

Navios Maritime Acquisition CORP
Form 6-K
August 19, 2016
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SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 6-K

REPORT OF FOREIGN PRIVATE ISSUER

PURSUANT TO RULE 13a-16 OR 15d-16

OF THE SECURITIES EXCHANGE ACT OF 1934

Dated: August 19, 2016

Commission File No. 001-34104

NAVIOS MARITIME ACQUISITION CORPORATION

7 Avenue de Grande Bretagne, Office 11B2

Monte Carlo, MC 98000 Monaco

(Address of Principal Executive Offices)

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

Form 20-F Form 40-F

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

Yes No

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

Yes No

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

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

N/A

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This Report on Form 6-K is hereby incorporated by reference into the Navios Maritime Acquisition Corporation Registration Statements on Form F-3, File Nos. 333-170896 and 333-191266.

Operating and Financial Review and Prospects

The following is a discussion of the financial condition and results of operations for the three and six month periods ended June 30, 2016 and 2015 of Navios Maritime Acquisition Corporation (referred to herein as we, us or Navios Acquisition). All of the financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America (U.S. GAAP). You should read this section together with the consolidated financial statements and the accompanying notes included in Navios Acquisition 's 2015 Annual Report filed on Form 20-F with the Securities and Exchange Commission.

This Report contains forward-looking statements (as defined in Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended) concerning future events and expectations, including with respect to Navios Acquisition 's future dividends, 2016 cash flow generation and Navios Acquisition 's growth strategy and measures to implement such strategy; including expected vessel acquisitions and entering into further time charters. Words such as may, expects, intends, plans, believes, anticipates, hopes, and variations of such words and similar expressions are intended to identify forward-looking statements. Such statements include comments regarding expected revenue and time charters. These forward-looking statements are based on the information available to, and the expectations and assumptions deemed reasonable by, Navios Acquisition at the time this filing was made. Although Navios Acquisition believes that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct. These statements involve known and unknown risks and are based upon a number of assumptions and estimates which are inherently subject to significant uncertainties and contingencies, many of which are beyond the control of Navios Acquisition. Actual results may differ materially from those expressed or implied by such forward-looking statements. Factors that could cause actual results to differ materially include, but are not limited to, the creditworthiness of our charterers and the ability of our contract counterparties to fulfill their obligations to us, tanker industry trends, including charter rates and vessel values and factors affecting vessel supply and demand, the aging of our vessels and resultant increases in operation and dry docking costs, the loss of any customer or charter or vessel, our ability to repay outstanding indebtedness, to obtain additional financing and to obtain replacement charters for our vessels, in each case, at commercially acceptable rates or at all, increases in costs and expenses, including but not limited to: crew wages, insurance, provisions, port expenses, lube oil, bunkers, repairs, maintenance and general and administrative expenses, the expected cost of, and our ability to comply with, governmental regulations and maritime self-regulatory organization standards, as well as standard regulations imposed by our charterers applicable to our business, potential liability from litigation and our vessel operations, including discharge of pollutants, general domestic and international political conditions, competitive factors in the market in which Navios Acquisition operates; risks associated with operations outside the United States; and other factors listed from time to time in the Navios Acquisition 's filings with the Securities and Exchange Commission, including its Form 20Fs and Form 6Ks. Navios Acquisition expressly disclaims any obligations or undertaking to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in Navios Acquisition 's expectations with respect thereto or any change in events, conditions or circumstances on which any statement is based. Navios Acquisition makes no prediction or statement about the performance of its common stock.

Recent Developments and History

Dividend Policy

On August 10, 2016, the Board of Directors declared a quarterly cash dividend in respect of the second quarter of 2016 of \$0.05 per share of common stock payable on September 21, 2016 to stockholders of record as of September 14, 2016. The declaration and payment of any further dividends remain subject to the discretion of the Board of Directors and will depend on, among other things, Navios Acquisition's cash requirements as measured by market opportunities and restrictions under its credit agreements and other debt obligations and such other factors as the Board of Directors may deem advisable.

Amendment of Management Agreement

In May 2016, Navios Acquisition amended its existing Management Agreement with Navios Tankers Management Inc. (the Manager or Navios Tankers), a wholly-owned subsidiary of Navios Maritime Holdings Inc. (Navios Holdings), and fixed the fees for ship management services of its owned fleet for two additional years through May 2018 at a daily fee of: (a) \$6,350 per MR2 product tanker and chemical tanker vessel; (b) \$7,150 per LR1 product tanker vessel; and (c) the current rate of \$9,500 per VLCC. Dry docking expenses are reimbursed at cost for all vessels.

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Vessel Sales

On January 27, 2016, Navios Acquisition sold the Nave Lucida to an unaffiliated third party for a sale price of \$18.6 million. Navios Acquisition prepaid \$12.1 million, the amount of the respective tranche drawn from the Deutsche Bank AG Filiale Deutschlandgeschäft and Skandinaviska Enskilda Banken AB facility that financed the Nave Lucida.

In April 2016, Navios Acquisition agreed to sell to an unaffiliated third party the Nave Constellation, a 2013-built chemical tanker of 45,281 dwt, and the Nave Universe, a 2013-built chemical tanker of 45,513 dwt, for an aggregate sale price of \$74.6 million. The vessels are expected to be sold during the second half of 2016, following the completion of their chartering commitments. The sale of the vessels is expected to result in a gain. Proceeds from the sale of the vessels will be used to fully repay the outstanding amount of the HSH Nordbank AG credit facility.

Equity Transactions

On January 6, 2016, Navios Acquisition redeemed, through the holder's put option, 100,000 shares of the puttable common stock and paid cash of \$1.0 million to the holder upon redemption.

On April 1, 2016, Navios Acquisition redeemed, through the holder's put option, 100,000 shares of puttable common stock and paid \$1.0 million to the holder upon such redemption.

On July 1, 2016, Navios Acquisition redeemed, through the holder's put option, 100,000 shares of the puttable common stock and paid cash of \$1.0 million to the holder upon redemption.

As of June 30, 2016, Navios Acquisition had the following equity outstanding: 150,782,990 shares of common stock and 1,000 shares of Series C Convertible Preferred Stock issued to Navios Holdings.

Fleet

As of August 17, 2016, our fleet consisted of a total of 38 double-hulled tanker vessels, aggregating approximately 4.0 million deadweight tons, or dwt. The fleet includes eight VLCC tankers (over 200,000 dwt per ship), which transport crude oil, eight Long Range 1 (LR1) product tankers (60,000-79,999 dwt per ship), 18 Medium Range 2 (MR2) product tankers (30,000-59,999 dwt per ship) and four chemical tankers (25,000 dwt-45,000 dwt per ship), which includes the two chemical tankers agreed to be sold, which transport refined petroleum products and bulk liquid chemicals. All our vessels are currently chartered-out to high-quality counterparties, including affiliates of Shell, Navig8 and Mansel with an average remaining charter period of approximately 1.1 years. As of August 17, 2016, we had charters covering 98.2% of available days in 2016 and 56.6% of available days in 2017.

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Vessels	Type	Built/ Delivery Date	DWT	Net Charter Rate ⁽¹⁾	Profit Sharing	Expiration Date ⁽²⁾
Owned Vessels						
Nave						
Constellation ⁽¹¹⁾	Chemical Tanker	2013	45,281	\$ 16,088	50%/50%	October 2016
Nave						
Universe ⁽¹¹⁾	Chemical Tanker	2013	45,513	\$ 16,088	50%/50%	September 2016
Nave Polaris	Chemical Tanker	2011	25,145	Floating Rate ⁽⁸⁾	None	November 2016
Nave Cosmos	Chemical Tanker	2010	25,130	Floating Rate ⁽⁸⁾	None	November 2016
Nave Velocity	MR2 Product Tanker	2015	49,999	\$ 14,319 ⁽⁶⁾	50%/50%	February 2017
Nave Sextans	MR2 Product Tanker	2015	49,999	\$ 16,294	None	January 2018
Nave Pyxis	MR2 Product Tanker	2014	49,998	\$ 16,294	None	February 2018
Nave						
Luminosity	MR2 Product Tanker	2014	49,999	\$ 14,319	50%/50%	September 2016
				\$ 14,072	50%/50%	September 2017
Nave Jupiter	MR2 Product Tanker	2014	49,999	\$ 15,306	50%/50%	May 2017
Bougainville	MR2 Product Tanker	2013	50,626	\$ 15,976 ⁽⁵⁾	100%	September 2016
				\$ 16,296	100%	September 2017
Nave Alderamin	MR2 Product Tanker	2013	49,998	\$ 15,600	None	February 2017
Nave Bellatrix	MR2 Product Tanker	2013	49,999	\$ 14,813	50%/50%	January 2017
Nave Capella	MR2 Product Tanker	2013	49,995	\$ 18,071 ⁽¹²⁾	None	January 2017
Nave Orion	MR2 Product Tanker	2013	49,999	\$ 14,813	50%/50%	March 2017
Nave Titan	MR2 Product Tanker	2013	49,999	\$ 15,306	50%/50%	June 2017
Nave Aquila	MR2 Product Tanker	2012	49,991	\$ 14,566 ⁽³⁾	50%/50%	November 2016
Nave Atria	MR2 Product Tanker	2012	49,992	\$ 14,813	50%/50%	July 2017
Nave Orbit	MR2 Product Tanker	2009	50,470	\$ 17,750 ⁽¹⁵⁾	None	November 2017
Nave Equator	MR2 Product Tanker	2009	50,542	\$ 17,000	None	October 2017
Nave Equinox					ice-	
	MR2 Product Tanker	2007	50,922	\$ 15,950	transit premium ⁽⁴⁾	November 2016
Nave Pulsar						
	MR2 Product Tanker	2007	50,922	\$ 15,306	ice-transit premium ⁽⁴⁾	May 2017
Nave Dorado	MR2 Product Tanker	2005	47,999	\$ 17,775	None	January 2017
Nave Atropos	LR1 Product Tanker	2013	74,695	\$ 13,825	50%/50%	October 2016
				Floating Rate ⁽¹⁴⁾	None	October 2019
Nave Rigel	LR1 Product Tanker	2013	74,673	\$ 18,022	50%/50%	August 2019
Nave Cassiopeia	LR1 Product Tanker	2012	74,711	Floating Rate ⁽¹⁴⁾	None	February 2019
Nave Cetus	LR1 Product Tanker	2012	74,581	\$ 18,022	50%/50%	April 2019
Nave Estella	LR1 Product Tanker	2012	75,000	\$ 11,850	90% up to \$17,000 50% above \$17,000	January 2017
Nave						
Andromeda	LR1 Product Tanker	2011	75,000	\$ 14,000	100% up to \$17,000 50% above \$17,000	November 2016
Nave Ariadne	LR1 Product Tanker	2007	74,671	\$ 17,775	50%/50%	May 2018
Nave Cielo	LR1 Product Tanker	2007	74,671	\$ 17,775	50%/50%	May 2018
Nave Buena						
Suerte ⁽¹⁰⁾	VLCC	2011	297,491	Floating Rate ⁽¹³⁾	None	August 2017

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Nave Quasar ⁽¹⁰⁾	VLCC	2010	297,376	Floating Rate ⁽⁷⁾	None	March 2018
Nave Synergy	VLCC	2010	299,973	Floating Rate ⁽⁷⁾	None	February 2018
Nave Galactic ⁽¹⁰⁾	VLCC	2009	297,168	Floating Rate ⁽⁹⁾	None	September 2017
Nave Spherical	VLCC	2009	297,188	\$ 41,475	None	November 2017
Nave Neutrino ⁽¹⁰⁾	VLCC	2003	298,287	\$ 43,480	None	September 2016
				\$ 37,520	None	September 2017
Nave Electron ⁽¹⁰⁾	VLCC	2002	305,178	Floating Rate ⁽⁷⁾	None	December 2017
Nave Photon	VLCC	2008	297,395	\$ 40,488	None	December 2017

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- (1) Net time charter-out rate per day (net of commissions), presented in USD.
- (2) Estimated dates assuming the midpoint of the redelivery period by charterers, including owner's extension options not declared yet.
- (3) Charterer's option to extend the charter for one year at \$15,553 net plus profit sharing. Profit sharing will be calculated monthly and profits will be split equally between each party. The profit sharing formula incorporates a \$1,000 premium above the relevant index.
- (4) Profit sharing based on a formula which incorporates a premium when vessels are trading in ice. For the Nave Equinox, the premium is \$1,900 net per day and for the Nave Pulsar based on pool results.
- (5) Rate can reach a maximum of \$21,302 net per day calculated based on a formula. Both rate and ceiling increase by 2% annually.
- (6) Charterer's option to extend for an additional year at a rate of \$15,306 net per day plus 50% profit sharing.
- (7) Rate based on VLCC pool earnings.
- (8) Rate based on chemical tankers pool earnings.
- (9) Rate is based upon daily BTR TD3. Navios Acquisition will receive 100% of the index rate up to \$39,500 net per day, 90% of the index rate from \$41,969 net per day to \$44,438 net per day and 50% of any amount in excess of \$44,438 net per day. The contract provides for a minimum rate of \$29,625 net per day and \$27,156 net per day for the last nine months of the contract.
- (10) Navios Acquisition has granted an option to Navios Midstream, exercisable until November 2016, to purchase the vessel from Navios Acquisition at fair market value.
- (11) Vessel is expected to be sold during the second half of 2016, following the completion of its chartering commitments.
- (12) Charterer's option to extend for one year at \$20,244 net per day.
- (13) Rate is based upon daily BTR TD3. Navios Acquisition will receive 100% of the index rate up to \$41,969 net per day, 90% up until \$44,438 net per day and 50% of any amount in excess of \$44,438 net per day. The contract provides a minimum rate of \$19,750 net per day.
- (14) Rate based on LR1 pool earnings.
- (15) Charterer's option to extend for two years at \$20,500 net per day.

Charter Policy and Industry Outlook

Our core fleet currently, consists of 38 vessels, of which eight are VLCCs, 26 are product tankers and four are chemical tankers, which includes the two chemical tankers we have agreed to sell. All of our vessels are chartered-out to high-quality counterparties, including affiliates of Shell, Navig8 and Mansel, with an average remaining charter period of approximately one year. Many of our charters have profit sharing arrangements (see fleet table above). While all of our vessels are currently chartered-out, we intend to deploy any vessels that would become open not chartered-out to leading charterers in a mix of long, medium and short-term time charters, depending on the vessels positions, seasonality and market outlook. This chartering strategy is intended to allow us to capture increased profits during strong charter markets, while developing relatively stable cash flows from 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.

We intend to selectively grow our fleet using Navios Holdings' global network of relationships and extensive experience in the marine transportation industry, coupled with our financial resources and financing capability, to acquire young, high-quality, modern, double-hulled vessels in the product, crude oil 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 worldwide financial crisis and because of charter rates for crude, product and chemical tankers that have fallen from their highs of 2008.

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Factors Affecting Navios Acquisition s Results of Operations

We believe the principal factors that will affect our future results of operations are the general economic, regulatory, political and governmental conditions that affect the shipping industry and those that specifically 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 demand for seaborne transportation services;

the ability of Navios Holdings commercial and chartering operations to successfully employ our vessels at economically attractive rates, particularly as our fleet expands and our charters expire;

the effective and cost efficient technical management of our vessels;

Navios Holdings ability to satisfy technical, health, safety and compliance standards of oil majors and major commodity traders; and

the strength of and growth in the number of our customer relationships, especially with oil majors and major commodity traders.

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

the charter hire earned by our vessels under our charters;

our access to capital required to acquire additional vessels and/or to implement our business strategy;

our ability to sell vessels at prices we deem satisfactory;

our level of debt, our ability to repay such debt and to fulfill other financial obligations;

the level of any dividend to our stockholders.

Voyage and Time Charter

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

the duration of the charters;

the level of spot market rates at the time of charters;

decisions relating to vessel acquisitions and disposals;

the amount of time spent positioning vessels;

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

the age, condition and specifications of the vessels; and

the aggregate level of supply and demand in the tanker 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. 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 the control of management.

The cost to maintain and operate a vessel increases with the age of the vessel. Older vessels are less fuel efficient, cost more to insure and require upgrades from time to time to comply with new regulations. The average age of Navios Acquisition's owned fleet is 5.4 years. But, as such fleet ages or if Navios Acquisition expands its fleet by acquiring previously owned and older vessels the cost per vessel would be expected to rise and, assuming all else, including rates, remains constant, vessel profitability would be expected to decrease.

Navios Acquisition reports financial information and evaluates its operations by charter revenues. Navios Acquisition does not use discrete financial information to evaluate operating results for each type of charter. As a result, management reviews operating results solely by revenue per day and operating results of the fleet and thus Navios Acquisition has determined that it operates under one reportable segment.

Set forth below are selected historical and statistical data for Navios Acquisition for each of the three and six month periods ended June 30, 2016 and 2015 that the Company believes may be useful in better understanding the Company's financial position and results of operations.

Three month period ended		Six month period ended	
June 30,		June 30,	
2016	2015	2016	2015
(unaudited)	(unaudited)	(unaudited)	(unaudited)

FLEET DATA

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Available days ⁽¹⁾	3,437	3,523	6,914	6,961
Operating days ⁽²⁾	3,428	3,511	6,899	6,936
Fleet utilization ⁽³⁾	99.8%	99.7%	99.8%	99.7%
Vessels operating at period end	38	37	38	37
AVERAGE DAILY RESULTS				
Time Charter Equivalent Rate per day ⁽⁴⁾	\$ 21,380	\$ 22,541	\$ 22,055	\$ 22,531

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

- (1) *Available days*: Available days for the fleet represent total calendar days the vessels were in Navios Acquisition's possession for the relevant period after subtracting off-hire days associated with scheduled repairs, dry dockings or special surveys. The shipping industry uses available days to measure the number of days in a relevant period during which vessels should be capable of generating revenues.
- (2) *Operating days*: Operating days are the number of available days in the relevant period less the aggregate number of days that the vessels are off-hire due to any reason, including unforeseen circumstances. The shipping industry uses operating days to measure the aggregate number of days in a relevant period during which vessels actually generate revenues.
- (3) *Fleet utilization*: Fleet utilization is the percentage of time that Navios Acquisition's vessels were available for generating revenue, and is determined by dividing the number of operating days during a relevant period by the number of available days during that period. The shipping industry uses fleet utilization to measure a company's efficiency in finding suitable employment for its vessels and minimizing the amount of days that its vessels are off hire for reasons other than scheduled repairs, dry dockings and special surveys.
- (4) *Time Charter Equivalent Rate*: Time Charter Equivalent (TCE) Rate is defined as voyage and time charter revenues less voyage expenses during a period divided by the number of available days during the period. The TCE Rate is a standard shipping industry performance measure used primarily to present the actual daily earnings generated by vessels of various types of charter contracts for the number of available days of the fleet.

Period-over-Period Comparisons**For the Three Month Period ended June 30, 2016 compared to the Three Month Period ended June 30, 2015**

The following table presents consolidated revenue and expense information for the three month periods ended June 30, 2016 and 2015. This information was derived from the unaudited condensed consolidated statements of income of Navios Acquisition for the respective periods.

Expressed in thousands of U.S. dollars	Three Month period Ended June 30, 2016	Three Month period Ended June 30, 2015
	(unaudited)	(unaudited)
Revenue	\$ 74,495	\$ 80,408
Time charter and voyage expenses	(1,017)	(996)
Direct vessel expenses	(1,405)	(348)
Management fees	(24,318)	(24,293)
General and administrative expenses	(5,981)	(3,903)
Depreciation and amortization	(14,294)	(14,880)
Interest income	880	302
Interest expense and finance cost	(18,913)	(19,110)
Gain on sale of vessels		5,771
Equity in net earnings of affiliated companies	3,731	3,651
Other expense, net	(994)	(240)

Net income	\$	12,184	\$	26,362
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Revenue: Revenue for the three month period ended June 30, 2016 decreased by \$5.9 million or 7.4% to \$74.5 million, as compared to \$80.4 million for the same period of 2015. The decrease was mainly attributable to: (i) the decrease in profit sharing by \$7.2 million to \$1.3 million recognized in the three month period ended June 30, 2016, as compared to \$8.6 million for the same period in 2015; and (ii) the decrease in revenue by \$6.9 million due to the sale of two VLCCs in June 2015 and one MR2 tanker vessel in January 2016. The decrease was partially mitigated by the increase in revenue following the deliveries of two vessels from April 2015 until June 30, 2016. Available days of the fleet decreased to 3,437 days for the three month period ended June 30, 2016, as compared to 3,523 days for the three month period ended June 30, 2015. The TCE Rate decreased to \$21,380 for the three month period ended June 30, 2016, from \$22,541 for the three month period ended June 30, 2015.

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Time charter and voyage expenses: Time charter and voyage expenses for each of the three month periods ended June 30, 2016 and 2015 amounted to \$1.0 million.

Direct vessel expenses: Direct vessel expenses, comprising of the amortization of dry dock and special survey costs and expenses incurred in connection with specialized work performed on certain vessels of our fleet amounted to \$1.4 million for the three month period ended June 30, 2016, as compared to \$0.3 million for the three month period ended June 30, 2015.

Management fees: Management fees for each of the three month periods ended June 30, 2016 and 2015 amounted to \$24.3 million. Pursuant to the Management Agreement, the Manager provided commercial and technical management services to Navios Acquisition's vessels for a daily fee of: (a) \$6,000 per MR2 product tanker and chemical tanker vessel; (b) \$7,000 per LR1 product tanker vessel; and (c) \$9,500 per VLCC, through May 2016.

Navios Acquisition fixed the fees for commercial and technical ship management services of the fleet for two additional years from May 29, 2016 following the expiration of the previous fixed fee period, through May 2018, at a daily fee of: (a) \$6,350 per MR2 product tanker and chemical tanker vessel; (b) \$7,150 per LR1 product tanker vessel; and (c) the current daily fee of \$9,500 per VLCC.

Dry docking expenses are reimbursed by Navios Acquisition, at cost.

General and administrative expenses: Total general and administrative expenses for the three month period ended June 30, 2016 increased by \$2.1 million to \$6.0 million compared to \$3.9 million for the three month period ended June 30, 2015. The increase was mainly attributable to \$2.8 million of compensation authorized and approved by the Compensation committee of Navios Acquisition in December 2015, that was accrued on the statements of income for the three month period ended June 30, 2016; partially mitigated by: (i) a \$0.4 million decrease in stock based compensation expense; and (ii) an approximately \$0.3 million decrease in administrative expenses paid to Navios Holdings and other general and administrative expenses, including professional, other fees and travel expenses.

Depreciation and amortization: Depreciation and amortization decreased by \$0.6 million to \$14.3 million for the three month period ended June 30, 2016 as compared to \$14.9 million for the three month period ended June 30, 2015. The decrease was mainly attributable to the Nave Constellation and the Nave Universe that were classified as vessels held for sale (See Note 6). Depreciation of a vessel is calculated using an estimated useful life of 25 years from the date the vessel was originally delivered from the shipyard.

Gain on sale of vessels: The gain on sale of vessels for the three month period ended June 30, 2016 was \$0 as compared to \$5.8 million for the three month period ended June 30, 2015, which resulted from sale of the Nave Celeste and the C. Dream to Navios Maritime Midstream Partners L.P. (Navios Midstream).

Interest income: Interest income for the three month period ended June 30, 2016 increased by \$0.6 million to \$0.9 million compared to \$0.3 million for the three month period ended June 30, 2015.

Interest expense and finance cost: Interest expense and finance cost for the three month period ended June 30, 2016 decreased by \$0.2 million to \$18.9 million, as compared to \$19.1 million for the three month period ended June 30, 2015. The decrease was due to the decrease in amortization and write-off of deferred finance cost by approximately \$0.4 million to \$0.8 million for the three month period ended June 30, 2016 as compared to \$1.3 million for the same period of 2015 and was partially mitigated by a \$0.2 million increase in interest expense due to the increase in the weighted average interest rate for the three month period ended June 30, 2016 to 6.00% from 5.91%, during the three month period ended June 30, 2015.

The average outstanding loan balance was \$1,187.9 million for the three month period ended June 30, 2016 as compared to \$1,187.6 million for the three month period ended June 30, 2015. As of June 30, 2016 and 2015, the outstanding loan balance under Navios Acquisition's credit facilities was \$1,181.9 million and \$1,124.3 million, respectively.

Equity in net earnings of affiliated companies: Equity in net earnings of affiliated companies for each of the three month periods ended June 30, 2016 and 2015 amounted to \$3.7 million.

This amount consists of the equity in net earnings of Navios Midstream of \$3.4 million (\$3.2 million for the three month period ended June 30, 2015) and \$0.3 million (\$0.4 million for the three month period ended June 30, 2015) resulted from the equity in net earnings of Navios Europe I Inc. (Navios Europe I) and Navios Europe II Inc. (Navios Europe II), for the three month period ended June 30, 2016.

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Other expense, net: Other expense, net for the three month period ended June 30, 2016 was \$1.0 million and included the deductible and other costs for the litigation initiated in March 2016. For the comparative period of 2015, other expense, net was \$0.2 million.

For the Six Month Period ended June 30, 2016 compared to the Six Month Period ended June 30, 2015

The following table presents consolidated revenue and expense information for the six month periods ended June 30, 2016 and 2015. This information was derived from the unaudited condensed consolidated statements of income of Navios Acquisition for the respective periods.

Expressed in thousands of U.S. dollars	For the Six Months Ended June 30, 2016 (unaudited)	For the Six Months Ended June 30, 2015 (unaudited)
Revenue	\$ 154,914	\$ 159,019
Time charter and voyage expenses	(2,438)	(2,186)
Direct vessel expenses	(2,049)	(697)
Management fees	(48,504)	(48,335)
General and administrative expenses	(9,510)	(7,068)
Depreciation and amortization	(29,177)	(29,771)
Gain on sale of vessels	2,282	5,771
Interest income	1,534	573
Interest expense and finance cost	(38,038)	(37,315)
Equity in net earnings of affiliated companies	8,622	7,089