

Navios Maritime Acquisition CORP  
Form 6-K  
June 04, 2010

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
FORM 6-K  
REPORT OF FOREIGN PRIVATE ISSUER  
PURSUANT TO RULE 13A-16 OR 15D-16  
UNDER THE SECURITIES EXCHANGE ACT OF 1934  
Date of Report (Date of earliest event reported): May 28, 2010  
Commission File Number: 001-34104  
NAVIOS MARITIME ACQUISITION CORPORATION  
85 Akti Miaouli Street  
Piraeus, Greece 185 38**

(Address of Principal Executive Offices)

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

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

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

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934:  
 Yes     No

---

The information contained in this Report is hereby incorporated by reference into the Registration Statement on Form F-3, File No. 333-151707.

### **General Description of the Vessel Acquisition**

Pursuant to the Acquisition Agreement dated April 8, 2010, and approval by Navios Maritime Acquisition Corporation ( Navios Acquisition ) stockholders on May 25, 2010, Navios Acquisition has acquired 13 vessels (11 product tankers and two chemical tankers), plus options to purchase two additional product tankers, by purchasing the stock of the Navios Maritime Holdings Inc. ( Navios Holdings ) subsidiary holding directly or indirectly the rights to the shipbuilding contracts or the MOAs for the vessels. The aggregate purchase price for the vessels will be \$457.7 million, including approximately \$76.5 million refunded to Navios Holdings, which made the first equity installment payment on the vessels of \$38.7 million and other associated payments. Navios Acquisition has guaranteed approximately \$334.3 million of debt financing.

The vessel acquisition consisted of three separate transactions. The largest transaction involved the purchase of nine newbuild vessels (two chemical tankers and seven MR2 product tankers). The shipbuilder of these nine vessels is Dae Sun Shipbuilding & Engineering Co., Ltd., a South Korean shipyard established in 1945.

The second transaction involved the acquisition of two LR1 product tankers for \$43.5 million per vessel (\$87.0 million in total) that are currently in the water and that will enter time charters upon delivery. The charters will be three-year time charters, at a hire rate of \$17,000 net per vessel per day, or \$18.6 million minimum contracted revenue, plus a 50/50 profit sharing arrangement with the charterer on charter revenue exceeding \$17,000 per day. Upon redelivery under the charters, the vessels will be employed in a pool scheme for a period of two years, having the right to withdraw with immediate effect if the pool revenues are below prevailing market rates. The agreement provides for two additional LR1 newbuilding tankers to be employed in the pool scheme for a period of three years with similar withdrawal rights. STX Shipbuilding Co., Ltd. was the builder of these LR1 product tankers.

The third transaction involved the acquisition of two newbuild LR1 product tankers for \$40.0 million per vessel (\$80.0 million in total) plus two options, each of which is exercisable until January 2011, to acquire an LR1 product tanker for \$40.5 million (\$81.0 million if both options are exercised) with delivery dates in the fourth quarter of 2012. The shipbuilder of these tankers (including the two that may be purchased pursuant to the exercise of options) is Sungdong Shipbuilding & Marine Engineering Co., Ltd., of South Korea.

All vessels are being designed, constructed, inspected and tested in accordance with the rules and regulations of and under special survey of the American Bureau of Shipping.

A subsidiary of Navios Holdings will provide commercial and technical management services to Navios Acquisition's fleet upon delivery.

### Navios Acquisition's Fleet

Navios Acquisition owns and, upon delivery, will operate 13 newly built vessels (11 product tankers and two chemical tankers) and will have options for two additional product tankers that will transport refined petroleum products (clean and dirty) and bulk liquid chemicals. Navios Acquisition is a holding company that owns its vessels or holds the rights to the shipbuilding contracts or the MOAs, as the case may be, through separate wholly owned subsidiaries. The following table provides summary information about Navios Acquisition's fleet, once delivered, and the purchase price payable by the nominated subsidiaries under the Shipbuilding Contracts and the MOAs:

Type	DWT	Estimated Delivery Date	Purchase Price
LR1 Product Tanker	74,671	June 2010	\$ 43.5 million
LR1 Product Tanker	74,671	June 2010	\$ 43.5 million
Chemical Tanker	25,000	9/30/2010	\$ 28.7 million
Chemical Tanker	25,000	11/30/2010	\$ 28.7 million
LR1 Product Tanker	75,000	Q4 2011	\$ 40.0 million
LR1 Product Tanker	75,000	Q4 2011	\$ 40.0 million
MR2 Product Tanker	50,000	Q1 2012	\$ 33.6 million
MR2 Product Tanker	50,000	Q2 2012	\$ 33.6 million
MR2 Product Tanker	50,000	Q3 2012	\$ 33.6 million
MR2 Product Tanker	50,000	Q3 2012	\$ 33.6 million
MR2 Product Tanker	50,000	Q4 2012	\$ 32.9 million
MR2 Product Tanker	50,000	Q4 2012	\$ 32.9 million
MR2 Product Tanker	50,000	Q4 2012	\$ 32.9 million
<i>Options</i>			
LR1 Product Tanker	75,000	Q4 2012 <sup>(1)</sup>	\$ 40.5 million <sup>(1)</sup>
LR1 Product Tanker	75,000	Q4 2012 <sup>(1)</sup>	\$ 40.5 million <sup>(1)</sup>

(1) Subject to the exercise by Navios Acquisition of an option to acquire the vessel that expires in January 2011.

### The Vessel Acquisition Agreements

The summary of the material terms of the Acquisition Agreement and related agreements, as well as the Management Agreement, the Acquisition Omnibus Agreement, and the Administrative Services Agreement appearing below is subject to the terms and conditions of all such agreements, which are attached to this report as exhibits.

### The Acquisition Agreement

Pursuant to the Acquisition Agreement, Navios Acquisition acquired 13 vessels (11 product tankers and two chemical tankers), plus options to purchase two additional product tankers, by purchasing the stock of the Navios Holdings subsidiary holding directly or indirectly the rights to the shipbuilding contracts or the MOAs for the vessels.

The construction and delivery of 11 of the vessels are governed by the terms and conditions of the respective shipbuilding contract, each of which is referred to herein as a Shipbuilding Contract. Each of the contracts includes customary terms and provisions for (a) the description of each vessel, (b) the payment terms, (c) approval of plans and drawings, (d) inspection during construction, (e) sea trials, (f) delivery condition, and (g) termination of the contracts. The purchase price of the vessels under construction is payable in installments that are connected with certain shipbuilding milestones and upon delivery of each vessel. The remaining two vessels are governed by the terms and conditions of the memoranda of agreement, or MOAs. Upon signing of the MOAs, 10% of the purchase price thereunder was deposited in a joint account for release to the sellers together with the balance of 90%, which is payable upon delivery of the vessels.

### ***The Shipbuilding Contracts***

The construction and delivery of each of the 11 newbuilds, including the two under options, is governed by the terms and conditions of the respective Shipbuilding Contracts. Each of the contracts includes customary terms and provisions for (a) the description of each vessel, (b) the payment terms, (c) approval of plans and drawings, (d) inspection during construction, (e) sea trials, (f) delivery condition, and (g) termination of the contracts. The purchase price for the vessels is payable in installments that are connected with certain shipbuilding milestones and upon delivery of each vessel.

### ***The Options***

Navios Acquisition has options exercisable until January 2011 to purchase up to two LR1 newbuild vessels at \$40.5 million per vessel. If the options are exercised, the construction and delivery of each vessel will be governed by the terms and conditions of a shipbuilding contract substantially the same to the ones described above.

### ***The Memoranda of Agreement***

The sale and delivery of each of the two LR1 tanker vessels, each for a purchase price of \$43.5 million, is governed by the terms and conditions of a standard Memorandum of Agreement approved by the Baltic and International Maritime Council, or BIMCO, under code name SALEFORM 1993, as further negotiated by the parties. The MOA calls for a 10% deposit on the sales price with the balance to be paid on delivery of the vessels.

### **Management of the Fleet**

Navios Acquisition outsources the commercial and technical management of its fleet to a subsidiary of Navios Holdings.

### **The Management Agreement**

We have entered into a five-year Management Agreement with a subsidiary of Navios Holdings, pursuant to which such subsidiary (the *Manager*) will provide certain commercial and technical ship management services to us. These services will be provided in a commercially reasonable manner in accordance with customary ship management practice and under our direction. The *Manager* will provide these services to us directly but may subcontract for certain of these services with other entities, including other Navios Holdings subsidiaries.

The commercial and technical management services will include:

*the commercial and technical management of vessels:* managing day-to-day vessel operations including negotiating charters and other employment contracts for the vessels and monitoring payments thereunder, ensuring regulatory compliance, arranging for the vetting of vessels, procuring and arranging for port entrance and clearance, appointing counsel and negotiating the settlement of all claims in connection with the operation of each vessel, appointing adjusters and surveyors and technical consultants as necessary, and providing technical support;

*vessel maintenance and crewing:* including the supervision of the maintenance and general efficiency of vessels and ensuring the vessels are in seaworthy and good operating condition, arranging our hire of qualified officers and crew, arranging for all transportation, board and lodging of the crew, negotiating the settlement and payment of all wages; and

*purchasing and insurance*: purchasing stores, supplies and parts for vessels, arranging insurance for vessels (including marine hull and machinery insurance, protection and indemnity insurance and war risk and oil pollution insurance).

The initial term of the Management Agreement will expire May 28, 2015. Pursuant to the terms of the Management Agreement, we will pay the Manager a fixed daily fee of \$6,000 per owned MR2 product tanker and chemical tanker vessel, and \$7,000 per owned LR1 product tanker vessel for the first two years of the term of that agreement, with the fixed daily fees adjusted for the remainder of the term based on then-current market fees. This fixed daily fee will cover all of our vessel operating expenses, other than certain extraordinary fees and costs. During the remaining three years of the term of the Management Agreement, we expect that we will reimburse the Manager for all of the actual operating costs and expenses it incurs in connection with the management of our fleet. Actual operating costs and expenses will be determined in a manner consistent with how the initial \$6,000 and \$7,000 fixed fees were determined. Drydocking expenses will be fixed under this agreement for up to \$300,000 per vessel.

The Management Agreement may be terminated prior to the end of its initial term by us upon 120-day s notice if there is a change of control of the Manager or by the Manager upon 120-day s notice if there is a change of control of Navios Acquisition. In addition, the Management Agreement may be terminated by us or by the Manager upon 120-day s notice if:

the other party breaches the agreement;

a receiver is appointed for all or substantially all of the property of the other party;

an order is made to wind up the other party;

a final judgment or order that materially and adversely affects the other party s ability to perform the Management Agreement is obtained or entered and not vacated or discharged; or

the other party makes a general assignment for the benefit of its creditors, files a petition in bankruptcy or liquidation or commences any reorganization proceedings.

Furthermore, at any time after the first anniversary of the Management Agreement, the Management Agreement may be terminated prior to the end of its initial term by us or by the Manager upon 365-day s notice for any reason other than those described above.

In addition to the fixed daily fees payable under the Management Agreement, the Management Agreement provides that the Manager will be entitled to reasonable supplementary remuneration for extraordinary fees and costs resulting from:

time spent on insurance and salvage claims;

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

the deductible of any insurance claims relating to the vessels or for any claims that are within such deductible range;

the significant increase in insurance premiums which are due to factors such as acts of God outside the control of the Manager;

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

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

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

any taxes, dues or fines imposed on the vessels or the Manager due to the operation of the vessels;

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

any similar costs, liabilities and expenses that were not reasonably contemplated by us and the Manager as being encompassed by or a component of the fixed daily fees at the time the fixed daily fees were determined.

Under the Management Agreement, neither we nor the Manager will be liable for failure to perform any of our or its obligations, respectively, under the Management Agreement by reason of any cause beyond our or its reasonable control.

In addition, the Manager will have no liability for any loss arising in the course of the performance of the commercial and technical management services under the Management Agreement unless and to the extent that such loss is proved to have resulted solely from the fraud, gross negligence or willful misconduct of the Manager or its employees, in

which case (except where such loss has resulted from the Manager's intentional personal act or omission and with knowledge that such loss would probably result) the Manager's liability will be limited to \$3.0 million for each incident or series of related incidents.

Further, under our Management Agreement, we have agreed to indemnify the Manager and its employees and agents against all actions that may be brought against them under the Management Agreement including, without limitation, all actions brought under the environmental laws of any jurisdiction, or otherwise relating to pollution or the environment, and against and in respect of all costs and expenses they may suffer or incur due to defending or settling such action; provided, however, that such indemnity excludes any or all losses



which may be caused by or due to the fraud, gross negligence or willful misconduct of the Manager or its employees or agents, or any breach of the Management Agreement by the Manager.

### **The Administrative Services Agreement**

We have entered into an Administrative Services Agreement, expiring May 28, 2015, with the Manager, pursuant to which the Manager will provide certain administrative management services to us.

The Administrative Services Agreement may be terminated prior to the end of its term by us upon 120-day's notice if there is a change of control of the Manager or by the Manager upon 120-day's notice if there is a change of control of us. In addition, the Administrative Services Agreement may be terminated by us or by the Manager upon 120-day's notice if:

the other party breaches the agreement;

a receiver is appointed for all or substantially all of the property of the other party;

an order is made to wind up the other party;

a final judgment or order that materially and adversely affects the other party's ability to perform the Administrative Services Agreement is obtained or entered and not vacated or discharged; or

the other party makes a general assignment for the benefit of its creditors, files a petition in bankruptcy or liquidation or commences any reorganization proceedings.

Furthermore, at any time after the first anniversary of the Administrative Services Agreement, the Administrative Services Agreement may be terminated by us or by the Manager upon 365-day's notice for any reason other than those described above.

The administrative services will include:

*bookkeeping, audit and accounting services:* assistance with the maintenance of our corporate books and records, assistance with the preparation of our tax returns and arranging for the provision of audit and accounting services;

*legal and insurance services:* arranging for the provision of legal, insurance and other professional services and maintaining our existence and good standing in necessary jurisdictions;

*administrative and clerical services:* providing office space, arranging meetings for our security holders, arranging the provision of IT services, providing all administrative services required for subsequent debt and equity financings and attending to all other administrative matters necessary to ensure the professional management of our business;

*banking and financial services:* providing cash management including assistance with preparation of budgets, overseeing banking services and bank accounts, arranging for the deposit of funds, negotiating loan and credit terms with lenders and monitoring and maintaining compliance therewith;

*advisory services:* assistance in complying with United States and other relevant securities laws;

*client and investor relations*: arranging for the provision of, advisory, clerical and investor relations services to assist and support us in our communications with our security holders; and client and investor relations; and integration of any acquired businesses.

We will reimburse the Manager for reasonable costs and expenses incurred in connection with the provision of these services within 15 days after the Manager submits to us an invoice for such costs and expenses, together with any supporting detail that may be reasonably required.

Under the Administrative Services Agreement, we have agreed to indemnify the Manager and its employees against all actions which may be brought against them under the Administrative Services

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

### **The Acquisition Omnibus Agreement**

We have entered into the Acquisition Omnibus Agreement with Navios Holdings and Navios Partners. The following discussion describes certain provisions of the Acquisition Omnibus Agreement.

#### ***Noncompetition***

Navios Holdings and Navios Partners agree not to acquire, charter-in or own Liquid Shipment Vessels (as hereinafter defined). For purposes of the Acquisition Omnibus Agreement, Liquid Shipment Vessels means vessels intended primarily for the sea going shipment of liquid products, including chemical and petroleum-based products, except for container vessels and vessels that will be employed primarily in operations in South America. This restriction will not prevent Navios Holdings or any of its controlled affiliates or Navios Partners (other than us and our subsidiaries) from:

- (1) acquiring a Liquid Shipment Vessel(s) from us for fair market value;
- (2) acquiring a Liquid Shipment Vessel(s) as part of the acquisition of a controlling interest in a business or package of assets and owning those vessels; provided, however, that:
  - (a) if less than a majority of the value of the total assets or business acquired is attributable to a Liquid Shipment Vessel(s) and related charters, as determined in good faith by the board of directors of Navios Holdings or Navios Partners, as the case may be, Navios Holdings or Navios Partners, as the case may be, must offer to sell a Liquid Shipment Vessel(s) and related charters to us for their fair market value plus any additional tax or other similar costs to Navios Holdings that would be required to transfer a Liquid Shipment Vessel(s) and related charters to us separately from the acquired business; and
  - (b) if a majority or more of the value of the total assets or business acquired is attributable to a Liquid Shipment Vessel(s) and related charters, as determined in good faith by the board of directors of Navios Holdings or Navios Partners, as the case may be, Navios Holdings or Partners, as the case may be, shall notify us in writing, of the proposed acquisition. We shall, not later than the 15th calendar day following receipt of such notice, notify Navios Holdings or Navios Partners, as the case may be, if we wish to acquire such a Liquid Shipment Vessel(s) and related charters forming part of the business or package of assets in cooperation and simultaneously with Navios Holdings or Navios Partners, as the case may be, acquiring a Liquid Shipment Vessel(s) and related charters forming part of that business or package of assets. If we do not notify Navios Holdings of our intent to pursue the acquisition within 15 calendar days, Navios Holdings may proceed with the acquisition as provided in (a) above.
- (3) acquiring a non-controlling interest in any company, business or pool of assets;
- (4) acquiring or owning a Liquid Shipment Vessel(s) and related charter if we do not fulfill our obligation, under any existing or future written agreement, to purchase such vessel in accordance with the terms of any such agreement;
- (5) acquiring or owning a Liquid Shipment Vessel(s) subject to the offers to us described in paragraphs (3) and (4) above pending our determination whether to accept such offers and pending the closing of any offers we accept;

(6) providing ship management services relating to any vessel whatsoever, including to a Liquid Shipment Vessel(s) owned by the controlled affiliates of Navios Holdings; or

(7) acquiring or owning a Liquid Shipment Vessel(s) if we have previously advised Navios Holdings or Navios Partners, as the case may be, that we consent to such acquisition, or if we have been offered the opportunity to purchase such vessel pursuant to the Acquisition Omnibus Agreement and failed to do so.

If Navios Holdings or Navios Partners, as the case may be, or any of their respective controlled affiliates (other than us or our subsidiaries) acquires or owns a Liquid Shipment Vessel(s) pursuant to any of the exceptions described above, it may not subsequently expand that portion of its business other than pursuant to those exceptions.

In addition, under the Acquisition Omnibus Agreement we have agreed, and will cause our subsidiaries to agree, not to acquire, own, operate or charter drybulk carriers ( Drybulk Carriers ). Pursuant to an agreement between them, Navios Holdings and Navios Partners may be entitled to a priority over each other depending on the class and charter length of any Drybulk Carrier. This restriction will not:

(1) prevent us or any of our subsidiaries from acquiring a Drybulk Carrier(s) and any related charters as part of the acquisition of a controlling interest in a business or package of assets and owning and operating or chartering those vessels; provided, however, that:

(a) if less than a majority of the value of the total assets or business acquired is attributable to a Drybulk Carrier(s) and related charter(s), as determined in good faith by us, we must offer to sell such Drybulk Carrier(s) and related charter to Navios Holdings or Navios Partners, as the case may be, for their fair market value plus any additional tax or other similar costs to us that would be required to transfer the Drybulk Carrier(s) and related charter(s) to Navios Holdings or Navios Partners, as the case may be, separately from the acquired business; and

(b) if a majority or more of the value of the total assets or business acquired is attributable to a Drybulk Carrier(s) and related charter(s), as determined in good faith by us, we shall notify Navios Holdings or Navios Partners, as the case may be, in writing of the proposed acquisition. Navios Holdings or Navios Partners, as the case may be, shall, not later than the 15th calendar day following receipt of such notice, notify us if it wishes to acquire the Drybulk Carrier(s) forming part of the business or package of assets in cooperation and simultaneously with us acquiring the Non-Drybulk Carrier assets forming part of that business or package of assets. If Navios Holdings and Navios Partners do not notify us of its intent to pursue the acquisition within 15 calendar days, we may proceed with the acquisition as provided in (a) above.

(2) prevent us or any of our subsidiaries from owning, operating or chartering a Drybulk Carrier(s) subject to the offer to Navios Holdings or Navios Partners described in paragraph (1) above, pending its determination whether to accept such offer and pending the closing of any offer it accepts; or

(3) prevent us or any of our subsidiaries from acquiring, operating or chartering a Drybulk Carrier(s) if Navios Holdings and Navios Partners has previously advised us that it consents to such acquisition, operation or charter, or if they have previously been offered the opportunity to purchase such Drybulk Carrier(s) and have declined to do so.

If we or any of our subsidiaries owns, operates and charters Drybulk Carriers pursuant to any of the exceptions described above, neither we nor such subsidiary may subsequently expand that portion of our business other than pursuant to those exceptions.

### ***Rights of First Offer***

Under the Acquisition Omnibus Agreement, we and our subsidiaries will grant to Navios Holdings and Navios Partners, as the case may be, a right of first offer on any proposed sale, transfer or other disposition of any of our

Drybulk Carriers and related charters owned or acquired by us. Likewise, Navios Holdings and Navios Partners will agree (and will cause its subsidiaries to agree) to grant a similar right of first offer to us for any Liquid Shipment Vessels it might own. These rights of first offer will not apply to a (a) sale, transfer or other disposition of vessels between any affiliated subsidiaries, or pursuant to the terms of any charter or other agreement with a counterparty, or (b) merger with or into, or sale of substantially all of the assets to, an unaffiliated third party.

Prior to engaging in any negotiation regarding any vessel disposition with respect to a Liquid Shipment Vessel(s) with a non-affiliated third party or any Drybulk Carrier(s) and related charter, we, Navios Holdings, or Navios Partners, as the case may be, will deliver a written notice to the other parties setting forth the material terms and conditions of the proposed transaction. During the 15-day period after the delivery of such notice, we, Navios Holdings or Navios Partners, as the case may be, will negotiate in good faith to reach an agreement on the transaction. If we do not reach an agreement within such 15-day period, we or Navios Holdings or Navios Partners, as the case may be, will be able within the next 180 calendar days to sell, transfer or dispose of the vessel to a third party (or to agree in writing to undertake such transaction with a third party) on terms generally no less favorable to us or Navios Holdings, as the case may be, than those offered pursuant to the written notice.

Upon a change of control of Navios Partners, the noncompetition and the right of first offer provisions of the Acquisition Omnibus Agreement will terminate immediately as to Navios Partners, but shall remain binding on us and Navios Holdings. Upon a change of control of Navios Holdings, the noncompetition and the right of first offer provisions of the Acquisition Omnibus Agreement shall terminate; provided, however, that in no event shall the noncompetition and the rights of first refusal terminate upon a change of control of Navios Holdings prior to the fourth anniversary of the Acquisition Omnibus Agreement. Upon change of control of us, the noncompetition and the right of first offer provisions of the Acquisition Omnibus Agreement will terminate immediately as to all parties of the Acquisition Omnibus Agreement.

### **The Credit Agreements**

Pursuant to a credit agreement with Deutsche Schiffsbank AG, Alpha Bank A.E., and Credit Agricole Corporate and Investment Bank, as lenders, a credit facility of up to \$150.0 million will be used to partially finance the construction of two chemical tankers and four product tankers. In addition, pursuant to a credit agreement with DVB Bank SE and Fortis Bank, as lenders, a credit facility of up to \$75.0 million will be used to partially finance the construction of three product tankers. Financing of up to \$25.0 million is available for each of the nine vessels. In addition, such Credit Agreements each have a six-year term, but a 17-year profile (\$16.0 million per vessel balloon payment against a loan of \$25.0 million per vessel). Both loans bear interest at a margin of 2.50% over the applicable base rate per annum. These term facilities provide for payment of commitment fees at 60 basis points per annum, payable quarterly in arrears, on the committed but undrawn portion of the loan and an upfront fee of 0.75% on the date of first drawn down under the agreements.

Pursuant to a revolving credit facility we intend to enter with Marfin Egnatia Bank as lender, up to \$57.3 million will be made available for general corporate purposes and is currently anticipated to be drawn down to pay for a portion of the vessel acquisition purchase price. Such Credit Agreement is interest-only until maturity, subject to one-year extension periods. Such Credit Agreement bears interest at a margin of 2.75% over the applicable base rate per annum.

Pursuant to a credit agreement with DVB Bank and Fortis Bank, a credit facility of up to \$52.0 million will be used to partially finance the acquisition of the two currently operating LR1 vessels. Such Credit Agreement has a six-year term, with a 14.5-year profile due to a \$15.24 million per vessel balloon payment against a loan of \$26.0 million per vessel. The credit facility bears interest at a margin of 2.75% over the applicable base rate per annum.

The term Credit Agreements contain favorable covenants including (a) minimum liquidity, (b) maximum total net liabilities over total net assets (effective in general after delivery of the vessels), (c) minimum net worth (effective after delivery of the vessels, but in no case no later than 2013), (d) *pari passu* ranking of the loans with all Navios Acquisition credit undertakings, (d) loan to value ratio covenants applicable after delivery of the vessels initially of 125%, (e) deposit of the unpaid equity portion to be released in conjunction with the loan advances at each construction stage, and (f) the ability to distribute up to 50% of net profits without the Lenders' consent. In addition,

the Credit Agreements contain no covenants that would impede our ability to grow our fleet, including no negative covenants restricting the incurrence of additional debt or preventing us from acquiring additional vessels. The Credit Agreements also require that Navios Holdings, Angeliki Frangou and their respective affiliates maintain, directly or indirectly, control over an aggregate of at least 30% of our outstanding securities.



## **Navios Acquisition's Business**

Navios Acquisition was formed as a blank check company on March 14, 2008 under the laws of the Republic of the Marshall Islands and has its principal offices located in Piraeus, Greece. Following the vessel acquisition, Navios Acquisition's principal focus is the transportation of refined petroleum products (clean and dirty) and bulk liquid chemicals through its vessel-owning subsidiaries.

## **Business Strategy**

We believe that the recent financial crisis and developments in the marine transportation industry, particularly in the product and chemical tanker sectors, have created significant opportunities to acquire vessels near historically low (inflation-adjusted) prices and employ them in a manner that will provide attractive returns on capital. We also believe that the recent financial crisis continues to adversely affect the availability of credit to shipping industry participants, creating opportunities for well-capitalized companies with committed available financing such as ours, to enter the product and chemical tanker sectors at this advantageous time.

Our business strategy is to develop a world-leading operator and charterer of modern, high-quality product and chemical tankers. Our principal focus is the transportation of refined petroleum products (clean and dirty) and bulk liquid chemicals. We will seek to establish a leadership position by leveraging the established reputation of Navios Holdings for maintaining high standards of performance, risk management, reliability and the safety of its crews, vessels and the environment. We are committed to creating long-term stockholder value by executing on a growth strategy designed to maximize returns in all economic cycles. We believe that operating vessels in both the product and chemical tanker sectors provides us with more balanced exposure to commodities, and more diverse opportunities to generate revenues than would a focus on any single shipping sector. Should the opportunity present itself, we would also consider entering the oil tanker sector for transporting crude oil.

Our business strategy is based primarily upon the following principles:

- Capitalize on near-historic low (inflation-adjusted) vessel prices in building a fleet of high quality, modern, double-hulled vessels;

- Strategically manage sector exposure in product and chemical tankers;

- Maintain an optimum charter mix;

- Maintain a strong balance sheet and flexible capital structure;

- Implement and sustain a competitive cost structure; and

- Leverage the experience, brand name, global network of relationships and risk management expertise of Navios Holdings.

## ***Capitalize on Near-Historic Low (Inflation-Adjusted) Vessel Prices***

We intend to grow our fleet using Navios Holdings' global network of relationships and long experience in the marine transportation industry, coupled with our financial resources and financing capability, to make selective acquisitions of young, high quality, modern, double-hulled vessels in the product and chemical tanker sectors. Vessel prices in these sectors have been severely affected by the continuing scarcity of debt financing available to shipping industry participants resulting from the recent worldwide financial crisis and because of the depressed charter rates for tankers

that have persisted since the fall of 2008. We believe the most attractive opportunity in the maritime industry is acquiring modern tonnage in the product and chemical tanker sectors that are currently at cyclically low levels.

***Strategically Manage Sector Exposure***

We operate a fleet of product and chemical tankers, as we believe that operating a fleet that carries refined petroleum products (clean and dirty) and bulk liquid chemicals provides us with diverse opportunities with a range of producers and consumers. As we grow our fleet, we expect to adjust our relative emphasis among the product and chemical tanker sectors over time according to our view of the relative opportunities in these sectors. We believe that having a mixed fleet of product and chemical tankers gives us the flexibility to adapt to changing market conditions, to capitalize on sector-specific opportunities and to

manage our business successfully throughout varying economic cycles. We will also consider entering the crude oil transportation sector opportunistically.

***Maintain Optimum Charter Mix***

Depending on market conditions, we intend to deploy our vessels to leading charterers on a mix of short-, medium- and long-term time charters, including spot charters. We believe that this chartering strategy affords us opportunities to capture increased profits during strong charter markets, while benefiting from the relatively stable cash flows and high utilization rates associated with longer term time charters. We will also seek profit sharing arrangements in our long-term time charters, to provide us with potential incremental revenue above the contracted minimum charter rates in the event of a strong spot market. We intend to limit the duration of the charters for our newbuilding product and chemical tankers, as we believe this will give us the flexibility to take advantage of rising charter rates if the charter markets improve as the global economy strengthens.

***Maintain a Strong Balance Sheet and Flexible Capital Structure***

We believe our strong balance sheet and relationships with commercial and other banks provide significant financial flexibility. We were able to fund approximately 73% of our initial vessel acquisition purchase price through favorable long-term financing. This financial flexibility permits us to pursue attractive business opportunities.

The \$457.7 million aggregate purchase price of the vessels acquired pursuant to the Acquisition Agreement is being paid in several installments. The first installment of \$171.7 million required \$38.7 million of equity, and \$133.0 million from debt financing (and the equity portion was advanced on our behalf by Navios Holdings, which we repaid on May 28, 2010). The \$286.0 million balance will be paid as vessels are delivered. Of this amount, approximately \$201.3 million will be financed from debt financing and the \$84.7 million balance will be funded from available cash.

We expect that our strong balance sheet and significant cash balances will allow competitive bank financing for acquisitions. As a result, we believe we are well-positioned to grow our fleet by pursuing selective acquisitions of product and chemical tankers.

***Implement and Sustain a Competitive Cost Structure***

Pursuant to the Management Agreement and Administrative Services Agreement, a subsidiary of Navios Holdings coordinates and oversees the commercial, technical and administrative management of our fleet. We believe that such subsidiary of Navios Holdings is able to do so at rates competitive with those that would be available to us through independent vessel management companies. We believe this external management arrangement enhances the scalability of our business by allowing us to grow our fleet without incurring significant additional overhead costs.

***Leverage Navios Holdings Experience, Brand, Network and Risk Management Expertise***

***Experience and Relationships***

Our strategy includes capitalizing on the global network of relationships that Navios Holdings has developed during its long history of investing and operating in the marine transportation industry. This includes decades-long relationships with leading charterers, financing sources and key shipping industry players. When charter markets and vessel prices are depressed and vessel financing is difficult to obtain, as is currently the case, we believe the relationships and experience of Navios Holdings and its management enhances our ability to acquire young,



technically advanced vessels at cyclically low prices and employ them under attractive charters with leading charterers. Through its established reputation and relationships, Navios Holdings has had access to opportunities not readily available to most other industry participants that lack Navios Holdings' brand recognition, credibility, and track record.

*Benefit from Navios Holdings' Leading Risk Management Practices*

Risk management requires the balancing of a number of factors in a cyclical and potentially volatile environment. Fundamentally, the challenge is to appropriately allocate capital to competing opportunities of owning or chartering vessels. In part, this requires a view of the overall health of the market, as well as an understanding of capital costs and returns. Navios Holdings actively engages in assessing financial and other risks associated with fluctuating market rates, fuel prices, credit risks, interest rates and foreign exchange rates.

Navios Holdings closely monitors credit exposure to charterers and other counterparties. Navios Holdings has established policies designed to ensure that contracts are entered into with counterparties that have appropriate

credit history. Counterparties and cash transactions are limited to high-credit, quality-collateralized corporations and financial institutions. Navios Holdings has strict guidelines and policies that are designed to limit the amount of credit exposure. Most importantly, Navios Holdings has insured its charter-out contracts through a AA+ rated governmental agency of an European Union member state, which provides that if the charterer goes into payment default, the insurer will reimburse us for the charter payments under the terms of the policy for the remaining term of the charter-out contract (subject to applicable deductibles and other customary limitations for insurance). Navios Acquisition benefits from these established policies, and seeks to benefit from the credit risk insurance available to Navios Holdings, although no assurance can be provided that it will so qualify.

## Legal Proceedings

To the knowledge of management, there is no litigation currently pending or contemplated against us or any of our officers or directors in their capacities as such.

### **Navios Maritime Holdings Inc. and Navios Maritime Partners L.P.**

Our affiliates are:

*Navios Holdings.* Navios Holdings is a global and vertically integrated seaborne shipping and logistics company that specializes in a wide range of drybulk commodities, including iron ore, coal, and grain. Although Navios Holdings derives a portion of its revenue from its logistics operations, most of Navios Holdings revenue and net income are from vessel operations, which are virtually exclusively in the drybulk shipping sector. Navios Holdings' policy for vessel operations has led Navios Holdings to time charter-out many of its vessels for short- to medium-term charters.

*Navios Partners.* Navios Partners operates drybulk vessels that are chartered-out for a minimum of three years. Navios Partners' fleet currently consists of ten active Panamax vessels, three Capesize vessels and one Ultra-Handymax vessel. All of Navios Partners' current fleet operates under long-term charter-out contracts with an average remaining charter duration of approximately 4.4 years. All of Navios Partners' vessels are currently managed by Navios ShipManagement Inc.

**Navios Maritime Acquisition Corporation**  
**(a corporation in the development stage)**  
**UNAUDITED PRO FORMA CONDENSED COMBINED BALANCE SHEET**  
**AS OF DECEMBER 31, 2009**

	As at December 31, 2009	Pro-Forma Adjustments With Actual Conversion of 10,021,399 <sup>(1)</sup>	Combined with Actual Conversion <sup>(1)</sup>
<b>ASSETS</b>			
Current assets			
Cash	87,099		87,099
Cash receipt of funds from loan		129,659,376 <sup>(2)</sup>	129,659,376
Cash payment of deferred underwriters fees		(8,855,000) <sup>(3)</sup>	(8,855,000)
Cash payment for the vessel acquisition		(171,748,944) <sup>(4)</sup>	(171,748,944)
Cash payment of transaction costs		(1,613,000) <sup>(5)</sup>	(1,613,000)
Cash release of the trust account		251,493,295 <sup>(6)</sup>	251,493,295
Cash payment to convert stock into cash		(99,312,064) <sup>(7)</sup>	(99,312,064)
Prepaid expenses	55,295		55,295
<b>Total current assets</b>	<b>142,394</b>	<b>99,623,663</b>	<b>99,766,057</b>
<b>Other assets</b>			
Deposits for vessel acquisitions		171,748,944 <sup>(4)</sup>	171,748,944
Deferred transaction costs		1,613,000 <sup>(5)</sup>	1,613,000
Investment in trust account, including restricted cash	251,493,295	(251,493,295) <sup>(6)</sup>	
Deferred finance costs		3,327,000 <sup>(2)</sup>	3,327,000
<b>Total other assets</b>	<b>251,493,295</b>	<b>(74,804,351)</b>	<b>176,688,944</b>
<b>Total assets</b>	<b>251,635,689</b>	<b>24,819,312</b>	<b>276,455,001</b>
<b>LIABILITIES AND STOCKHOLDERS EQUITY</b>			
<b>Current liabilities</b>			
Accounts payable	56,479		56,479
Accrued expenses	414,215		414,215
Amount due to related parties	30,119		30,119
Long term debt, current portion		3,000,000 <sup>(2)</sup>	3,000,000
<b>Total current liabilities</b>	<b>500,813</b>	<b>3,000,000</b>	<b>3,500,813</b>



**Long-term liabilities**

Long-term debt, net of current portion		129,986,376 <sup>(2)</sup>	129,986,376
Deferred underwriters' fees	8,855,000	(8,855,000) <sup>(3)</sup>	