. The decrease in interest expense is mainly attributable to the decrease in outstanding loan balance from \$97.4 million to \$77.0 million.

Our historical interest expense is not indicative of interest expense expected for any future periods. In connection with the closing of this offering, we will enter into a new revolving credit facility. Please read “—Liquidity and Capital Resources.”

Net Income. Net income for the six months ended June 30, 2007 amounted to \$9.6 million compared to \$4.4 million for the same period ended June 30, 2006. The increase in net income is due to the factors discussed above, as well as the increase in deferred income tax expense by \$0.5 million related to Fantastiks, which was part of Navios Maritime’s acquisition of Kleimar in February 2007. For an explanation of why our historical net income is not indicative of net income expected in future periods, please read “—Time Charter and Voyage Revenues,” “—Time Charter and Voyage Expenses,” and “—Direct Vessel Expenses” above.

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

Year Ended December 31, 2006 Compared to the Combined Year (for the period from January 1, 2005 to August 25, 2005 and the period from August 26, 2005 to December 31, 2005) Ended December 31, 2005

The following table presents predecessor combined revenue and expense information for the year ended December 31, 2006 and the combined year (for the period from January 1, 2005 to August 25, 2005 and the period from August 26, 2005 to December 31, 2005) ended December 31, 2005. This information was derived from the audited predecessor

combined revenue and expense accounts of Navios Maritime Partners L.P. as predecessor for the period from January 1 to August 25, 2005 and from the audited predecessor combined revenue and expense accounts of Navios Maritime Partners L.P. as successor for the period from August 26 to December 31, 2005 and for the year ended December 31, 2006. On August 25, 2005, ISE acquired Navios Maritime through the purchase of all of the outstanding shares of common stock of Navios Maritime. Simultaneously with the acquisition, ISE effected a reincorporation through a downstream merger with and into Navios Maritime, in order to become a Marshall Islands corporation, as it exists today. The carved out results of operations prior to

85

Table of Contents

August 26, 2005 are labeled as “Predecessor” and the carved out results of operations from August 26, 2005 forward are labeled as “Successor.”

The combined year presentation of revenue and expense is being presented solely to assist comparisons across the years. The successor period for 2005 in the combined statement of cash flow includes the effect of fair value purchase accounting adjustments. The successor and predecessor periods in the combined year presentation of revenue and expense accounts are not comparable as the successor period revenue and expense accounts include increases to certain charges. The principal increase relates to amortization of intangible assets arising as a result of recognizing the fair value of the intangible assets in connection with the acquisition by Navios Maritime of its business on August 25, 2005.

The combined year information is a non-GAAP financial measure and should not be used in isolation or substitution of the Predecessor and Successor results.

	Predecessor 2005 to August 25, 2005	Successor August 26, 2005 to December 31, 2005	Combined Year Ended December 31, 2005	Successor Year Ended December 31, 2006	January 1, 2006
Time charter and voyage revenue	\$ 5,780	\$ 3,451	\$ 9,231	\$ 31,549	Gain (loss) gain on forward freight agreements
	—	—	(2,923)	(2,305)	(1,266)
(1,344)	Direct vessel expenses	(69)	(69)	(5,626)	Management fees
(698)	Depreciation and amortization	—	(948)	(948)	(284)
(81)	(81)	(6,286)	Other income	—	(168)
\$ 3,191	\$ 919	\$ 4,110	\$ 6,624	61	(452)
				Other expense	(74)
				—	Net income/(loss)

Time Charter and Voyage Revenues. Time charter and voyage revenues are comprised of the charter hire received from unaffiliated third-party customers. Time charter revenues (net of the release of Other Comprehensive Income of \$2.6 million relating to hedge accounting, as discussed below) amounted to approximately \$31.5 million for the year ended December 31, 2006 compared to \$9.2 million for the combined year ended December 31, 2005. The increase is mainly due to the delivery of Navios Alegria, Navios Libra II and Navios Felicity at the end of 2005 (which were fully operational for 2006).

Revenues for this period are not indicative of revenues to be expected from any future period. Please read “Business—Our Fleet” for information about the charters on these vessels, including daily charter rates. Moreover, a portion of the revenues during this period was derived from charters with different terms than the charter arrangements that are in place for future periods.

Gain/(Loss) on Forward Freight Agreements. During 2006, certain FFAs relating to two of our vessels qualified for hedge accounting treatment. The changes in fair values of the effective portion representing unrealized gain or losses

were recorded under “Accumulated Other Comprehensive Income/(Loss)” in owner’s net investment, and were released against revenue, while the ineffective portion (\$2.9 million as of December 31, 2006), was included in the statement of operations under “Gain/(Loss) on Forward Freight Agreements.” There were no FFAs in the combined year ended December 31, 2005. We do not have any FFAs outstanding and we do not expect to enter into any FFAs in the future.

Time Charter and Voyage Expenses. Time charter and voyage expenses amounted to \$1.3 million for the year ended December 31, 2006 compared to \$3.6 million for the combined year ended December 31, 2005. The main reason for the decrease was the acquisition of Navios Galaxy I into the owned fleet in March 2006, from chartered-in vessel. Therefore, time charter and voyage expenses in 2006 represent only 3 months of such expenses, as opposed to full year expenses in combined year 2005.

Table of Contents

Direct Vessel Expenses. Direct vessel expenses represent the owned vessels' operating expenses. For the year ended December 31, 2006, direct vessel expenses amounted to \$5.6 million and were comprised of crewing and related costs (approximately 42.8%), stores, provisions, lubricants and chemicals (approximately 24.2%), insurance (approximately 14.3%), spares, repairs, maintenance and other (approximately 18.7%).

For the combined year ended December 31, 2005, direct vessel expenses amounted to \$0.1 million and were comprised of crewing and related costs (approximately 43.8%), stores, provisions, lubricants and chemicals (approximately 31.9%), insurance (approximately 14.3%), spares, repairs, maintenance and other (approximately 10.0%).

The increase was mainly due to the acquisition of owned vessels which occurred at the end of 2005 (two were delivered on December 22, 2005 and one was delivered on December 27, 2005). Therefore, 2005 included only several days worth of direct vessel expenses, versus a full year of vessel expenses in 2006. In addition, there were two additional vessels acquired in 2006 (one delivered on January 5, 2006 and the other was delivered on March 23, 2006), which did not have any direct vessel expenses in 2005.

Management Fees. Management fees include amounts charged by the manager of the vessels as well as allocated overhead expenses (for the chartered-in vessels). For the year ended December 31, 2006, management fees amounted to \$0.7 million. For the combined year ended December 31, 2005, management fees amounted to \$0.5 million.

Depreciation and amortization. Depreciation and amortization amounted to \$8.0 million for the year ended December 31, 2006 (\$0.9 million for the combined year ended December 31, 2005). Depreciation of vessels is calculated using an estimated useful life of 25 years from the date the vessel was originally delivered from the shipyard. Depreciation was higher in 2006 compared to the combined year 2005 due to delivery of three owned vessels which occurred at the end of December 2005. Therefore, depreciation only includes several days in 2005. Amortization relates to the amortization of intangibles acquired as part of the acquisition of Navios Maritime on August 25, 2005. Our historical depreciation and amortization is not indicative of depreciation to be expected in future periods, due to the scheduled acquisition of chartered-in vessels into our owned fleet in the future.

Interest Expense and Finance Cost, Net. Interest expense and finance cost, net amounted to \$6.3 million for the year ended December 31, 2006 (\$0.1 million for the combined year ended December 31, 2005). Interest expense relating to the credit facilities for the purchase of our vessels amounted to \$6.2 million for the year ended December 31, 2006 (\$0.1 million for the combined year ended December 31, 2005), while amortization of deferred finance fees amounted to \$0.1 million for the year ended December 31, 2006 (\$0.0 for the combined year ended December 31, 2005).

The increase in interest expense is due to the fact that debt in connection with the acquisition of three vessels was incurred at the end of 2005, while in 2006, such debt was outstanding for the full year.

Net Income. Net income for the year ended December 31, 2006 amounted to \$6.6 million (\$4.1 million for the combined year ended December 31, 2005) due to the reasons discussed above.

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

For the Combined Year (for the period from January 1, 2005 to August 25, 2005 and August 26, 2005 to December 31, 2005) Ended December 31, 2005 Compared to Year Ended December 31, 2004

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The following table presents predecessor combined revenue and expense information for the combined year (for the period from January 1, 2005 to August 25, 2005 and August 26, 2005 to December 31, 2005) ended December 31, 2005 and for the year ended December 31, 2004. The fiscal year 2005 information was derived from the audited predecessor combined financial statements of Navios Maritime Partners L.P. as predecessor for the period from January 1 to August 25, 2005 and from the audited predecessor combined financial statements of Navios Maritime Partners L.P. as

87

Table of Contents

successor for the period from August 26, 2005 to December 31, 2005 included elsewhere in this prospectus. On August 25, 2005, ISE acquired Navios Maritime through the purchase of all of the outstanding shares of common stock of Navios Maritime. Simultaneously with the acquisition, ISE effected a reincorporation through a downstream merger with and into Navios Maritime, in order to become a Marshall Islands corporation, as it exists today. The carved out results of operations prior to August 26, 2005 are labeled as “Predecessor” and the carved out results of operations from August 26, 2005 forward are labeled as “Successor.”

The combined year presentation of revenue and expense is being presented solely to assist comparisons across the years. The successor period for 2005 in the combined statement of cash flow includes the effect of fair value purchase accounting adjustments. The successor and predecessor periods in the combined year presentation of revenue and expense accounts are not comparable as the successor period revenue and expense accounts include increases to certain charges. The principle increase relates to amortization of intangible assets arising as a result of recognizing the intangible assets acquired from Navios Maritime.

The combined year information is a non-GAAP financial measure and should not be used in isolation or substitution of the Predecessor and Successor results.

	Predecessor	Predecessor	Successor	Combined	Year Ended				
December 31, 2004	January 1, 2005 to August 25, 2005	August 26, 2005 to December 31, 2005	Year Ended December 31, 2005						
2005 Time charter and voyage revenue				\$ 3,715	\$ 5,780	\$ 3,451	\$ 9,231	Gain (loss)	gain on forward
freight agreements	—	—	—	—	—	—	—	Time charter and voyage expenses	(3,387)
) Direct vessel expenses	—	—	(69)	(69)	(69)	(69)	(69)	Management fees	(392)
Depreciation and amortization	—	—	(948)	(948)	(948)	(948)	(948)	Interest expense and finance cost, net	(284)
(81) Other income	—	—	—	—	—	—	—	Other expense	(168)
\$ 4,110								Net income/(loss)	(452)
									(81)
									\$ (64)
									\$ 3,191
									\$ 919

Time Charter and Voyage Revenues. Time charter and voyage revenues are comprised of the charter hire received from unaffiliated third-party customers and amounted to approximately \$9.2 million for the combined year ended December 31, 2005 (\$3.7 million for the year ended December 31, 2004). The increase is mainly due to the acquisition of three owned vessels in December 2005, as well as higher charter out rates achieved compared to the respective period of 2004.

Revenues for this period are not indicative of revenues to be expected from any future period. Please read “Business—Our Fleet” for information about the charters on these vessels, including daily charter rates. Moreover, a portion of the revenues during this period was derived from charters with different terms than the charter arrangements that are in place for future periods.

Time Charter and Voyage Expenses. Time charter and voyage expenses amounted to \$3.6 million for the combined year ended December 31, 2005 (\$3.4 million for the year ended December 31, 2004).

Direct Vessel Expenses. Direct vessel expenses represent the owned vessels' operating expenses. For the combined year ended December 31, 2005, direct vessel expenses amounted to \$0.1 million (\$0.0 for the year ended December 31, 2004) and were comprised of crewing and related costs (approximately 43.8%), stores, provisions, lubricants and chemicals (approximately 31.9%), insurance (approximately 14.3%), spares, repairs, maintenance and other (approximately 10.0%).

This was due to the fact that no owned vessels existed in 2004, while three owned vessels were delivered at the end of 2005.

Table of Contents

Management Fees. Management fees include amounts charged by the manager of the vessels as well as allocated overhead expenses (for the chartered-in vessels). For the combined year ended December 31, 2005, management fees amounted to \$0.5 million. For the year ended December 31, 2004, management fees amounted to \$0.4 million.

Depreciation and amortization. Depreciation and amortization amounted to \$0.9 million for the combined year ended December 31, 2005 (\$0.0 for the year ended December 31, 2004). The increase is mainly due to the acquisition of three owned vessels on December 2005, as well as the amortization of favorable leases recognized as part of the purchase accounting following the acquisition of Navios Maritime in August 2005. In 2004, there was only one chartered-in vessel therefore, no depreciation expense was recorded and no favorable lease was recognized in order to record amortization expense out of. Depreciation of vessels is calculated using an estimated useful life of 25 years from the date the vessel was originally delivered from the shipyard. Amortization relates to the amortization of intangibles acquired as part of the acquisition by Navios Maritime of its business. Our historical depreciation and amortization is not indicative of depreciation to be expected in future periods due to the scheduled acquisition of chartered-in vessels into our owned fleet in the future.

Interest Expense and Finance Cost, Net. Interest expense and finance cost, net amounted to \$0.1 million for the combined year ended December 31, 2005 (\$0.0 for the year ended December 31, 2004).

Net Income. Net income for the combined year ended December 31, 2005 amounted to \$4.1 million compared to a net loss of \$0.1 million for the year ended December 31, 2004. The increase is due to the factors discussed above.

Liquidity and Capital Resources

Old Credit Facilities

On December 21, 2005, Navios Maritime revised the terms of its credit facility with HSH Nordbank AG and increased the borrowing amount thereunder to \$649 million. Of the \$649 million, \$435 million was related to the outstanding balance of a previous credit facility, and the remaining \$214 million was set aside to finance the acquisition of ten of Navios Maritime's vessels. The credit facility was divided into tranches, each of them having a specific use. The tranches relating to the acquisition of Navios Libra II, Navios Alegria, Navios Felicity, Navios Gemini S and Navios Galaxy I (approximately \$102 million) were allocated to Navios Maritime Partners Predecessor combined financial statements. The interest rate under the facility is LIBOR, plus the costs of complying with any applicable regulatory requirements and a margin of 1.5% per annum. In February 2007, Navios Maritime entered into a new secured loan facility with HSH Nordbank and Commerzbank AG maturing on October 31, 2014. The new facility was composed of a \$280.0 million term loan facility and a \$120.0 million reducing revolver facility. The term loan facility has partially been utilized to repay the remaining balance of the previous HSH Nordbank facility. The interest rate of the new facility is LIBOR plus a spread ranging from 65 to 125 basis points as provided in the agreement.

These financing arrangements are not indicative of our future financing arrangements, and Navios Maritime expects to assume the debt relating to the vessels being acquired by us. We will enter into a new revolving credit facility in connection with the closing of this offering that will provide us with sufficient funds to pay a portion of the purchase price of the vessels in our initial fleet. For more information about the terms of our new credit facility, please read “—Liquidity and Capital Resources—Revolving Credit Facility.”

Revolving Credit Facility

Upon the closing of this offering, we will enter into a new \$260.0 million revolving credit facility with DVB Bank AG and Commerzbank AG. We will borrow \$165.0 million upon the closing of this offering. We will use \$160.0 million of such borrowings to fund a portion of the purchase price of the capital stock of the subsidiaries that own or have rights to the nine vessels in our initial fleet. We also

89

Table of Contents

expect to borrow an additional \$34.2 million under the credit facility to finance the acquisition of Fantastiks in March 2008 and an additional \$60.8 million to partially finance the purchase of the capital stock of the Navios Maritime subsidiary that will own Navios TBN I upon its delivery in June 2009. The facility will be reduced by \$30.0 million if we do not acquire the Fantastiks and will be reduced by \$60.0 million if Navios TBN I is not delivered. We will likely need to borrow additional amounts to fund the acquisition of Navios TBN I and Navios TBN II (if we exercise our purchase option) and intend to use additional debt financing, which could include an expansion of the revolving credit facility if the lender agrees, and equity financing to fund such transactions.

The facility is a revolving facility for up to four years and converts to a term facility for up to 6.5 years thereafter so that final maturity will be 10 years. The interest rate is LIBOR plus a margin of between 0.8% and 1.25%, depending on the loan to value ratio.

Our obligations under the credit facility are secured by first-priority mortgages covering each of our vessels and other collateral and are guaranteed by each vessel-owning subsidiary. The new revolving credit facility contains restrictive covenants that prohibit us from, among other things: incurring or guaranteeing indebtedness; entering affiliate transactions, charging, pledging or encumbering the vessels; changing the flag, class, management or ownership of our vessels; changing the commercial and technical management of our vessels; selling or changing the beneficial ownership or control of our vessels; and subordinating the obligations under our new credit facility to any general and administrative costs relating to the vessels, including the fixed daily fee payable under the management agreement.

The credit facility also requires us to comply with the ISM Code and ISPS Code and to maintain valid safety management certificates and documents of compliance at all times.

In addition, our new revolving credit facility requires us to:

- maintain minimum free consolidated liquidity (which may be in the form of undrawn commitments under the revolving credit facility) of at least \$5.0 million upon draw down per year (increasing by \$8.0 million per year until it reaches \$37.0 million, which level is required to be maintained thereafter);
- maintain a ratio of EBITDA (as defined in our credit facility) to interest expense of at least 2.00 to 1.00; and
- maintain a ratio of total liabilities to total assets (as defined in our credit facility) of less than 0.75 to 1.00.

We will also be required to maintain an aggregate market value of our financed vessels equal to 143% of the aggregate amount outstanding under the credit facility and a tangible net worth of at least \$120.0 million.

For purposes of the foregoing, the market value of our vessels will be determined on a quarterly basis by two independent brokers on the basis of the vessel being sold (i) for prompt delivery, (ii) for cash, (iii) on a charter free basis and (iv) at arm's length on normal commercial terms.

EBITDA is defined under our credit facility as the aggregate amount of consolidated or combined pre-tax profits of us and our subsidiaries (whether direct or indirect and including, but not limited to, each vessel-owning subsidiary) before extraordinary or exceptional items, interest, depreciation and amortization.

In addition, Navios Maritime shall be required to own at least 30% of us and to own 100% of our general partner.

The credit facility prohibits us from paying distributions to our unitholders or making new investments if, before and after giving effect to such distribution or investment we are not in compliance with the financial covenants described above or upon the occurrence of an event of default. Events of default under our credit facility include:

pay any principal, interest fees, expenses or other amounts when due;

- failure to

90

Table of Contents

undertakings, negative covenants and financial covenants contained in the credit facility, any related security document or guarantee, including failure to maintain unencumbered title to any of the vessel-owning subsidiaries or any of the assets of the vessel-owning subsidiaries and failure to maintain proper insurance and in some cases subject to certain grace and due periods;

indebtedness;

warranty or statement made by us in the credit facility or any drawdown notice thereunder or related security document or guarantee is untrue or misleading when made;

subsidiaries' assets are subject to any form of execution, attachment, arrest, sequestration or distress in that is not discharged within a specified period of time;

insolvency or bankruptcy;

change in the financial position or prospects of us or our general partner;

non-effectiveness or repudiation of any material provision of our credit facility, of any of the related finance and guarantee documents;

effectiveness of security documents or guarantee;

a country where the vessels are flagged.

- breach of certain
- default under other
- any representation,
- any of our or our
- an event of
- material adverse
- unlawfulness,
- failure of
- instability affecting

Purchase of Newbuilding

The table below summarizes certain information with respect to the Capesize newbuilding Navios TBN I that we have agreed to purchase from a subsidiary of Navios Maritime in June 2009 for a purchase price of \$130.0 million:

Vessel	Year Built	Capacity	Ownership	Charter	Expiration	Charter-Out
Rate Navios TBN I	Expected delivery					
June 2009	180,000	100 %	June 2014	\$ 47,400		

The purchase price of the Navios TBN I is \$130.0 million, which we expect to fund primarily from borrowings under our new credit facility and the issuance of additional common units or other equity securities. We expect that we will complete the sale of additional common units on or before the anticipated delivery date in June 2009. Our obligation to purchase Navios TBN I is not conditional upon our ability to obtain financing for such purchase.

In addition, if we exercise the option to acquire Navios TBN II for \$135.0 million, we will need to finance such purchase as well. Such financing may be from borrowings or from the issuance of additional common units on or before the anticipated delivery date in October 2009. Our right to purchase Navios TBN II is exercisable in our sole discretion.

Liquidity and Cash Needs

Prior to this offering, the vessel-owning subsidiaries that own or have rights to the vessels in our fleet did not have any cash or source of liquidity, as they were part of a larger entity with its own sources of liquidity. We anticipate having total liquidity, including cash and undrawn long-term borrowings, of approximately \$98.7 million at the closing of this offering. We anticipate borrowing \$34.2 million under our new credit facility in order to finance the purchase of Fantastiks in March 2008. In addition, we anticipate borrowing \$60.8 million under our new credit facility to partially fund the purchase of Navios TBN I in June 2009. We may need to increase the size of our revolving credit facility in order to fund the remainder of the purchase price of Navios TBN I and to fund the purchase price of Navios TBN II, which we also intend to partially fund with equity. There can be no assurance we can obtain such additional financing. Because Navios Maritime is required to own at least 30% of us under the terms of our credit facility, we may be limited in our ability to obtain necessary funding through additional equity offerings.

Table of Contents

The amount of available cash we need to pay the minimum quarterly distributions for four quarters on our common units, subordinated units and the 2.0% general partner interest to be outstanding immediately after this offering is \$25.9 million. Our pro forma available cash to make distributions generated during the year ended December 31, 2006 would not have been sufficient to allow us to pay the minimum quarterly distribution on the subordinated units, and would have only allowed us to pay 96.0% of the minimum quarterly distribution on the common units during that period. Please read “Our Cash Distribution Policy and Restrictions on Distributions—Pro Forma and Forecasted Cash Available for Distribution.”

In addition to distributions on our units, our primary short-term liquidity needs are to fund general working capital requirements and drydocking expenditures, while our long-term liquidity needs primarily relate to expansion and investment capital expenditures and other maintenance capital expenditures and debt repayment. Expansion capital expenditures are primarily for the purchase or construction of vessels to the extent the expenditures increase the operating capacity of or revenue generated by our fleet, while maintenance capital expenditures primarily consist of drydocking expenditures and expenditures to replace vessels in order to maintain the operating capacity of or revenue generated by our fleet. Investment capital expenditures are those capital expenditures that are neither maintenance capital expenditures nor expansion capital expenditures.

We anticipate that our primary sources of funds for our short-term liquidity needs will be cash flows from operations. We believe that cash flows from operations will be sufficient to meet our existing short-term liquidity needs for at least the next 12 months.

Generally, our long-term sources of funds will be from cash from operations, long-term bank borrowings and other debt or equity financings. Because we distribute all of our available cash, we expect that we will rely upon external financing sources, including bank borrowings and the issuance of debt and equity securities, to fund acquisitions and expansion and investment capital expenditures, including opportunities we may pursue under the omnibus agreement. We cannot assure you that we will be able to raise additional funds on favorable terms.

Cash Flows for the Six Months Ended June 30, 2007 Compared to the Six Months Ended June 30, 2006

The following table presents cash flow information derived from the unaudited combined statements of cash flow of Navios Maritime Partners Predecessor for the six month periods ended June 30, 2007 and 2006.

	Six Months			
Ended June 30, 2006	Six Months			
Ended June 30, 2007	(in thousands)			
Net cash provided by operating activities	\$ 387	\$ 1,444	Net cash used in investing activities	(36,985)
Net cash provided by/(used in) financing activities	—	36,598	(1,444)	Change in cash and cash equivalents
	\$ —	\$ —		
Net Cash Provided By Operating Activities for the Six Months Ended June 30, 2007 Compared to the Six Months Ended June 30, 2006.				

Net cash provided by operating activities increased by \$1.0 million to \$1.4 million (provided by operating activities) for the six months ended June 30, 2007 as compared to \$0.4 million (used in operating activities) for the same period in 2006.

The increase resulted primarily from higher net income for the six months ended June 30, 2007, of \$9.7 million compared to \$4.4 million for the same period in 2006 and other factors as discussed below. In determining net cash provided by operating activities, net income is adjusted for the effects of certain non-cash items including depreciation and amortization.

Accounts receivable, increased by \$0.4 million from \$0.1 million at December 31, 2006 to \$0.5 million at June 30, 2007. During the corresponding period of 2006, accounts receivable, net increased by \$0.5 million from \$0.2 million at December 31, 2005 to \$0.7 million at June 30, 2006. The primary reason for this increase was an increase in amounts receivable from charterers.

Table of Contents

Prepaid expenses and other current assets increased by \$0.7 million from \$1.0 million at December 31, 2006 to \$1.7 million at June 30, 2007. This increase is mainly due to an increase in prepaid insurances and other voyage costs of \$0.6 million and an increase in advances to agents by \$0.1 million. During the corresponding period of 2006, prepaid expenses and other current assets increased by \$0.9 million from \$0.3 million at December 31, 2005 to \$1.2 million at June 30, 2006. This increase was due to the increase in inventories by \$0.3 million, the increase in prepaid insurances and other voyage costs by \$0.4 million and increase in advances to agents by \$0.2 million.

Accounts payable increased by \$0.7 million from \$0.7 million at December 31, 2006 to \$1.4 million at June 30, 2007. The primary reason was an increase in insurance payables of \$0.4 million and other payables of \$0.1 million. During the corresponding period of 2006, accounts payable increased by \$1.2 million, from \$0.1 million at December 31, 2005 to \$1.3 million at June 30, 2006. The primary reason was an increase in payables to head owners by \$0.4 million, supplier payables of \$0.4 million, and insurance payables of \$0.4 million.

Accrued expenses increased by \$1.1 million from \$0.6 million at December 31, 2006 to \$1.7 million at June 30, 2007. The primary reason for the increase was an increase in vessel operating expenses of \$0.3 million, an increase in accrued interest of \$0.7 million and other accruals of \$0.1 million. During the corresponding period in 2006, accrued expenses increased by \$0.2 million from \$0.4 million at December 31, 2005 to \$0.6 million at June 30, 2006. The primary reason for the increase was the increase in vessel operating expenses by \$0.6 million which was offset by the decrease in accrued finance fees of \$0.3 million and the decrease in accrued interest of \$0.1 million.

Deferred voyage revenue primarily reflects charter-out amounts collected on voyages that have not been completed. Deferred charter hire, net of commissions increased by \$0.8 million from \$0.9 million at December 31, 2006 to \$1.7 million at June 30, 2007. During the corresponding period of 2006, deferred voyage revenue decreased by \$0.3 million, from \$0.8 million at December 31, 2005 to \$0.5 million at June 30, 2006.

Amounts due from related parties increased by \$13.0 million from \$5.8 million at December 31, 2006 to \$18.8 million at June 30, 2007, primarily due to an increase of \$3.0 million in receivables relating to the operation of Fantastiks (which was delivered on February 2, 2007) and an additional \$11.4 million relating to receivables from the management of the remaining vessels in our fleet. This increase was offset by a decrease of \$0.8 million relating to the repayment of long term debt and \$0.6 million relating to the payment of deferred financing fees on the refinancing of that debt. Historically, amounts due from related parties have been settled periodically through cash remittances. In connection with the proposed initial public offering the Company will forgive all of the outstanding balances due from related parties immediately prior to the consummation of the offering. When forgiven, this transaction will be reflected as a capital distribution to Navios.

Net Cash Used In Investing Activities for the Six Months Ended June 30, 2007 Compared to the Six Months Ended June 30, 2006

Cash used in investing activities was \$37.0 million for the six months ended June 30, 2006 relating to the purchase of Navios Gemini S on January 5, 2006 and Navios Galaxy I on March 23, 2006.

There was no investing activity during the six months ended June 30, 2007.

Net Cash (Used In)/Provided By Financing Activities for the Six Months Ended June 30, 2007 Compared to the Six Months Ended June 30, 2006

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Cash used in financing activities of \$1.4 million for the six months ended June 30, 2007 was the result of the repayment of long term debt amounting to \$0.8 million and the incurrence of additional debt issuance costs relating to the refinancing of the debt on February 2007, amounting to \$0.6 million.

Cash provided by financing activities was \$36.6 million for the six months ended June 30, 2006 and was the result of the proceeds from owner's investment amounting to \$4.6 million and the

93

Table of Contents

proceeds from long term loans relating to the financing of the acquisition of Navios Gemini S and Navios Galaxy I of \$37.0 million. The above were offset by the repayment of a long term loan amounting to \$4.7 million, as well as the incurrence of debt issuance costs amounting to \$0.2 million.

Cash Flows for the Year Ended December 31, 2006 Compared to the Combined Year (for the period from January 1, 2005 to August 25, 2005 and August 26, 2005 to December 31, 2005) Ended December 31, 2005 and the Year Ended December 31, 2004

The following table presents combined predecessor cash flow information for the year ended December 31, 2006, combined year (for the period from January 1, 2005 to August 25, 2005 and August 26, 2005 to December 31, 2005) ended December 31, 2005 and the year ended December 31, 2004. The 2005 information was derived from the audited predecessor combined statements of cash flow of Navios Maritime Partners L.P. as predecessor for the period January 1, 2005 to August 25, 2005 and from the audited predecessor combined statements of cash flow of Navios Maritime Partners L.P. as successor for the period August 26, 2005 to December 31, 2005. This combined year presentation of cash flow information is being presented solely to assist comparisons across the financial periods.

	Predecessor December 31, 2004	Predecessor January 1, 2005 to August 25, 2005	Successor August 26, 2005 to December 31, 2005	Combined Year Ended December 31, 2005	Successor Year Ended December 31, 2005	Year Ended December 31, 2006
(Thousands of U.S. Dollars) Net cash provided by operating activities	\$ —	\$ —	\$ 520	\$ 520	\$ 520	\$ 520
\$ 14,496 Net cash used in investing activities	—	—	(76,058)	(76,058)	(36,985)	(36,985)
by financing activities	—	—	75,538	75,538	22,489	22,489
Increase (decrease) in cash and cash equivalents	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —

Cash Flows for the Year Ended December 31, 2006 Compared to the Combined Year (for the period from January 1, 2005 to August 25, 2005 and from August 26, 2005 to December 31, 2005) Ended December 31, 2005

Cash (used in)/provided by operating activities for the year ended December 31, 2006 and the combined year (for the period from January 1, 2005 to August 25, 2005 and from August 26, 2005 to December 31, 2005) ended December 31, 2005

Net cash provided by operating activities was \$14.5 million for the year ended December 31, 2006 as compared to \$0.5 million provided by operating activities for the combined year ended December 31, 2005. In determining net cash (used in)/provided by operating activities, net income is adjusted for the effects of certain non-cash items including depreciation and amortization, and provisions for losses on accounts receivable.

Accounts receivable, net decreased by \$0.1 million from \$0.2 million at December 31, 2005 to \$0.1 million at December 31, 2006. The primary reason for this decrease was the provision for losses on accounts receivable amounting to \$0.2 million.

Prepaid expenses and other current assets increased by \$0.7 million from \$0.3 million at December 31, 2005 to \$1.0 million at December 31, 2006. This increase is mainly due to increase in claims receivables by \$0.3 million and inventories by \$0.4 million.

Accounts payable increased by \$0.6 million from \$0.1 million at December 31, 2005 to \$0.7 million at December 31, 2006. The primary reason was an increase in supplier payables of \$0.4 million, broker payables of \$0.1 million, insurance payables of \$0.1 million.

Table of Contents

Accrued expenses increased by \$0.2 million from \$0.4 million at December 31, 2005 to \$0.6 million at December 31, 2006. Accrued vessel operating expenses increased by \$0.5 million at December 31, 2006 compared to December 31, 2005 and accrued finance fees decreased by \$0.3 million.

Deferred voyage revenue primarily reflects charter-out amounts collected on voyages that have not been completed. Deferred charter hire, net of commissions increased by \$0.1 million from \$0.8 million at December 31, 2005 to \$0.9 million at December 31, 2006.

Amounts due from related parties increased by \$0.6 million from \$5.2 million at December 31, 2005 to \$5.8 million at December 31, 2006, primarily due to a \$25.8 million increase in receivables relating to the management and operation of our vessels. This increase was offset by a \$24.3 million decrease relating to the repayment of long term debt, a \$0.7 million decrease relating to the payment of management fees and a \$0.2 million decrease relating to the payment of debt issuance costs. Historically, amounts due from related parties have been settled periodically through cash remittances. In connection with the proposed initial public offering the Company will forgive all of the outstanding balances due from related parties immediately prior to the consummation of the offering. When forgiven, this transaction will be reflected as a capital distribution to Navios.

Cash Used in Investing Activities for the Year Ended December 31, 2006 Compared to the Combined Year (for the period from January 1, 2005 to August 25, 2005 and from August 26, 2005 to December 31, 2005) Ended December 31, 2005

Cash used in investing activities was \$37.0 million for the year ended December 31, 2006 and related to the purchase of Navios Gemini S on January 5, 2006 and Navios Galaxy I on March 23, 2006.

Cash used in investing activities for the combined year ended December 31, 2005 amounted to \$76.0 million. Of this amount, \$73.5 million related to the purchases of Navios Alegria and Navios Libra II on December 22, 2005 and Navios Felicity on December 27, 2005, and the remaining \$2.5 million related to deposits for the acquisitions of Navios Gemini S and Navios Galaxy I.

Cash Provided by Financing Activities for the Year Ended December 31, 2006 Compared to the Combined Year (for the period from January 1, 2005 to August 25, 2005 and from August 26, 2005 to December 31, 2005) Ended December 31, 2005

Cash provided by financing activities was \$22.5 million for the year ended December 31, 2006, and \$75.5 million for the combined year ended December 31, 2005.

Cash provided by financing activities for the year ended December 31, 2006 was the result of the proceeds from owner's contribution amounting to \$10.1 million and the proceeds from loan refinancing amounting to \$37.0 million. This was offset by a repayment of long term debt and payment of debt issuance costs amounting to \$24.6 million.

Cash provided by financing activities was approximately \$75.5 million for the combined year ended December 31, 2005. This was the result of \$64.7 million of proceeds from the issuance of long term debt (net of debt issuance fees) and \$10.8 million of proceeds from owner's contribution for the financing of the three vessels purchased during that period.

Cash Flows for the Year (for the period from January 1, 2005 to August 25, 2005 and from August 26, 2005 to December 31, 2005) Ended December 31, 2005 Compared to the Year Ended December 31, 2004

Cash Provided by Operating Activities for the Combined Year (for the period from January 1, 2005 to August 25, 2005 and from August 26, 2005 to December 31, 2005) Ended December 31, 2005 and the Year Ended December 31, 2004

Net cash provided by operating activities was \$0.5 million for the combined year ended December 31, 2005 as compared to \$0.0 for the year ended December 31, 2004. In determining net cash provided by operating activities, net income is adjusted for the effects of certain non-cash items including depreciation and amortization, and provisions for losses on accounts receivable.

95

Table of Contents

Accounts receivable, net increased by \$0.2 million from \$0.0 million at December 31, 2004 to \$0.2 million at December 31, 2005. The primary reason for this increase was an increase in accounts receivables from charterers of \$0.2 million.

Prepaid expenses and other current assets increased by \$0.3 million from \$0.0 million at December 31, 2004 to \$0.3 million at December 31, 2005. This increase is mainly due to increase in prepaid voyage costs by \$0.2 million.

Accounts payable decreased by \$0.2 million from \$0.3 million at December 31, 2004 to \$0.1 million at December 31, 2005. The primary reason was a decrease in payables to head owners by \$0.2 million.

Accrued expenses increased by \$0.3 million from \$0.1 million at December 31, 2004 to \$0.4 million at December 31, 2005. The primary reason was an increase in accrued finance fees by \$0.3 million.

Deferred voyage revenue primarily reflects charter-out amounts collected on voyages that have not been completed. Deferred charter hire, net of commissions increased by \$0.6 million from \$0.2 million as at December 31, 2004 to \$0.8 million as at December 31, 2005.

Amounts due from related parties increased by \$4.2 million from \$1.0 million at December 31, 2004 to \$5.2 million at December 31, 2005, primarily due to additional receivables relating to the operation and management of our vessels amounting to \$4.6 million. This increase was offset by the payment of deferred financing fees amounting to \$0.4 million. Historically, amounts due from related parties have been settled periodically through cash remittances. In connection with the proposed initial public offering the Company will forgive all of the outstanding balances due from related parties immediately prior to the consummation of the offering. When forgiven, this transaction will be reflected as a capital distribution to Navios.

Cash Used in Investing Activities for the Combined Year (for the period from January 1, 2005 to August 25, 2005 and from August 26, 2005 to December 31, 2005) Ended December 31, 2005 Compared to the Year Ended December 31, 2004

Cash used in investing activities for the combined year ended December 31, 2005 amounted to \$76.0 million. Of this amount, \$73.5 million related to the purchases of Navios Alegria and Navios Libra II on December 22, 2005 and Navios Felicity on December 27, 2005, and the remaining \$2.5 million related to deposits for the acquisitions of Navios Gemini S and Navios Galaxy I.

Cash Provided by Financing Activities for the Combined Year (for the period from January 1, 2005 to August 25, 2005 and from August 26, 2005 to December 31, 2005) Ended December 31, 2005 Compared to the Year Ended December 31, 2004

Cash provided by financing activities was approximately \$75.5 million for the combined year ended December 31, 2005. This was the result of \$64.7 million of proceeds from the issuance of long term debt (net of debt issuance fees) and \$10.8 million of proceeds from owner's contribution for the financing of the three vessels purchased during that period.

Borrowings

Our long-term third party borrowings are reflected in our combined balance sheet as "Long-term debt, net" and as current liabilities in "Current portion of long-term debt." As of December 31, 2006 and June 30, 2007, long-term debt

amounted to \$69.9 million and \$73.9 million respectively, and the current portion of long-term debt amounted to \$7.9 million and \$3.1 million respectively.

Capital Expenditures

During the years ended December 31, 2004, 2005 and 2006 and the six months ended June 30, 2007, we financed our capital expenditures with cash flow from operations, the incurrence of bank debt and owner's contribution. Capital expenditures for the years ended December 31, 2004, 2005 and 2006 and the six months ended June 30, 2007 amounted to \$0 million, \$76.1 million, \$37.0 million and \$0 million, respectively.

Table of Contents

Going forward, maintenance for our vessels and expenses related to drydocking will be included in the fee we pay our vessel manager under our management agreement. We will pay Navios ShipManagement a daily fee of \$4,000 per owned Panamax vessel and \$5,000 per owned Capesize vessel which will be fixed for two years from the closing of this offering, to provide such commercial and technical services to the vessels in our initial fleet. The fee we will pay to Navios ShipManagement will include any costs associated with scheduled drydockings during the term of the management agreement.

Replacement Reserve

We estimate that our annual replacement reserve for the years ending December 31, 2008 and 2009 will be approximately \$9.5 million and \$10.6 million, respectively, for replacing our vessels at the end of their useful lives. The amount for estimated maintenance and replacement capital expenditures attributable to future vessel replacement is based on the following assumptions: (i) the lesser of the current market value per vessel and the current market price to purchase a newbuilding vessel of similar size and specifications which we estimate to be \$47.5 million for Panamax vessels and \$89.7 million for Capesize vessels, (ii) a 25-year useful life and (iii) a 7.0% net investment rate. The actual cost of replacing the vessels in our fleet will depend on a number of factors, including prevailing market conditions, charter hire rates and the availability and cost of financing at the time of replacement. Our board of directors, with the approval of the conflicts committee, may determine that one or more of our assumptions should be revised, which could cause our board of directors to increase the amount of estimated maintenance and replacement capital expenditures. We may elect to finance some or all of our maintenance and replacement capital expenditures through the issuance of additional common units which could be dilutive to existing unitholders. Please read “Risk Factors—Risks Inherent in Our Business—We must make substantial capital expenditures to maintain the operating capacity of our fleet, which will reduce our cash available for distribution. In addition, each quarter our board of directors is required to deduct estimated maintenance and replacement capital expenditures from operating surplus, which may result in less cash available to unitholders than if actual maintenance and replacement capital expenditures were deducted.”

Possible Acquisitions of Other Vessels

Although we do not currently have in place any agreements relating to acquisitions of other vessels (other than the Navios TBN I, Navios TBN II and our options to purchase Navios Prosperity, Navios Aldebaran and Fantastiks, which we currently charter-in), we assess potential acquisition opportunities on a regular basis. Pursuant to our omnibus agreement with Navios Maritime, we will have the opportunity to purchase additional drybulk vessels from Navios Maritime when those vessels are fixed under charters of three or more years upon their expiration of their current charters or upon completion of their construction. Subject to the terms of our loan agreements, we could elect to fund any future acquisitions with equity or debt or cash on hand or a combination of these forms of consideration. Any debt incurred for this purpose could make us more leveraged and increase our debt service obligations or could subject us to additional operational or financial restrictive covenants.

Off-Balance Sheet Arrangements

As of the date of this prospectus, we have not entered into any off-balance sheet arrangements.

Contractual Obligations and Contingencies

The following table summarizes our long-term contractual obligations as of December 31, 2006:

	2007	2008	2009	2010	2011	2012 and				
Thereafter	Total	(in thousands)	Loan obligations(1)	\$ 2,291	\$ 3,055	\$ 3,055	\$ 3,055	\$ 3,055	\$ 3,055	\$
63,247	\$ 77,758	Total contractual obligations	\$ 2,291	\$ 3,055	\$ 3,055	\$ 3,055	\$ 3,055	\$ 3,055	\$ 63,247	\$
	\$ 77,758									

97

Table of Contents

The following table summarizes our long-term contractual obligations as of June 30, 2007:

of 2007	2008	2009	2010	2011	2012 and						
Thereafter	Total	(in thousands)		Loan obligations(1)		\$ 1,527	\$ 3,055	\$ 3,055	\$ 3,055	\$ 3,055	\$
63,247	\$ 76,994	Operating lease obligations(2)		5,162	14,368	15,130	15,130	15,130	15,130	33,732	
98,652	Total contractual obligations		\$ 6,689	\$ 17,423	\$ 18,185	\$ 18,185	\$ 18,185	\$ 18,185	\$ 96,979	\$	
175,646											

On a pro forma basis, after giving effect to the offering and related transactions, our long-term contractual obligations would have consisted of the following as of June 30, 2007:

2007	2008	2009	2010	2011	2012 and							
Thereafter	Total	(in thousands)		Loan obligations(3)		—	—	—	—	\$ 165,000	\$ 165,000	Operating
		lease obligations(2)		\$ 5,162	\$ 14,368	\$ 15,130	\$ 15,130	\$ 15,130	\$ 33,732	\$ 98,652	Committed	
		vessel purchase(4)		—	\$ 34,200	\$ 130,000	—	—	—	\$ 164,200	Total contractual obligations	\$ 5,162
\$ 48,568	\$ 145,130	\$ 15,130	\$ 15,130	\$ 15,130	\$ 198,732	\$ 427,852						

(1) These amounts reflect the principal payments of the credit facility outstanding balance as of December 31, 2006 and June 30, 2007, respectively for the next five years and thereafter are based on the repayment schedule of the secured loan facility with HSH Nordbank and Commerzbank AG (as described above). Navios Maritime will repay these obligations with a portion of the net proceeds it receives from this offering. (2) These amounts reflect future minimum commitments under our charter-in contracts, net of commissions. As of June 30, 2007, we had entered into a charter-in agreement for two of our vessels (Navios Prosperity and Fantastiks). Navios Prosperity is chartered-in for seven years with options to extend for two one-year periods. We have the option to purchase Navios Prosperity after June 2012 at a purchase price that is initially 3.8 billion Yen (\$31.7 million), declining pro rata by 145 million Yen (\$1.21 million) per calendar year. Fantastiks is chartered-in through March 2008. We have exercised the option to purchase Fantastiks in March 2008 at a purchase price of \$34.2 million. In addition, we expect to take delivery of an additional chartered-in vessel upon the completion of its construction in March 2008. We anticipate that Navios Aldebaran will be delivered in March 2008. Navios Aldebaran is chartered-in for seven years with options to extend for two one-year periods. The purchase option price is initially 3.6 billion Yen (\$30.0 million) declining pro rata by 150 million Yen (\$1.25 million) per calendar year. (3) Consists of amounts to be drawn under the new credit facility we will enter into in connection with this offering which requires no principal payments for the first five years following the closing of this offering. (4) Consists of the purchase price of \$34.2 million for Fantastiks, which we will purchase in March 2008, and the purchase price of \$130.0 million for Navios TBN I which is anticipated to be delivered and paid for in June 2009.

Critical Accounting Policies

Our predecessor combined financial statements have been prepared in accordance with GAAP. The preparation of these financial statements requires us to make estimates in the application of our accounting policies based on the best

assumptions, judgments and opinions of management. Following is a discussion of the accounting policies that involve a higher degree of judgment and the methods of their application that affect the reported amount of assets and liabilities, revenues and expenses and related disclosure of contingent assets and liabilities at the date of our financial statements. Actual results may differ from these estimates under different assumptions or conditions.

98

Table of Contents

Critical accounting policies are those that reflect significant judgments or uncertainties, and potentially result in materially different results under different assumptions and conditions. For a description of all of our significant accounting policies, see Note 2 to the predecessor combined financial statements included elsewhere in this prospectus.

Impairment of Long Lived Assets

Vessels are reviewed periodically for potential impairment whenever events or changes in circumstances indicate that the carrying amount of a particular asset may not be fully recoverable. In accordance with FAS 144, management reviews valuations and compares them to the asset's carrying amounts. Should the valuations indicate potential impairment, management determines projected undiscounted cash flows for each asset and compares it to its carrying amount. In the event that impairment occurs, an impairment charge is recognized by comparing the asset's carrying amount to its estimated fair value. For the purposes of assessing impairment, long lived-assets are grouped at the lowest levels for which there are separately identifiable cash flows. No impairment loss was recognized for any of the periods presented.

Vessels

Vessels are stated at historical cost, which consists of the contract price, any material expenses incurred upon acquisition (improvements and delivery expenses). Subsequent expenditures for major improvements and upgrading are capitalized, provided they appreciably extend the life, increase the earning capacity or improve the efficiency or safety of the vessels. Expenditures for routine maintenance and repairs are expensed as incurred.

Depreciation is computed using the straight line method over the useful life of the vessels, after considering the estimated residual value. Management estimates the useful life of our vessels to be 25 years from the vessel's original construction. However, when regulations place limitations over the ability of a vessel to trade on a worldwide basis, its useful life is re-estimated to end at the date such regulations become effective.

Deferred Drydock and Special Survey Costs

Our vessels are subject to regularly scheduled drydocking and special surveys which are carried out every 30 or 60 months to coincide with the renewal of the related certificates issued by the classification societies, unless a further extension is obtained in rare cases and under certain conditions. The costs of drydocking and special surveys are deferred and amortized over the above periods or to the next drydocking or special survey date if such has been determined. Unamortized drydocking or special survey costs of vessels sold are written off to income in the year the vessel is sold. When vessels are acquired the portion of the vessel's capitalized cost that relates to drydocking or special survey is treated as a separate component of the vessel's cost and is deferred and amortized as above. This cost is determined by reference to the estimated economic benefits to be derived until the next drydocking or special survey.

Revenue Recognition

Revenue is recorded when services are rendered, we have a signed charter agreement or other evidence of an arrangement, the price is fixed or determinable, and collection is reasonably assured. We generate revenue from transportation of cargos and time charter of vessels.

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

Revenues from time chartering of vessels are accounted for as operating leases and are thus recognized on a straight line basis as the average revenue over the rental periods of such charter

99

Table of Contents

agreements, as service is performed, except for loss generating time charters, in which case the loss is recognized in the period when such loss is determined. A time charter involves placing a vessel at the charterer's disposal for a period of time during which the charterer uses the vessel in return for the payment of a specified daily hire rate. Short period charters for less than three months are referred to as spot charters. Charters extending three months to a year are generally referred to as medium term charters. All other charters are considered long term. Under time charters, operating cost such as for crews, maintenance and insurance are typically paid by the owner of the vessel.

Quantitative and Qualitative Disclosures About Market Risk

Foreign Exchange Risk

Our functional and reporting currency is the U.S. Dollar. We engage in worldwide commerce with a variety of entities. Although our operations may expose us to certain levels of foreign currency risk, our transactions are predominantly U.S. dollar denominated. Transactions in currencies other than U.S. Dollars are translated at the exchange rate in effect at the date of each transaction. Differences in exchange rates during the period between the date a transaction denominated in a foreign currency is consummated and the date on which it is either settled or translated, are recognized.

Interest Rate Risk

The tranches of the Navios Maritime credit facility allocated to the vessels in our fleet generally bear interest at floating rates. Borrowings under our new credit facility bear interest at rate based on a premium over U.S.\$ LIBOR. Therefore, we are exposed to the risk that our interest expense may increase if interest rates rise. For the six months ended June 30, 2007, we paid interest on our outstanding debt at a weighted average interest rate of 6.3%. A 1% increase in LIBOR would have increased our interest expense for the six months ended June 30, 2007 by \$0.4 million. This debt will be fully repaid by Navios Maritime with the proceeds of this offering.

Concentration of Credit Risk

Financial instruments, which potentially subject us to significant concentrations of credit risk, consist principally of trade accounts receivable. We closely monitor our exposure to customers for credit risk. We have policies in place to ensure that we trade with customers with an appropriate credit history. For the six months ended June 30, 2007, four customers (Cargill International SA, The Sanko Steamship Co., Ltd., Mitsui O.S.K. Lines, Ltd. and Augustea Imprese Maritime e di Salvataggi) accounted for 34.2%, 22.7%, 20.0% and 14.9% of our revenue, respectively, for the year ended December 31, 2006, four customers (Cargill International SA, Mitsui O.S.K. Lines, Ltd., American Bulk Transport, Inc. and Cosco Bulk Carrier Co., Ltd.) accounted for 42.9%, 25.0%, 10.2% and 10.1% of our revenue, respectively, for the year ended December, 31 2005, one customer (Mitsui O.S.K. Lines, Ltd.) accounted for approximately 94.8% of our revenue and for the year ended December 31, 2004, one customer (Cosco Bulk Carrier Co., Ltd.) accounted for 96.5% of our revenue. Although we do not obtain rights to collateral, we maintain counterparty insurance which we re-assess on a quarterly basis to help reduce our credit risk.

Inflation

Inflation has had a minimal impact on vessel operating expenses, drydocking expenses and general and administrative expenses. Our management does not consider inflation to be a significant risk to direct expenses in the current and foreseeable economic environment.

Recent Accounting Pronouncements

In June 2006, The Financial Accounting Standard Board issued FIN 48 “Accounting for Uncertainty in Income Taxes,” an interpretation of FASB Statement 109. This interpretation clarifies the accounting for uncertainty in income taxes recognized in an enterprise’s financial statements in

100

Table of Contents

accordance with FASB Statement No. 109, “Accounting for Income Taxes.” This interpretation prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. This interpretation also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. FIN 48 is effective for the first fiscal year that begins after December 15, 2006. This interpretation was effective for us for the fiscal year beginning on January 1, 2007 and it did not have a material effect on our combined financial statements.

In September 2006, the Financial Accounting Standard Board issued Statement of Financial Accounting Standards No. 157 (SFAS 157) “Fair Value Measurement.” SFAS 157 defines fair value, establishes a framework for measuring fair value in GAAP and expands disclosures about fair value measurements. SFAS 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years. Earlier application is encouraged, provided that the reporting entity has not yet issued financial statements for that fiscal year, including financial statements for an interim period within that fiscal year. The provisions of SFAS 157 should be applied prospectively as of the beginning of the fiscal year in which it is initially applied except for certain cases where it should be applied retrospectively. The adoption of this Accounting Standard is not expected to have a material effect on our consolidated financial statements. This statement will be effective for us for the fiscal year beginning on January 1, 2008.

In February 2007, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 159 (SFAS 159) “The Fair Value Option for Financial Assets and Financial Liabilities.” SFAS 159 permits the entities to choose to measure many financial instruments and certain other items at fair value that are not currently required to be measured at fair value. This Statement is expected to expand the use of fair value measurement, which is consistent with the Board’s long-term measurement objectives for accounting for financial instruments. SFAS 159 is effective as of the beginning of an entity’s first fiscal year that begins after November 15, 2007. Early adoption is permitted as of the beginning of a fiscal year on or before November 15, 2007, provided the entity also elects to apply the provisions of FASB Statement No. 157, “Fair Value Measurements.” The adoption of this policy is not expected to have a material effect on our consolidated financial statements.

Table of Contents

The International Drybulk Shipping Industry

The information and data in this section relating to the international drybulk shipping industry has been provided by Drewry Shipping Consultants Ltd., or Drewry, and is taken from Drewry’s databases and other sources available in the public domain. Drewry has advised us that it accurately describes the international drybulk shipping industry, subject to the availability and reliability of the data supporting the statistical and graphical information presented. We believe the information and data relating to the international drybulk shipping industry is accurate in all material respects. Drewry’s methodologies for collecting information and data, and therefore the information discussed in this section, may differ from those of other sources, and does not reflect all or even necessarily a comprehensive set of the actual transactions occurring in the drybulk shipping industry.

Industry Overview

The marine industry provides the only practicable and cost-effective means of transporting large volumes of basic commodities and finished products over long distances. In 2006, approximately 2.8 billion tons of drybulk cargo were transported by sea, comprising more than one-third of all international seaborne trade. The breakdown of all seaborne trade by main commodity type is shown below.

World Seaborne Trade – 2006

		Tons (Millions)							
Percentage of									
Total Seaborne									
Trade All Cargo	Dry Cargo	4,500	54.3 %	Liquid Cargo	3,782	45.7	Total	8,282	100.0
% Dry Cargo	Drybulk	2,771	33.4 %	Major Bulks	1,685	20.4	Coal	701	8.5
722	Grain	262	3.2	Minor Bulks	1,086	13.1	Container Cargo	1,161	14.0
Container/General Cargo	568	6.9	Total	4,500					Non

Source:

Drewry

Drybulk cargoes consist primarily of the major and minor bulk commodities. The following is an overview, categorized by cargo type, of the primary trade routes and principal vessel sizes used for shipments of the major (coal, iron ore and grain) and minor bulk cargoes:

Coal. There are two principal types of coal: steam (or thermal) coal and coking (or metallurgical) coal. The main exporters of coal are Australia, South Africa, Indonesia, United States, Colombia, Canada, and China. The main importers of coal are Europe, Japan, South Korea, Taiwan, China, India, and the Middle East. The coking coal market is closely linked to demand from integrated steel makers who use coking coal in blast furnaces to make pig iron which, in turn, is converted into steel. Steam coal is mainly used in the production of electricity, and the transportation of steam coal is the backbone of the Capesize and Panamax markets. Increases in steam coal demand have been significant, as both developed and developing nations require increasing amounts of electric power.

Table of Contents

• Iron Ore. Until the start of the 1990s, when it was overtaken by the combined steam and coking coal sectors, iron ore was the largest sector of the drybulk trade. It remains, however, the primary cargo of the largest ships in the drybulk fleet. Used principally as the primary raw material in steel making, iron ore imports are dominated by Europe, Japan, China, South Korea, and the United States. The primary exporters of iron ore are Brazil, Australia and India. Other significant exporters include Canada, Sweden, South Africa, Venezuela, Mauritania, Peru and Chile.

• Grain. The principal exporters of grain are Canada, United States, Europe, Australia, and South America. The principal importers are Japan, South Korea, China, South East Asia, the Middle East, North Africa, and Europe. Grain production is subject to both growing conditions and natural disasters which affect crop yields and demand patterns.

• Minor Bulk Cargoes. Minor bulk cargoes include steel products, forest products, agricultural products, bauxite and alumina, phosphates, petcoke, cement, sugar, salt, minerals, scrap metal, and pig iron. Minor drybulk cargoes are not a major component of Capesize or Panamax carrier demand, although Panamax vessels also transport cargoes such as bauxite, phosphate rock, sulphur, some fertilizers, various other ores and minerals and a few agribulks.

Demand for Drybulk Vessels

The drybulk trade is influenced by the underlying demand for the drybulk commodities which, in turn, is influenced by the level of worldwide economic activity. Generally, growth in gross domestic product, or GDP, and industrial production correlate with peaks in demand for seaborne transportation. The following chart demonstrates a steady increase in world dry cargo trade since 2000.

Drybulk Trade Development

(Million tons)

Drewry

Source:

Moreover, the drybulk shipping market over the last two years has displayed strong industry fundamentals, driven primarily by:

• economic growth and urbanization in China, Russia, Brazil, India, and the Far East, with attendant increases in steel production, power generation, and grain consumption, leading to greater demand for drybulk shipping;

• inefficient transportation bottlenecks due to long-term under-investment in global transportation infrastructure and high demand for drybulk commodities; and

Table of Contents

• limited capacity of shipyards due to the orderbook for tankers, drybulk carriers and container ships.

Historically, certain economies have acted from time to time as the ‘locomotive’ of the drybulk carrier market. In the 1990s, Japan acted as the locomotive, with demand for seaborne trade correlating with Japanese industrial production. Currently, China is the main driving force behind the increase in seaborne drybulk trades and the demand for drybulk carriers. Chinese imports of coal, iron ore, and, more recently, steel products (China used to be an exporter but, due to its own high demand, now needs to import steel products) have also increased sharply in the last five years, thereby creating additional demand for drybulk carriers. India, with its large population, economic growth and urbanization is expected to sustain this trend of greater demand for drybulk shipping.

Globally, total seaborne trade in all drybulk commodities increased from 2.14 billion tons in 2001 to 2.76 billion tons in 2006, representing an increase of 29%, as shown by the following table.

Drybulk Carrier Seaborne Trade

Metric Tons (millions)	2001	2002	2003	2004	2005	2006	Coal	565	570	619	650	675	
701 Iron Ore	452	484	524	587	660	722	Grain	235	245	240	248	253	262
Minor Bulks	890	920	957	1,025	1,049	1,086	Total	2,142	2,219	2,340	2,510		
	2,637	2,771											

Ton-Miles (billions)	2001	2002	2003	2004	2005	2006	Coal	2,532	2,531	2,852	3,319
3,565	3,716	Iron Ore	2,580	2,741	3,050	3,463	3,905	4,259	Grain	1,319	1,218
1,251	1,277	1,301	1,347	Minor Bulks	3,292	3,481	3,610	3,919	4,021	4,257	Total
9,723	9,971	10,763	11,978	12,792	13,579						

Annual Growth Rates	2001	2002	2003	2004	2005	2006	Metric Tons	1.6	3.6	5.5	6.3
5.7	5.1%	Ton-Miles(*)	1.2	2.6	7.9	11.3	6.8	6.2%			

* Excludes vessels below 10,000 dwt

Source: Drewry

Another industry measure of vessel demand is ton-miles, which is calculated by multiplying the volume of cargo moved on each route by the distance of such voyage. Between 2001 and 2006, ton-mile demand in the drybulk sector increased by 39.7% to 13,579 billion ton-miles.

Supply of Drybulk Vessels

The global drybulk carrier fleet is divided into four categories, based on a vessel’s carrying capacity. These categories consist of:

•
Capesize. These vessels, which are over 100,000 deadweight tons, or dwt, are the largest size of drybulk carriers. Capesize vessels typically carry relatively low value cargoes for which large cargo lot sizes are of primary importance.

Consequently, Capesize vessels are mainly used to transport iron ore or coal and, to a lesser extent, grains, primarily on long-haul routes. These vessels are not capable of traversing the Panama Canal due to their size and, therefore, lack the flexibility of smaller vessels.

• Panamax. These vessels range in size from 60-100,000 dwt and are designed with the maximum width that will allow them to travel fully-loaded through the Panama Canal. They

104

Table of Contents

are also often engaged in many major international trade routes that do not involve transit through the Panama Canal. Panamax bulk carriers are mainly used to transport major bulk cargoes, such as coal and grain and, to a lesser degree, iron ore, as well as a number of minor bulk cargoes, such as bauxite, petroleum coke, some fertilizers and fertilizer raw materials, and various minerals.

- Handymax and Ultra-Handymax. Vessels in this category range in size from 30,000 to 60,000 dwt and are often equipped with cargo loading and unloading gear, such as cranes, which makes them well suited to call at ports that either are not equipped with gear for loading or discharging of cargo or have draft restrictions. These vessels can trade on worldwide routes carrying a variety of major and minor bulk cargoes.

- Handysize. Vessels in this sector are the smallest (under 30,000 dwt) and carry finished products and minor bulk cargoes, although, increasingly, vessels in this sector are now more limited to trading regionally and in coastal waters.

The supply of drybulk shipping capacity, measured by the amount of suitable vessel tonnage available to carry cargo, is determined by the size of the existing worldwide drybulk fleet, the number of new vessels on order, the scrapping of older vessels, and the number of vessels out of active service (i.e., laid up or otherwise not available for hire). In addition to prevailing and anticipated freight rates, factors that affect the rate of newbuilding, scrapping, and laying-up include newbuilding prices, second-hand vessel values in relation to scrap prices, costs of bunkers and other voyage expenses, costs associated with classification society surveys, normal maintenance and insurance coverage, the efficiency and age profile of the existing fleets in the market, and government and industry regulation of maritime transportation practices.

The supply of drybulk vessels is not only a result of the number of ships in service, but also the operating efficiency of the fleet. For example, during times of very heavy commodity demand, bottlenecks develop in the form of port congestion, which absorbs fleet capacity through delays in loading and discharging of cargo. A particularly extreme example occurred during the steam coal demand boom in 1980, when enormous queues developed at the main coal loading ports in the United States and Australia. In recent years a similar situation has developed in Australia, where port delays at the main exporting terminals have reduced fleet supply.

As of September 30, 2007, the world fleet of drybulk carriers consisted of 6,654 vessels, totaling 386.6 million dwt in capacity. The average age of drybulk carriers in service is approximately 15 years. It should be noted, however, that these figures are based on pure drybulk carriers, and exclude a small number of combinations carriers.

The following tables present the world drybulk carrier fleet and orderbook by size category as of September 30, 2007.

Drybulk Carrier Fleet – September 2007

Size Category	Deadweight
Tons	Number of
Vessels	Percentage of
Total Fleet	Total
(number)	Capacity
(million dwt)	Percentage of

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Total Fleet

(dwt)	Capesize	100,000 <	748	11.2 %	127.6	33.0 %	Panamax	60,000-99,999	1,467	22.1
107.2	27.7	Handymax	30,000-59,999	2,504	37.6	108.0	28.0	Handysize	10,000-29,999	
1,935	29.1	43.8	11.5	Total	6,654	100.0 %	386.6	100.0 %		

Source:

Drewry

The supply of drybulk carriers is dependent on the delivery of new vessels and the removal of vessels from the global fleet, either through scrapping or loss. As of September 30, 2007, the global drybulk orderbook amounted to 173.3 million dwt, or 44.8% of the existing drybulk fleet.

105

Table of Contents

Drybulk Carrier Orderbook – September 2007

Size Category	Deadweight Tons	Number of Vessels	Percentage of Existing Fleet	Capacity (million dwt)	Percentage of Existing Fleet
Capesize	100,000 <	472	63.1 %	87.8	68.9 %
Panamax	60,000-99,999	448	30.5	36.2	33.8
Handymax	30,000-59,999	985	39.3	46.8	43.3
Handysize	10,000-29,999	119	6.1	2.5	5.8
Total		2,024	30.4 %	173.3	44.8 %

Source:

Drewry

Drybulk Carrier Age Profile – September 2007

Source:

Drewry

The level of scrapping activity is generally a function of scrapping prices in relation to current and prospective charter market conditions, as well as operating, repair and survey costs. The following table illustrates the scrapping rates of drybulk carriers for the periods indicated.

Drybulk Carrier Scrapping

	2000	2001	2002	2003	2004	2005	2006	Capesize – (Mdw)*	0.6	0.5	1.0	0.3	0.1
Panamax – (Mdw)*	0.1	0.3	0.7	1.9	1.2	0.5	0.1	0.2	0.5	Handymax – (Mdw)*	1.5	1.5	
Handysize – (Mdw)*	0.9	1.1	0.0	0.2	0.4	1.2	1.4	1.6	0.6	0.1	0.1	0.4	Total
Fleet (Mdw)*	4.0	5.3	4.7	2.5	0.3	0.6	1.6						

* Total

fleet – end period Source: Drewry

Charter Market

Drybulk carriers are employed in the market through a number of different chartering options. The general terms typically found in these types of contracts are described below.

- Bareboat

Charter. A bareboat charter involves the use of a vessel usually over longer periods of time ranging over several

years. In this case, all voyage related costs, mainly vessel

106

Table of Contents

fuel and port dues, as well as all vessel-operating expenses, such as day-to-day operations, maintenance, crewing, and insurance, are for the charterer's account. The owner of the vessel receives monthly charter hire payments on a U.S. Dollar per diem basis and is responsible only for the payment of capital costs related to the vessel.

- Time Charter. A time charter involves the use of the vessel, either for a number of months or years or for a trip between specific delivery and redelivery positions, known as a trip charter. The charterer pays all voyage-related costs. The owner of the vessel receives semi-monthly charter hire payments on a U.S. Dollar per diem basis and is responsible for the payment of all vessel operating expenses and capital costs of the vessel.

- Voyage Charter. A voyage charter involves the carriage of a specific amount and type of cargo on a load port-to-discharge port basis, subject to various cargo handling terms. Most of these charters are of a single voyage nature, as trading patterns do not encourage round voyage trading. The owner of the vessel receives one payment derived by multiplying the tonnage of cargo loaded on board by the agreed upon freight rate expressed on a U.S. Dollar per ton basis. The owner is responsible for the payment of all voyage and operating expenses, as well as the capital costs of the vessel.

- Contract of Affreightment. A contract of affreightment, or CoA, relates to the carriage of multiple cargoes over the same route and enables the CoA holder to nominate different ships to perform the individual voyages. Essentially, it constitutes a series of voyage charters to carry a specified amount of cargo during the term of the CoA, which usually spans a number of years. All of the ship's operating expenses, voyage expenses, and capital costs are borne by the ship owner. Freight normally is agreed on a U.S. Dollar per ton basis.

- Spot Charter. Spot chartering activity involves chartering either on a single voyage or a trip charter.

Charter Rates

Charter (or hire) rates paid for drybulk carriers are generally a function of the underlying balance between vessel supply and demand. Over the past 25 years, drybulk cargo charter rates have passed through cyclical phases and changes in vessel supply and demand have created a pattern of rate "peaks" and "troughs." In 2003 and 2004, rates for all sizes of drybulk carriers strengthened to their highest levels ever. The most crucial driver of this upsurge in charter rates was the high level of demand for raw materials imported by China. Since then, rates have remained at comparatively high levels but have been volatile.

In the time charter market, rates vary depending on the length of the charter period as well as ship specific factors, such as age, speed, and fuel consumption. Generally, short-term time charter rates are higher than long-term charter rates. The market benchmark tends to be a 12-month time charter rate, based on a modern vessel. The following chart shows one year time charter rates for Handysize, Handymax, Panamax and Capesize drybulk carriers between 1996 and the first quarter of 2007.

Table of Contents

One Year Time Charter Rates (U.S. Dollars per day)

Source:

Drewry

In the voyage charter market, rates are influenced by cargo size, cargo type, port dues, and canal transit fees, as well as delivery and redelivery regions. In general, larger cargo size is quoted at a lower per ton rate than a smaller cargo size. Routes with costly ports or canals command higher rates than routes with low port dues and no canals to transit. Voyages with a load port within a region that includes ports where vessels usually discharge cargoes or a discharge port within a region with ports where vessels load cargoes would also be quoted at lower rates. These voyages increase vessel utilization by reducing the unloaded portion (or ballast leg) that was included in the calculations of the previous charter back to the loading area.

The Baltic Exchange, an independent organization comprised of shipbrokers, shipping companies, and other shipping players, provides daily independent shipping market information and has created freight rate indices reflecting the average freight rates (that incorporate actual business concluded as well as daily assessments provided to the exchange by a panel of independent shipbrokers) for the major bulk carrier trading routes. These indices include the Baltic Panamax Index, or BPI, the index with the longest history, and, more recently, the Baltic Capesize Index, or BCI, and the Baltic Handymax Index, or BHI.

Accompanying the recent surge in freight rates has been renewed interest in freight forward agreements, or FFAs. An FFA is a freight forward swap agreement between counterparties or entered into over an exchange, where the settlement price designated for a future period is derived from the Baltic Exchange indices. FFAs enable a market participant to manage their exposure to a fluctuating market.

Vessel Prices

The recent strength in each of the main shipping sectors has triggered an upsurge in newbuilding activity. In addition, newbuilding demand is also strong for Liquefied Natural Gas, or LNG, carriers, and other specialized vessels. This is significant because the near term availability of newbuilding berths for vessel delivery before the end of 2009 is scarce, which directly impacts the supply of new vessels to the market. Thus, the combination of shortage of berth space, rising demand for vessels, and rising raw material costs (especially the price of steel), has greatly increased newbuilding prices. The following chart indicates the change in newbuilding prices for drybulk carriers for the period indicated.

Table of Contents

Drybulk Carrier Newbuilding Prices
(U.S. Dollars Millions)

Source:

Drewry

In the secondhand market, the steep increase in newbuilding prices and the strength in the charter market have also affected vessel prices. With vessel earnings running at relatively high levels and a limited availability of newbuilding berths, the ability to deliver a vessel early has resulted in increases in secondhand prices, especially for modern tonnage.

Drybulk Carrier Secondhand Prices
(U.S. Dollars Millions)

Source:

Drewry

109

Table of Contents

Business

Overview

We are an international owner and operator of drybulk carriers newly formed by Navios Maritime Holdings Inc. (NYSE: NM), a vertically integrated seaborne shipping company with over 50 years of operating history in the drybulk shipping industry. Our vessels are chartered out under long-term time charters with an average remaining term of approximately 5.2 years to a strong group of counterparties consisting of Cargill International SA, COSCO Bulk Carrier Co., Ltd., Mitsui O.S.K. Lines, Ltd., Rio Tinto Shipping Pty Ltd., Augustea Atlantica SrL Charterers, The Sanko Steamship Co., Ltd. and Daiichi Chuo Kisen Kaisha. Upon the closing of this offering, Navios Maritime will own a 43.2% interest in us, including a 2.0% interest through our general partner which Navios Maritime owns and controls.

Our Relationship with Navios Maritime

One of our key strengths is our relationship with Navios Maritime (NYSE: NM), one of the world's largest independent drybulk operators with a market capitalization of approximately \$1.9 billion as of October 31, 2007. Navios Maritime's business was established by United States Steel Corporation in 1954 and has over 50 years of experience working with raw material producers, agricultural traders and exporters, and industrial end-users. As of October 31, 2007, Navios Maritime's active fleet comprised 39 active vessels, with 32 vessels that are contracted for delivery, bringing Navios Maritime's total controlled fleet to 71 vessels aggregating 6.8 million dwt. Navios Maritime has been successful in growing its active fleet over 80% during the past two years, from 21 vessels in November 2005 to 39 vessels in October 2007. Its active fleet is comprised of Capesize, Panamax and Ultra-Handymax vessels with an average age of 4.6 years. In addition, members of Navios Maritime's senior management team have on average over 20 years of experience in the shipping industry. We intend to use Navios Maritime's extensive experience and relationships to source accretive acquisitions and secure long-term time charters for our vessels.

Business Opportunities

We believe that the following factors create opportunities for us to successfully execute our business plan and grow our business:

- Additional demand for seaborne transportation of drybulk commodities. The marine industry is fundamental to international trade, as it is the only practical and cost effective means of transporting large volumes of basic commodities and finished products over long distances. In 2006, approximately 2.8 billion tons of drybulk cargo was transported by sea, comprising more than one-third of all international seaborne trade. From 2001 to 2006, trade in all drybulk commodities experienced an aggregate increase of 29%. The increase in demand and ton-mile demand for drybulk carriers is being driven by increasing global industrial production and consumption and international trade, economic growth and urbanization in China, Russia, Brazil, India and the Far East, with attendant increases in steel production, power generation and grain consumption. We believe that these global market dynamics will continue for the foreseeable future.

- Increased demand for long-term time charter contracts with modern drybulk vessels. There are several factors impacting the current and future supply of drybulk vessels available for cargos. We expect to benefit from these trends as many customers are seeking longer-term time charter contracts in order to secure tonnage for the carriage of their drybulk shipments. These trends are being driven by the following factors. First, there are currently several inefficient infrastructure

bottlenecks due to long-term under-investment in global transportation infrastructure that are causing delays in cargo discharging and loading at main exporting terminals worldwide. These delays, coupled with increasing voyage lengths from producers to consumers requiring additional ton-miles to service the demands of the global drybulk trade, are reducing the supply of vessels available for hire at any particular time.

110

Table of Contents

Second, the age of the world drybulk fleet is increasing. Approximately 30% of drybulk vessels are more than 20 years old and, with an economic and commercial life of approximately 25 years, many of these vessels will need to be disposed of in the coming years. Third, the near-term availability of newbuilding berths for vessel delivery before the end of 2009 is limited relative to the size of the global drybulk fleet.

Our Competitive Strengths

We believe that our future prospects for success are enhanced by the following aspects of our business:

- Stable and growing cash flows. We believe that the long-term, fixed-rate nature of our charters will provide a stable base of revenue. In addition, we believe our commitment to charter-in one additional newbuild vessel scheduled for delivery in 2008, the exercise of the purchase option for Fantastiks, the purchase of the Navios TBN I upon its anticipated delivery in June 2009, the potential exercise of our option to purchase Navios TBN II, as well as the potential opportunity to purchase additional vessels from Navios Maritime provide visible future growth in our revenue and distributable cash flow. We believe that our management agreement, which provides for a fixed management fee for the first two years following this offering, will initially provide us with predictable expenses. During the remaining three-year term of the management agreement, we will reimburse our manager for all of the costs and expenses it incurs in connection with the management of our fleet, which may make our cash flows less predictable.

- Strong relationship with Navios Maritime. We believe our relationship with Navios Maritime and its affiliates provides us with numerous benefits that are key to our long-term growth and success, including Navios Maritime's expertise in commercial management and Navios Maritime's reputation within the shipping industry and network of strong relationships with many of the world's drybulk raw material producers, agricultural traders and exporters, industrial end-users, shipyards, and shipping companies. We also benefit from Navios Maritime's expertise in technical management through its in-house technical manager which provides efficient operations and maintenance for our vessels at costs significantly below the industry average for vessels of a similar age. For example, for the year ended December 31, 2006, Navios Maritime's operating expenses on its owned vessels were \$3,609 per vessel per day, which was approximately 18% below the industry average for vessels of a similar age. Navios Maritime's expertise in fleet management is reflected in Navios Maritime's history of a low number of off-hire days and in its record of no material incidents giving rise to loss of life or pollution or other environmental liability.

- High-quality, flexible fleet. Following this offering, our fleet will consist of six modern, active Panamax vessels, one modern Capesize vessel and one newbuild Panamax vessel that is contracted to be chartered-in to us in 2008 and one newbuild Capesize, Navios TBN I, that we are scheduled to acquire in June 2009. We will also have an option to acquire one new Capesize vessel, Navios TBN II, from Navios Maritime that Navios Maritime is scheduled to acquire in October 2009. The average age of the vessels in our fleet is significantly lower than the average age of the world drybulk fleet. Assuming delivery of Navios TBN I in June 2009, our fleet of high-quality vessels will have an average age of approximately 5.5 years in June 2009, compared to a current industry average age of 15.0 years. Panamax vessels are highly flexible vessels capable of carrying a wide range of drybulk commodities, including iron ore, coal, grain and fertilizer, and of being accommodated in most major discharge ports. Capesize vessels are primarily dedicated to the carriage of iron ore and coal. We believe that our high-quality, flexible fleet provides us with a competitive advantage in the time charter market, where vessel age, flexibility and quality are of significant importance in competing for business.

- Operating visibility through long-term charters with strong counterparties. All of our vessels are chartered out under long-term time charters with an average remaining charter duration

Table of Contents

of 5.2 years to a strong group of counterparties consisting of Cargill International SA, COSCO Bulk Carrier Co., Ltd., Mitsui O.S.K. Lines, Ltd., Rio Tinto Shipping Pty Ltd., Augustea Atlantica Srl Charterers, The Sanko Steamship Co., Ltd. and Daiichi Chuo Kisen Kaisha. In addition, Navios TBN I, which we are scheduled to acquire from Navios Maritime in June 2009, will be chartered for five years to Mitsui O.S.K. Lines, Ltd. We believe our existing charter coverage with strong counterparties provides us with predictable contracted revenues and operating visibility.

Business Strategies

Our primary business objective is to increase quarterly distributions per unit over time by executing the following strategies:

- Pursue stable cash flows through long-term charters for our fleet. We intend to continue to utilize long-term, fixed-rate charters for our existing fleet. Currently, the vessels in our fleet have an average remaining charter duration of 5.2 years and have staggered charter expirations with no more than two vessels subject to re-chartering in any one year. We will seek to opportunistically re-charter our vessels during strong markets in order to add incremental stable cash flow and improve the long-term charter terms.
- Continue to grow and diversify our fleet of owned and chartered-in vessels. We will seek to make strategic acquisitions to expand our fleet in order to capitalize on the demand for drybulk carriers in a manner that is accretive to distributable cash flow per unit. We will have the right to purchase certain additional drybulk vessels currently owned or chartered-in by Navios Maritime when those vessels are fixed under long-term charters for a period of three or more years. In addition, we will seek to expand and diversify our fleet through the open market purchase of owned and chartered-in drybulk vessels with charters of three or more years. We believe that our long-term charters and financial flexibility will allow us to make additional accretive acquisitions.
- Capitalize on our relationship with Navios Maritime and expand our charters with recognized charterers. We believe that we can use our relationship with Navios Maritime and its established reputation in order to obtain favorable long-term time charters and attract new customers. We plan to increase the number of vessels we charter to our existing charterers, as well as enter into charter agreements with new customers, in order to develop a portfolio that is diverse from a customer, geographic and maturity perspective.
- Provide superior customer service by maintaining high standards of performance, reliability and safety. Our customers seek transportation partners that have a reputation for high standards of performance, reliability and safety. We intend to use Navios Maritime's operational expertise and customer relationships to further expand a sustainable competitive advantage with consistent delivery of superior customer service.

Our Fleet

Following this offering, our fleet will consist of six modern, active Panamax vessels, one modern Capesize vessel, one newbuild Panamax vessel that is contracted to be long-term chartered-in to us in 2008 and one newbuild Capesize vessel, Navios TBN I, that we have agreed to purchase from Navios Maritime when it is delivered in June 2009. Assuming delivery of Navios TBN I in June 2009, our fleet of high-quality Panamax and Capesize vessels will have an average age of approximately 5.5 years in June 2009, which is significantly younger than the current industry average of 15.0 years. Panamax vessels are highly flexible vessels capable of carrying a wide range of drybulk commodities, including iron ore, coal, grain and fertilizer and of being accommodated in most major discharge ports, while Capesize vessels are primarily dedicated to the carriage of iron ore and coal. We may from time to time

purchase additional vessels, including vessels from Navios Maritime.

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.

112

Table of Contents

The following table provides summary information about our fleet:

Vessel (Dwt)	Year Built	Capacity	Ownership	Original Charter Expiration Date/ New Charter Expiration Date(1)	Original Charter-Out Rate/ New Charter-Out Rate Per Day(2)	Initial Fleet:					
\$32,279 Navios Alegria	2004	76,466	100%	Fantastiks 2005 December 2007/	180,265	Chartered-in(3)	March 2011				
\$23,594 Navios Felicity	1997	73,867	100%	April 2008/ April 2013							
\$26,169 Navios Galaxy I	2001	74,195	100%	January 2008/ January 2018							
\$21,937 Navios Gemini S	1994	68,636	100%	February 2009/ February 2014							
\$24,225 Navios Libra II	1995	70,136	100%	December 2007/ December 2010							
\$23,513 Navios Prosperity	2007	82,535		Chartered-in(4) June 2012	\$ 24,000	Newbuilding:					
Navios Aldebaran	Expected delivery March 2008	76,500		Chartered-in(5) March 2013	\$ 28,391	Navios TBN I(6)	Expected delivery June 2009	180,000	100%	June 2014	\$ 47,400

(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) Fantastiks is chartered-in through March 2008. We have exercised the option to purchase Fantastiks in March 2008 at a purchase price of \$34.2 million. (4) Navios Prosperity is chartered-in for seven years and we will 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 (\$31.7 million), declining pro rata by 145 million Yen (\$1.21 million) per calendar year. (5) We expect that Navios Aldebaran will be delivered in March 2008. Navios Aldebaran will be chartered-in for seven years and we will have options to extend for two one-year periods. We will have the option to purchase the vessel after March 2013 at a purchase price that is initially 3.6 billion Yen (\$30.0 million) declining pro rata by 150 million Yen (\$1.25 million) per calendar year. (6) We will acquire Navios TBN I, when it is delivered in June 2009, from Navios Maritime for \$130.0 million, which we expect to fund through borrowings under our new credit facility and the issuance of additional common units.

Navios Prosperity and Fantastiks, our active long-term chartered-in vessels, are chartered-in at rates that are below the current market, allowing us to charter-out that vessel at a significant spread over the daily hire we pay the vessel owners. We can take advantage of our option to extend the period of the long-term charter, maintaining a low charter-in rate and, thus, lower overall operational expenses. We have also exercised our option to purchase Fantastiks in March 2008, and will have the ability to exercise our option to purchase Navios Prosperity and Navios Aldebaran.

Table of Contents

Acquisition of Navios TBN I and Navios TBN II

General

In connection with this offering, we will enter into a share purchase agreement to purchase the interests in the vessel-owning subsidiary that owns Navios TBN I, a Capesize vessel that is being constructed by Daewoo Shipbuilding & Marine Engineering Co. Ltd. and that is scheduled for delivery in June 2009. In addition, we will enter into a share purchase agreement that provides us with the option, exercisable in our sole discretion at any time between January 1, 2009 and April 1, 2009, to purchase the interests in the vessel-owning subsidiary that owns Navios TBN II, a Capesize vessel that is being constructed by Daewoo Shipbuilding & Marine Engineering Co., Ltd. and that is scheduled for delivery in October 2009.

Each of the additional vessels is being acquired pursuant to a resale contract. These resale contracts will not be assigned to us prior to delivery, and Navios Maritime will be responsible for payments, if any, due under the resale contracts.

Vessel Specifications and Classification

Navios TBN I will be delivered by June 2009 and will be a Capesize vessel with 180,000 dwt capacity. Navios TBN I is being designed, constructed, inspected and tested in accordance with the rules and regulations of and under special survey of Lloyd's Register.

Navios TBN II, if we exercise our option to purchase, will be delivered by October 2009 and will be a Capesize vessel with 180,000 dwt capacity. Navios TBN II is being designed, constructed, inspected and tested in accordance with the rules and regulations of and under special survey of Lloyd's Register.

Deliveries

We will take delivery of Navios TBN I upon its purchase by Nostos ShipManagement Corp. Navios TBN I is scheduled for delivery in June 2009.

If we exercise our option to purchase, we will take delivery of Navios TBN II upon its purchase by an unaffiliated third party. Navios TBN II is scheduled for delivery in October 2009.

Purchase Price

We will pay Navios Maritime a fixed purchase price of \$130.0 million for Navios TBN I.

If we exercise our option to purchase Navios TBN II, we will pay Navios Maritime a fixed purchase price of \$135.0 million for Navios TBN II.

Our Customers

We provide or will provide seaborne shipping services under long-term time charters with customers that we believe are creditworthy. Currently, our customers are:

- Cargill

International S.A, a subsidiary of Cargill, Inc. and one of the world's largest privately-owned businesses providing food, agricultural and risk management products and services.

- COSCO Bulk

Carrier Co., Ltd., a wholly-owned subsidiary of COSCO Group and one of the leading drybulk shipping companies in the world. As of October 30, 2007 it owned and operated a fleet of 110 drybulk carriers totaling six million dwt.

- Mitsui O.S.K.

Lines, Ltd., a Japanese transportation company with a fleet of 803 vessels, including 336 drybulk carriers, as of March 31, 2007.

- Rio Tinto Shipping

Pty Ltd., an affiliate of Rio Tinto Group, a leading international mining company that owns and operates some of the world's largest mineral resources, and whose major products include aluminum, copper, diamonds, energy products, gold, industrial minerals and iron ore.

Table of Contents

- Augustea Atlantica
SrL Charterers, a transportation company controlled by the Cafieros family that is based in Italy and operates 34 vessels and 34 barges/tugs.
- The Sanko
Steamship Co., Ltd., a Japanese transportation company with a fleet of 128 vessels totaling over 10 million dwt as of April 1, 2007. Its fleet transports oil, raw materials, grain and other bulk cargoes, break bulk cargoes, forest products and liquefied gases.
- Daiichi Chuo Kisen
Kaisha, a transportation company based in Japan that offers Capesize, coal carrier and tanker services. Its fleet consists of 155 vessels totaling over 6 million dwt.

Although we believe that if any one of our charters were terminated, we could recharter the related vessel at a favorable rate relatively quickly, the permanent loss of a significant customer or a substantial decline in the amount of services requested by a significant customer could harm our business, financial condition and results of operations if we were unable to recharter our vessel on a favorable basis due to then-current market conditions, or otherwise. See “Risk Factors—Risks Inherent In Our Business—The loss of a customer or charter or vessel could result in a loss of revenues and cash flow in the event we are unable to replace such customer, charter or vessel.”

Competition

The drybulk shipping industry is extensive, diversified, competitive and highly fragmented, divided among approximately 1,400 independent drybulk carrier owners. The world’s active drybulk fleet consists of 6,654 vessels, aggregating over 386 million dwt. As a general principle, the smaller the cargo carrying capacity of a drybulk carrier, the more fragmented is its market, both with regard to charterers and vessel owner/operators. Even among the larger drybulk owners and operators, whose vessels are mainly in the larger sizes, only four companies are known to have fleets of 100 vessels or more: the two largest Chinese shipping companies, China Ocean Shipping and China Shipping Group, and the two largest Japanese shipping companies, Mitsui O.S.K. Lines, Ltd. and Nippon Yusen Kaisha. There are no more than 40 owners known to have fleets of between 20 and 100 vessels. However, vessel ownership is not the only determinant of fleet control. Many owners of bulk carriers charter their vessels out for extended periods, not just to end users (owners of cargo), but also to other owner/operators and to tonnage pools. Such operators may, at any given time, control a fleet many times the size of their owned tonnage. Navios Maritime is one such operator; others include CCM (Ceres Hellenic/Coeclerici), Bocimar, Zodiac Maritime, Louis Dreyfus/Cetrappa, Cobelfret and Torvald Klaveness.

It is likely that we will face substantial competition for long-term charter business from a number of experienced companies. Many of these competitors will have significantly greater financial resources than we do. It is also likely that we will face increased numbers of competitors entering into our transportation sectors, including in the drybulk sector. Many of these competitors have strong reputations and extensive resources and experience. Increased competition may cause greater price competition, especially for long-term charters.

The process for obtaining longer term time charters generally involves a lengthy and intensive screening and vetting process and the submission of competitive bids. In addition to the quality and suitability of the vessel, longer term shipping contracts tend to be awarded based upon a variety of other factors relating to the vessel operator, including:

environmental, health and safety record;

regulatory industry standards;

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- compliance with

customer service, technical and operating expertise;
and quality of ship operations, including cost-effectiveness;
and technical capability of crews;
finance vessels at competitive rates and overall financial stability;
shipyards and the ability to obtain suitable berths;

- reputation for
- shipping experience
- quality, experience
- the ability to
- relationships with

115

Table of Contents

management experience, including the ability to procure on-time delivery of new vessels according to customer specifications;

- construction
- willingness to

accept operational risks pursuant to the charter, such as allowing termination of the charter for force majeure events; and

-

competitiveness of the bid in terms of overall price.

As a result of these factors, we may be unable to expand our relationships with existing customers or obtain new customers for long-term time charters on a profitable basis, if at all. However, even if we are successful in employing our vessels under longer term time charters, our vessels will not be available for trading in the spot market during an upturn in the market cycle, when spot trading may be more profitable. If we cannot successfully employ our vessels in profitable time charters our results of operations and operating cash flow could be materially adversely affected.

Time Charters

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

Basic Hire Rate

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

Expenses

Under the terms of our management agreement with Navios ShipManagement, we will pay a daily fee of \$4,000 per owned Panamax vessel and \$5,000 per owned Capesize vessel for commercial and technical management services. This fixed fee covers vessel operating expenses, which include crewing, repairs and maintenance, insurance and the cost of the special survey and related scheduled drydocking. Navios ShipManagement is directly responsible for providing all of these items and services. Please read “Certain Relationships and Related Party Transactions—Agreements Governing the Transactions—Management Agreement.” The charterer generally pays the voyage expenses, which include all expenses relating to particular voyages, including any bunker fuel expenses, port fees, cargo loading and unloading expenses, canal tolls, agency fees and commissions. The initial term of the management agreement will be five years from the closing of this offering and this fee will be fixed for the first two years of that agreement. During the remaining three years of the term of the management agreement, we expect that we will reimburse Navios ShipManagement for all of the actual operating costs and expenses it incurs in connection with the management of our fleet.

Off-hire

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

operational deficiencies; drydocking for repairs, maintenance or inspection; equipment breakdowns; or delays due to accidents, crewing strikes, certain vessel detentions or similar problems; or

- the shipowner's failure to maintain the vessel in compliance with its specifications and contractual standards or to provide the required crew.

116

Table of Contents

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

Ship Management and Maintenance

We are responsible for the technical management of the vessels we own and for maintaining the vessels we own, periodic drydocking, cleaning and painting and performing work required by regulations. Navios ShipManagement will provide all services related to the vessels we own pursuant to a management agreement. Please read “Certain Relationships and Related Party Transactions—Agreements Governing the Transactions—Management Agreement.”

Termination

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

Classification, Inspection and Maintenance

Every sea going vessel must be “classed” by a classification society. The classification society certifies that the vessel is “in class,” signifying that the vessel has been built and maintained in accordance with the rules of the classification society and complies with applicable rules and regulations of the vessel’s country of registry and the international conventions of which that country is a member. In addition, where surveys are required by international conventions and corresponding laws and ordinances of a flag state, the classification society will undertake them on application or by official order, acting on behalf of the authorities concerned.

The classification society also undertakes, on request, other surveys and checks that are required by regulations and requirements of the flag state. These surveys are subject to agreements made in each individual case or to the regulations of the country concerned. For maintenance of the class, regular and extraordinary surveys of hull, machinery (including the electrical plant) and any special equipment classed are required to be performed as follows:

- Annual

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

- Intermediate

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

- Class Renewal

Surveys: Class renewal surveys, also known as special surveys, are carried out for the ship’s hull, machinery (including the electrical plant), and for any special equipment classed, at the intervals indicated by the character of classification for the hull. At the special survey, the vessel is thoroughly examined, including audio-gauging, to determine the thickness of its steel structure. Should the thickness be found to be less than class requirements, the classification society would prescribe steel renewals. The classification society may grant a one-year grace period for completion of the special survey. Substantial amounts of money may have to be spent for steel renewals to pass a

special survey if the vessel experiences excessive wear and tear. In lieu of the special survey every four or five years, depending on whether a grace period was granted, a ship owner has the option of arranging with the classification society for the vessel's integrated hull or machinery to be on a continuous survey cycle, in which every part of the vessel would be surveyed within a five-year cycle.

117

Table of Contents

Management of Ship Operations, Administration and Safety

Navios Maritime provides, through its wholly-owned subsidiary, Navios ShipManagement, expertise in various functions critical to our operations. Pursuant to a management agreement and an administrative services agreement with Navios ShipManagement, we will have access to human resources, financial and other administrative functions, including:

bookkeeping, audit and accounting services;

clerical services;

financial services; and

relations.

-
- administrative and
- banking and
- client and investor

Technical management services will also be provided, including:

commercial management of the vessel;

and crewing;

insurance; and

supervision.

-
- vessel maintenance
- purchasing and
- shipyard

For more information on the management agreement we have with Navios ShipManagement and the administrative services agreement we have with Navios ShipManagement, please read “Certain Relationships and Related Party Transactions—Agreements Governing the Transactions—Management Agreement” and “Certain Relationships and Related Party Transactions—Agreements Governing the Transactions—Administrative Services Agreement.”

Crewing and Staff

Navios ShipManagement crews its vessels primarily with Greek, Ukrainian and Georgian officers and Filipino, Georgian and Ukrainian seamen. Navios ShipManagement is responsible for selecting its Greek officers. Navios ShipManagement’s Filipino seamen are referred to Navios ShipManagement by Interorient Maritime Enterprises Inc. and Bright Maritime Corporation, two independent crewing agencies. Navios ShipManagement’s Ukrainian officers and seamen are referred to Navios ShipManagement by Elvictor Management LTD, an independent crewing agent. Navios ShipManagement’s Georgian officers and seaman are referred to Navios ShipManagement by Lira Maritime Ltd., an independent crewing agent. The crewing agencies handle each seaman’s training, travel, and payroll. Navios ShipManagement requires that all of its seamen have the qualifications and licenses required to comply with international regulations and shipping conventions.

Risk of Loss and Liability Insurance

General

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

Hull and Machinery and War Risk Insurances

We have marine hull and machinery and war risk insurance, which include coverage of the risk of actual or constructive total loss, for all of our owned vessels. Each of the owned vessels is covered up

118

Table of Contents

to at least fair market value, with a \$100,000 deductible per vessel for the hull and machinery insurance. There are no deductibles for the war risk insurance. We have also arranged increased value insurance for most of the owned vessels. Under the increased value insurance, in case of total loss of the vessel, we will be able to recover the sum insured under the increased value policy in addition to the sum insured under the hull and machinery policy. Increased value insurance also covers excess liabilities that are not recoverable in full by the hull and machinery policies by reason of under-insurance.

Protection and Indemnity Insurance

Protection and indemnity insurance is provided by mutual protection and indemnity associations, or P&I Associations, which covers our third-party liabilities in connection with its shipping activities. This includes third-party liability and other related expenses of injury or death of crew, passengers and other third parties, loss or damage to cargo, claims arising from collisions with other vessels, damage to other third-party property, pollution arising from oil or other substances, and salvage, to wing and other related costs, including wreck removal. Protection and indemnity insurance is a form of mutual indemnity insurance, extended by protection and indemnity mutual associations, or “clubs.” Subject to the “capping” discussed below, for pollution, our coverage is unlimited. Our current protection and indemnity insurance coverage for each owned vessel for pollution is \$1.0 billion per vessel per incident. The 13 P&I Associations that comprise the International Group insure approximately 90% of the world’s commercial tonnage and have entered into a pooling agreement to reinsure each association’s liabilities. As a member of a P&I Association, which is a member of the International Group, we are subject to calls payable to the associations based on our claim records as well as the claim records of all other members of the individual associations, and members of the pool of P&I Associations comprising the International Group.

Uninsured Risks

Not all risks are insured and not all risks are insurable. The principal insurable risks which nonetheless remain uninsured across our fleet are “loss of hire” and “strikes.” Navios Maritime does not insure these risks because the costs are regarded as disproportionate. These insurances provide, subject to a deductible, a limited indemnity for hire that is not receivable by the ship-owner for reasons set forth in the policy. For example, loss of hire risk may be covered on a 14/90/90 basis, with a 14 days deductible, 90 days cover per incident and a 90-day overall limit per vessel per year. Should a vessel on time charter, where the vessel is paid a fixed hire day by day, suffer a serious mechanical breakdown, the daily hire will no longer be payable by the charterer. The purpose of the loss of hire insurance is to secure the loss of hire during such periods. In the case of strikes insurance, if a vessel is being paid a fixed sum to perform a voyage and the ship becomes strike bound at a loading or discharging port, the insurance covers the loss of earnings during such periods.

Regulation

Governmental Regulation

Government regulation significantly affects the ownership and operation of vessels. These regulations include international conventions and national, state, and local laws and regulations in force in the countries in which vessels may operate or are registered. A variety of governmental and private entities subject vessels to both scheduled and unscheduled inspections. These entities include local port authorities (the U.S. Coast Guard, harbor masters or equivalent entities), classification societies, flag state administration (country vessel of registry), and charterers, particularly terminal operators. Certain of these entities require vessel owners to obtain permits, licenses, and certificates for the operation of their vessels. Failure to maintain necessary permits or approvals could require a vessel

owner to incur substantial costs or temporarily suspend operation of one or more of its vessels.

We believe that the heightened level of environmental and quality concerns among insurance underwriters, regulators, and charterers is leading to greater inspection and safety requirements on all

119

Table of Contents

vessels and may accelerate the scrapping of older vessels throughout the industry. Increasing environmental concerns have created a demand for vessels that conform to stricter environmental standards. Vessel owners are required to maintain operating standards for all vessels that will emphasize operational safety, quality maintenance, continuous training of officers and crews and compliance with U.S. and international regulations.

Under the ISM Code, effective since July 1998, the party with operational control of a vessel is required to develop an extensive safety management system that includes, among other things, the adoption of a safety and environmental protection policy setting forth instructions and procedures for operating its vessels safely and describing procedures for responding to emergencies. The ISM Code requires that vessel operators obtain a safety management certificate for each vessel they operate. This certificate evidences compliance by a vessel's management with code requirements for a safety management system. No vessel can obtain a certificate unless its manager has been awarded a document of compliance, issued by the respective flag state for the vessel, under the ISM Code. Noncompliance with the ISM Code and other IMO regulations may subject a ship owner to increased liability, may lead to decreases in available insurance coverage for affected vessels, and may result in the denial of access to, or detention in, some ports. For example, the United States Coast Guard and European Union authorities have indicated that vessels not in compliance with the ISM Code will be prohibited from trading in ports in the United States and European Union. Please read "Risk Factors —Risks Inherent in Our Business—We are subject to various laws, regulations and conventions, including environmental laws, that could require significant expenditures both to maintain compliance with such laws and to pay for any uninsured environmental liabilities resulting from a spill or other environmental disaster."

Our owned fleet maintains ISM and ISPS certifications for safety and security of operations. In addition, we voluntarily implement and maintain certifications pursuant to the International Organization for Standardization, or ISO for its office and ships covering both quality of services and environmental protection (ISO 9001 and ISO 14001, respectively).

International Environmental Regulations

The International Maritime Organization, or IMO, has negotiated international conventions that impose liability for oil pollution in international waters and a signatory's territorial waters. For example, the International Convention for the Prevention of Pollution from Ships, or MARPOL, imposes environmental standards on the shipping industry relating to oil spills, management of garbage, the handling and disposal of noxious liquids, harmful substances in packaged forms, sewage and air emissions. Annex III of MARPOL regulates the transportation of marine pollutants, including standards on packing, marking, labeling, documentation, stowage, quality limitations and pollution prevention. These requirements have been expanded by the International Maritime Dangerous Goods Code, which imposes additional standards for all aspects of the transportation of dangerous goods and marine pollutants by sea.

For drybulk vessels, such as those operated under our fleet, at present, there is no international oil pollution regime in force that comprehensively governs liability for oil pollution from ship's bunkers. In 2001, the IMO adopted the International Convention on Civil Liability for Bunker Oil Pollution Damage, or the Bunker Convention, which imposes strict liability on shipowners for pollution damage in contracting states caused by discharges of bunker oil from drybulk vessels. The Bunker Convention also requires registered owners of ships over a certain size to maintain insurance to cover their liability for pollution damage in an amount equal to the limits of liability under the applicable national or international limitation regime (but not exceeding the amount calculated in accordance with the Convention on Limitation of Liability for Maritime Claims 1976, as amended, or the 1976 Convention). The Bunker Convention has not yet received sufficient ratifications to come into force. In the meantime, liability for such bunker oil pollution typically is determined by the national or other domestic laws in the jurisdiction where the spillage occurs.

Outside of the United States, other national laws generally provide for the owner to bear strict liability for pollution, subject to a right to limit liability under applicable national or international

120

Table of Contents

regimes for limitation of liability. The most widely applicable international regime limiting maritime pollution liability is the 1976 Convention. Rights to limit liability under the 1976 Convention are forfeited where a spill is caused by a shipowners' intentional or reckless conduct. Certain jurisdictions have ratified the IMO's Protocol of 1996, which substantially increases the liability limits set forth in the 1976 London Convention. Finally, some jurisdictions are not a party to either the 1976 Convention or the Protocol of 1996, and, therefore, shipowners' rights to limit liability for maritime pollution in such jurisdictions may be uncertain.

In 2005, the European Union adopted a directive on ship-source pollution, imposing criminal sanctions for intentional, reckless or seriously negligent pollution discharges by ships. The directive could result in criminal liability being incurred in circumstances where it would not be incurred under international law as set out in the MARPOL Convention. Criminal liability for an oil pollution incident could not only result in us incurring substantial penalties or fines but may also, in some jurisdictions, facilitate civil liability claims for greater compensation than would otherwise have been payable.

In September 1997, the IMO adopted Annex VI to the International Convention for the Prevention of Pollution from Ships, which was ratified on May 18, 2004, and became effective on May 19, 2005. Annex VI sets limits on sulfur oxide and nitrogen oxide emissions from ship exhausts and prohibits deliberate emissions of ozone depleting substances, such as chlorofluorocarbons. Annex VI also includes a global cap on the sulfur content of fuel oil and allows for special areas to be established with more stringent controls on sulfur emissions.

The United States in February 2007 formally proposed a series of amendments to Annex VI. The emission program described in this proposal would dramatically reduce air pollution from ships by establishing a new tier of performance-based standards for marine diesel engines on all vessels and by establishing stringent emission requirements for ships that operate in coastal areas where air-quality problems are acute. On June 28, 2007, the World Shipping Council announced its support for these amendments. If these amendments are implemented, we may incur costs to comply.

United States Environmental Regulations

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

Title VII of the Coast Guard and Maritime Transportation Act of 2004, or the CGMTA, recently amended OPA to require the owner or operator of any non-tank vessel of 400 gross tons or more, that carries oil of any kind as a fuel for main propulsion, including bunkers, to prepare and submit a response plan for each vessel on or before August 8, 2005. Prior to this amendment, these provisions of OPA applied only to vessels that carry oil in bulk as cargo. The vessel response plans must include detailed information on actions to be taken by vessel personnel to prevent or mitigate any discharge or substantial threat of such a discharge of ore from the vessel due to operational activities or casualties. OPA 90 had historically limited liability of responsible parties to the greater of \$600 per gross

ton or \$0.5 million per containership that is over 300 gross tons (subject to possible adjustment for inflation). Amendments to OPA 90 which came into effect on July 11, 2006 increased the liability limits for responsible parties for any vessel other than a tank vessel to \$950 per gross ton or \$800,000, whichever is greater.

121

Table of Contents

These limits of liability do not apply if an incident was directly caused by violation of applicable United States federal safety, construction or operating regulations or by a responsible party's gross negligence or willful misconduct, or if the responsible party fails or refuses to report the incident or to cooperate and assist in connection with oil removal activities.

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

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

OPA requires owners and operators of all vessels over 300 gross tons, even those that do not carry petroleum or hazardous substances as cargo, to establish and maintain with the U.S. Coast Guard evidence of financial responsibility sufficient to meet their potential liabilities under OPA. The U.S. Coast Guard has implemented regulations requiring evidence of financial responsibility in the amount of \$900 per gross ton, which includes the OPA limitation on liability of \$600 per gross ton and the CERCLA liability limit of \$300 per gross ton for vessels not carrying hazardous substances as cargo or residue. Under the regulations, vessel owners and operators may evidence their financial responsibility by showing proof of insurance, surety bond, self-insurance or guaranty. The U.S. Coast Guard has indicated that it intends to propose a rule that would increase the required amount of evidence of financial responsibility to reflect the higher limits on liability imposed by the 2006 amendments to OPA as described above. We believe our insurance coverage as described above meets the requirements of OPA.

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

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

Coast Guard and could increase our costs of obtaining this insurance as well as the costs of our competitors that also require such coverage.

OPA specifically permits individual states to impose their own liability regimes with regard to oil pollution incidents occurring within their boundaries, and some states have enacted legislation providing for unlimited liability for oil spills. In some cases, states which have enacted such legislation

122

Table of Contents

have not yet issued implementing regulations defining vessels owners' responsibilities under these laws. We intend to comply with all applicable state regulations in the ports where our vessels call.

The United States Clean Water Act prohibits the discharge of oil or hazardous substances in U.S. navigable waters and imposes strict liability in the form of penalties for unauthorized discharges. The Clean Water Act also imposes substantial liability for the costs of removal, remediation and damages and complements the remedies available under CERCLA. Pursuant to regulations promulgated by the U.S. Environmental Protection Agency, or the EPA, in the early 1970s, the discharge of sewage and effluent from properly functioning marine engines was exempted from the permit requirements of the National Pollution Discharge Elimination System. This exemption allowed vessels in U.S. ports to discharge certain substances, including ballast water, without obtaining a permit to do so. However, on March 30, 2005, a U.S. District Court for the Northern District of California granted summary judgment to certain environmental groups and U.S. states that had challenged the EPA regulations, arguing that the EPA exceeded its authority in promulgating them. On September 18, 2006, the U.S. District Court issued an order invalidating the exemption in EPA's regulations for all discharges incidental to the normal operation of a vessel as of September 30, 2008, and directing EPA to develop a system for regulating all discharges from vessels by that date.

Although EPA appealed this decision on November 16, 2006, EPA also provided notice on June 21, 2007 of its intention to promulgate rules regarding the regulation of ballast water discharges and other discharges incidental to the normal operation of vessels and solicited public comments. If the exemption is repealed or EPA promulgates a final rule placing NPDES permitting requirements on ballast water discharges and other discharges incidental to the normal operation of vessels, we could be required to: install equipment on our vessels to treat ballast water before it is discharged; implement other port facility disposal arrangements or procedures at potentially substantial cost; and/or otherwise restrict our vessel traffic in U.S. waters. The installation, operation and upkeep of these systems would increase the costs of operating in the United States and other jurisdictions where similar requirements might be adopted.

Greenhouse Gas Emissions

Recent scientific studies have suggested that emissions of certain gases, commonly referred to as "greenhouse gases," may be contributing to warming of the Earth's atmosphere. According to the IMO's study of greenhouse gas emissions from the global shipping fleet, greenhouse gas emissions from ships are predicted to rise by 38 to 72 percent due to increased bunker fuel consumption by 2020 if corrective measures are not implemented. Any passage of climate control legislation or other regulatory initiatives by the IMO or individual countries where we operate that restrict emissions of greenhouse gases could require us to make significant financial expenditures we cannot predict with certainty at this time.

Security Regulations

Since the terrorist attacks of September 11, 2001, there have been a variety of initiatives intended to enhance vessel security. On November 25, 2002, MTSA came into effect. To implement certain portions of the MTSA, in July 2003, the United States Coast Guard issued regulations requiring the implementation of certain security requirements aboard vessels operating in waters subject to the jurisdiction of the United States. Similarly, in December 2002, amendments to SOLAS created a new chapter of the convention dealing specifically with maritime security. The new chapter went into effect on July 1, 2004, and imposes various detailed security obligations on vessels and port authorities, most of which are contained in the newly created ISPS Code. Among the various requirements are:

installation of automatic information systems to enhance vessel-to-vessel and vessel-to-shore communications;
installation of ship security alert systems;
vessel security plans; and
flag state security certification requirements.

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- on-board
- the development of
- compliance with

123

Table of Contents

The U.S. Coast Guard regulations, intended to be aligned with international maritime security standards, exempt non-U.S. vessels from MTSA vessel security measures, provided such vessels have on board, by July 1, 2004, a valid ISSC Certificate that attests to the vessel's compliance with SOLAS security requirements and the ISPS Code. The vessels in our initial fleet have on board valid ISSC Certificates and, therefore, are exempt from obtaining U.S. Coast Guard approved MTSA security plans.

Properties

Other than our vessels, we do not have any material property.

Legal Proceedings

Although we may, from time to time, be involved in litigation and claims arising out of our operations in the normal course of business, we are not at present party to any legal proceedings or aware of any proceedings against us, or contemplated to be brought against us, that would have a material effect on our business, financial position, results of operations or liquidity. We maintain insurance policies with insurers in amounts and with coverage and deductibles as our board of directors believes are reasonable and prudent. We expect that these claims would be covered by insurance, subject to customary deductibles. Those claims, even if lacking merit, could result in the expenditure of significant financial and managerial resources.

Taxation of the Partnership

United States Taxation

The following is a discussion of the material U.S. federal income tax considerations applicable to us and is the opinion of Vinson & Elkins L.L.P., our U.S. counsel, insofar as it relates to matters of U.S. federal income tax law and legal conclusions with respect to those matters. The opinion of our counsel is dependent on the accuracy of factual representations made by us to them, including descriptions of our operations contained herein. This discussion is based upon provisions of the Code as in effect on the date of this prospectus, existing final and temporary regulations thereunder ("Treasury Regulations"), and current administrative rulings and court decisions, all of which are subject to change, possibly with retroactive effect. Changes in these authorities may cause the tax consequences to vary substantially from the consequences described below. In addition, the opinion of our U.S. counsel is not binding on the U.S. Internal Revenue Service or any court. The following discussion is for general information purposes only and does not purport to be a comprehensive description of all of the U.S. federal income tax considerations applicable to us.

Election to be Treated as a Corporation. We have elected to be treated as a corporation for U.S. federal income tax purposes. As such, we will be subject to U.S. federal income tax on our income to the extent it is from U.S. sources or otherwise is effectively connected with the conduct of a trade or business in the United States as discussed below.

Taxation of Operating Income. We expect that substantially all of our gross income will be attributable to the transportation of drybulk and related products. For this purpose, gross income attributable to transportation ("Transportation Income") includes income derived from, or in connection with, the use (or hiring or leasing for use) of a vessel to transport cargo, or the performance of services directly related to the use of any vessel to transport cargo, and thus includes both time charter and bareboat charter income.

Transportation Income that is attributable to transportation that either begins or ends, but that does not both begin and end, in the United States (“U.S. Source International Transportation Income”) will be considered to be 50.0% derived from sources within the United States. Transportation Income attributable to transportation that both begins and ends in the United States (“U.S. Source Domestic Transportation Income”) will be considered to be 100.0% derived from sources within the United States. Transportation Income attributable to transportation exclusively

124

Table of Contents

between non-U.S. destinations will be considered to be 100.0% derived from sources outside the United States. Transportation Income derived from sources outside the United States generally will not be subject to U.S. federal income tax.

Based on our current operations, we do not expect to have U.S. Source Domestic Transportation Income. However, certain of our activities give rise to U.S. Source International Transportation Income, and future expansion of our operations could result in an increase in the amount of U.S. Source International Transportation Income, which generally would be subject to U.S. federal income taxation, unless the exemption from U.S. federal income taxation under Section 883 of the Code (the “Section 883 Exemption”) applied.

The Section 883 Exemption. In general, the Section 883 Exemption provides that if a non-U.S. corporation satisfies the requirements of Section 883 of the Code and the Treasury Regulations thereunder (the “Section 883 Regulations”), it will not be subject to the net basis and branch profit taxes or the 4.0% gross basis tax described below on its U.S. Source International Transportation Income. The Section 883 Exemption applies only to U.S. Source International Transportation Income and does not apply to U.S. Source Domestic Transportation Income. As discussed below, we believe that based on our ownership structure after the consummation of this offering and the concurrent offering to a corporation owned by Ms. Frangou, the Section 883 Exemption will apply and we will not be subject to U.S. federal income tax on our U.S. Source International Transportation Income.

We will qualify for the Section 883 Exemption if, among other matters, we meet the following three requirements:

- We are organized in a jurisdiction outside the United States that grants an equivalent exemption from tax to corporations organized in the United States with respect to the types of U.S. Source International Transportation Income that we earn (an “Equivalent Exemption”);
- We satisfy the Publicly Traded Test (as described below) or the Qualified Shareholder Stock Ownership Test (as described below); and
- We meet certain substantiation, reporting and other requirements.

In order to meet the Publicly Traded Test, the equity interests in the non-U.S. corporation at issue must be “primarily traded” and “regularly traded” on an established securities market either in the United States or in a jurisdiction outside the United States that grants an Equivalent Exemption. The Section 883 Regulations generally provide, in pertinent part, that a class of equity interests in a non-U.S. corporation will be considered to be “primarily traded” on an established securities market in a given country if the number of units of such class that are traded during any taxable year on all established securities markets in that country exceeds the number of units in such class that are traded during that year on established securities markets in any other single country. Equity interests in a non-U.S. corporation will be considered to be “regularly traded” on an established securities market under the Section 883 Regulations provided one or more classes of such equity interests representing more than 50.0% of the aggregate vote and value of all of the outstanding equity interests in the non-U.S. corporation satisfy certain listing and trading volume requirements. These listing and trading volume requirements are satisfied with respect to a class of equity interests listed on an established securities market provided trades in such class are effected, other than in de minimis quantities, on such market on at least 60 days during the taxable year and the aggregate number of units in such class that are traded on such market or markets during the taxable year are at least 10% of the average number of units outstanding in that class during the taxable year (with special rules for short taxable years). In addition, a class of equity interests traded on an established securities market in the United States will be considered to satisfy the listing and trading volume requirements if the equity interests in such class are “regularly quoted by dealers making a market”

in such class (within the meaning of the Section 883 Regulations). Notwithstanding these rules, a class of equity that would otherwise be treated as “regularly traded” on an established securities market will not be so treated if, for more than half of the number of days during the taxable year, one or more “5.0% unitholders” (i.e., unitholders owning, actually or constructively, at least 5.0% of the vote and value of that class) own in the aggregate 50.0% or more of the vote and value of that class (the “Closely Held Block

125

Table of Contents

Exception’), unless the corporation can establish that a sufficient proportion of such 5.0% unitholders are Qualified Shareholders (as defined below) so as to preclude other persons who are 5.0% unitholders from owning 50.0% or more of the value of that class for more than half the days during the taxable year.

The Qualified Shareholder Stock Ownership Test generally is satisfied if more than 50.0% of the value of the outstanding equity interests in the non-U.S. corporation is owned, or treated as owned after applying certain attribution rules, for at least half of the number of days in the taxable year by:

- individual residents of jurisdictions that grant an Equivalent Exemption;
- non-U.S. corporations organized in jurisdictions that grant an Equivalent Exemption and that meet the Publicly Traded Test; or
- certain other qualified persons described in the Section 883 Regulations (collectively, “Qualified Shareholders”).

We are organized under the laws of the Republic of the Marshall Islands. The U.S. Treasury Department has recognized the Republic of the Marshall Islands as a jurisdiction that grants an Equivalent Exemption with respect to the type of income we are expected to earn. Consequently, our U.S. Source International Transportation Income (including for this purpose, any such income earned by our subsidiaries, all of which have elected to be disregarded as entities separate from us for U.S. federal income tax purposes) will be exempt from U.S. federal income taxation provided we meet the Publicly Traded Test or the Qualified Shareholder Stock Ownership Test and we satisfy certain substantiation, reporting and other requirements.

Because our common units will only be traded on the New York Stock Exchange, which is considered to be an established securities market, our common units will be “primarily traded” on an established securities market for purposes of the Publicly Traded Test. In addition, it is the opinion of our U.S. counsel, Vinson & Elkins L.L.P., that (i) our common units will represent more than 50.0% of the total combined voting power of all classes of our equity interests entitled to vote and (ii) our common units will be considered to be “regularly traded” on an established securities market, assuming we meet certain factual requirements, namely that our common units represent more than 50.0% of the total value of all of our outstanding equity interests, we satisfy the trading volume requirements described previously and our common units do not lose eligibility for the Section 883 Exemption as a result of the Closely Held Block Exception as described below.

Although the matter is not free from doubt, based upon our expected cash flow and distributions on our outstanding equity interests, we believe that our common units represent more than 50.0% of the total value of all of our outstanding equity interests, and we expect that we will satisfy the trading volume requirements described previously for the year of the offering and future taxable years. In addition, our partnership agreement provides that any person or group that beneficially owns more than 4.9% of any class of our units then outstanding generally will be treated as owning only 4.9% of such units for purposes of voting for directors. Although there can be no assurance that this limitation will be effective to eliminate the possibility that we will have any 5% unitholders for purposes of the Closely Held Block Exception, we expect that our common units will not lose eligibility for the Section 883 Exemption as a result of the Closely Held Block Exception based upon the expected ownership of our common units following the offering. Thus, although the matter is not free from doubt and is based upon our belief and expectations regarding our satisfaction of the factual requirements described above, as well as the legal opinion of our counsel described above, we believe that we will satisfy the Publicly Traded Test for the present taxable year and taxable years after the offering. Please see below for a discussion of the consequences in the event we do not satisfy the Publicly Traded Test or otherwise fail to qualify for the Section 883 Exemption.

The conclusions of our counsel described above are based upon legal authorities that do not expressly contemplate an organizational structure such as ours. In particular, although we have elected to be treated as a corporation for U.S. federal income tax purposes, we are organized as a limited partnership under Marshall Islands law. Accordingly, while our counsel is of the opinion that, assuming satisfaction of the factual requirements described above, our common units will be considered to be “regularly traded” on an established securities market and we will satisfy the requirements for the Section 883 Exemption, it is possible that the IRS would assert that our common

126

Table of Contents

units do not meet the “regularly traded” test. In addition, as described previously, our ability to satisfy the Publicly Traded Test depends upon factual matters that are subject to change. Should any of the factual requirements described above fail to be satisfied, we may not be able to satisfy the Publicly Traded Test. Furthermore, our board of directors could determine that it is in our best interests to take an action that would result in our not being able to satisfy the Publicly Traded Test in the future.

Even if we were not able to satisfy the Publicly Traded Test for a taxable year, we may be able to satisfy the Qualified Shareholder Stock Ownership Test for a year in the event Navios Maritime owned more than 50.0% of the value of our outstanding equity interests for more than half of the days in such year, Navios Maritime itself met the Publicly Traded Test for such year and Navios Maritime provided us with certain information that we need in order to claim the benefits of the Qualified Shareholder Stock Ownership Test. Navios Maritime has represented that it presently meets the Publicly Traded Test and has agreed to provide the information described above. However, there can be no assurance that Navios Maritime will continue to meet the Publicly Traded Test or be able to provide the information we need to claim the benefits of the Section 883 Exemption under the Qualified Shareholder Ownership Test. Further, the relative values of our equity interests are uncertain and subject to change, and as a result Navios Maritime may not own more than 50.0% of the value of our outstanding equity interests for any year. Consequently, there can be no assurance that we would meet the Qualified Shareholder Stock Ownership Test based upon the ownership by Navios Maritime of an indirect ownership interest in us.

The Net Basis Tax and Branch Profits Tax. If we earn U.S. Source International Transportation Income and the Section 883 Exemption does not apply, the U.S. source portion of such income may be treated as effectively connected with the conduct of a trade or business in the United States (“Effectively Connected Income”) if we have a fixed place of business in the United States and substantially all of our U.S. Source International Transportation Income is attributable to regularly scheduled transportation or, in the case of bareboat charter income, is attributable to a fixed place of business in the United States. Based on our current operations, none of our potential U.S. Source International Transportation Income is attributable to regularly scheduled transportation or is received pursuant to bareboat charters. As a result, we do not anticipate that any of our U.S. Source International Transportation Income will be treated as Effectively Connected Income. However, there is no assurance that we will not earn income pursuant to regularly scheduled transportation or bareboat charters attributable to a fixed place of business in the United States in the future, which would result in such income being treated as Effectively Connected Income. In addition, any U.S. Source Domestic Transportation Income generally will be treated as Effectively Connected Income.

Any income we earn that is treated as Effectively Connected Income would be subject to U.S. federal corporate income tax (the highest statutory rate is currently 35.0%) as well as 30.0% branch profits tax imposed under Section 884 of the Code. In addition, a 30.0% branch interest tax could be imposed on certain interest paid or deemed paid by us.

On the sale of a vessel that has produced Effectively Connected Income, we could be subject to the net basis corporate income tax as well as branch profits tax with respect to the gain recognized up to the amount of certain prior deductions for depreciation that reduced Effectively Connected Income. Otherwise, we would not be subject to U.S. federal income tax with respect to gain realized on the sale of a vessel, provided the gain is not attributable to an office or other fixed place of business maintained by us in the United States under U.S. federal income tax principles.

The 4.0% Gross Basis Tax. If the Section 883 Exemption does not apply and the net basis tax does not apply, we would be subject to a 4.0% U.S. federal income tax on the U.S. source portion of our gross U.S. Source International Transportation Income, without benefit of deductions.

Marshall Islands Taxation

Based on the opinion of Reeder and Simpson, P.C., our counsel as to matters of the law of the Republic of the Marshall Islands, because we, our operating subsidiary and our controlled affiliates do not, and do not expect to, conduct business or operations in the Republic of the Marshall Islands, neither we nor our controlled affiliates will be subject to income, capital gains, profits or other taxation under current Marshall Islands law. As a result, distributions by our operating subsidiary and our controlled affiliates to us will not be subject to Marshall Islands taxation.

127

Table of Contents

Management

Management of Navios Maritime Partners L.P.

Our partnership agreement provides that our general partner will delegate to our board of directors the authority to oversee and direct our operations, management and policies on an exclusive basis, and such delegation will be binding on any successor general partner of the partnership. Our general partner, Navios GP L.L.C., is wholly owned by Navios Maritime. Our executive officers will manage our day-to-day activities consistent with the policies and procedures adopted by our board of directors. All of our executive officers and three of our directors also are executive officers, directors and/or affiliates of Navios Maritime.

Our board of directors consists of seven members appointed by Navios Maritime. Following our first annual meeting of unitholders, our board of directors will consist of seven members, three persons who will be appointed by our general partner in its sole discretion and four who will be elected by the common unitholders. Directors appointed by our general partner will serve as directors for terms determined by our general partner. Directors elected by our common unitholders are divided into three classes serving staggered three-year terms. Four of the initial seven directors appointed by Navios Maritime will serve until our annual meeting in 2008, at which time they will be replaced by four directors elected by our common unitholders. One of the four directors elected by our common unitholders will be designated as the Class I elected director and will serve until our annual meeting of unitholders in 2009, another of the four directors will be designated as the Class II elected director and will serve until our annual meeting of unitholders in 2010 and the remaining two directors will be designated as our Class III elected directors and will serve until our annual meeting of unitholders in 2011. At each subsequent annual meeting of unitholders, directors will be elected to succeed the class of directors whose terms have expired by a plurality of the votes of the common unitholders. Directors elected by our common unitholders will be nominated by the board of directors or by any limited partner or group of limited partners that holds at least 10% of the outstanding common units. We will have a c