

Dynagas LNG Partners LP  
Form 6-K  
September 06, 2017

**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 OF THE  
SECURITIES EXCHANGE ACT OF 1934**

For the month of September 2017

Commission File Number: 001-36185

**Dynagas LNG Partners LP**  
(Translation of registrant's name into English)

**23, Rue Basse**

**98000 Monaco**

(Address of principal executive office)

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

Edgar Filing: Dynagas LNG Partners LP - Form 6-K

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): [  ].

**Note:** Regulation S-T Rule 101(b)(1) only permits the submission in paper of a Form 6-K if submitted solely to provide an attached annual report to security holders.

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): [  ].

**Note:** Regulation S-T Rule 101(b)(7) only permits the submission in paper of a Form 6-K if submitted to furnish a report or other document that the registrant foreign private issuer must furnish and make public under the laws of the jurisdiction in which the registrant is incorporated, domiciled or legally organized (the registrant's "home country"), or under the rules of the home country exchange on which the registrant's securities are traded, as long as the report or other document is not a press release, is not required to be and has not been distributed to the registrant's security holders, and, if discussing a material event, has already been the subject of a Form 6-K submission or other Commission filing on EDGAR.

**INFORMATION CONTAINED IN THIS FORM 6-K REPORT**

Attached as Exhibit 99.1 to this Report on Form 6-K is a copy of the press release of Dynagas LNG Partners LP (the Partnership ) dated September 5, 2017: DYNAGAS LNG PARTNERS LP REPORTS RESULTS FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2017.

This Report on Form 6-K, except for the section entitled CEO Commentary contained in the press release in Exhibit 99.1 hereto, is hereby incorporated by reference into the Partnership's registration statement on Form F-3 (File No. 333-200659) that was filed with the U.S. Securities and Exchange Commission with an effective date of January 15, 2015.

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: September 6, 2017

**DYNAGAS LNG PARTNERS LP**

By: /s/ Tony Lauritzen  
Name: Tony Lauritzen  
Title: Chief Executive Officer

**DYNAGAS LNG PARTNERS LP REPORTS RESULTS FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2017**

MONACO September 5, 2017 - Dynagas LNG Partners LP (NYSE: DLNG) ( Dynagas Partners or the Partnership ), an owner and operator of liquefied natural gas ( LNG ) carriers, today announced its results for the three and six months ended June 30, 2017.

**Highlights:**

•

Operating income of \$8.7 million, net loss of \$5.2 million and loss per common unit <sup>(1)</sup> of \$0.19 for the three months ended June 30, 2017; Included in the second quarter 2017 results are: (i) \$4.9 million of scheduled class survey and dry dock costs for the three steam turbine vessels in the Partnership's fleet and (ii) a one-off \$2.6 million write-off of deferred loan fees associated with the Partnership's prior indebtedness refinanced with the proceeds of the Term Loan B.

•

Adjusted Net Income <sup>(2)</sup> of \$4.2 million, Adjusted Earnings per common unit <sup>(1)(2)</sup> of \$0.07 and Adjusted EBITDA<sup>(2)</sup> of \$22.9 million for the three months ended June 30, 2017;

•

Distributable Cash Flow <sup>(2)</sup> of \$8.2 million during the three months ended June 30, 2017;

•

\$74.3 million of cash and \$104.3 million of available liquidity as of June 30, 2017;

•

Quarterly cash distribution of \$0.4225 per common unit and \$0.5625 per preferred unit.

<sup>(1)</sup> Earnings/(loss) per common unit and Adjusted Earnings/(Loss) per common unit presentation eliminate the effect of the Series A Preferred Units interest on the Partnership's net income/(loss) for the periods presented.

<sup>(2)</sup> Distributable Cash Flow, Adjusted EBITDA, Adjusted Net Income and Adjusted Earnings per common unit are not recognized measures under U.S. GAAP. Please refer to the definitions and reconciliation of these measures to the most directly comparable financial measures calculated and presented in accordance with U.S. GAAP in Appendix B.

### **Recent Developments:**

**Quarterly Common Unit Cash Distribution:** On July 5, 2017, the Partnership announced a quarterly cash distribution of \$0.4225 per common unit in respect of the second quarter of 2017. This cash distribution was paid on July 18, 2017, to all common unitholders of record as of July 11, 2017.

**Series A Preferred Units Cash Distribution:** On July 24, 2017, the Partnership also announced a cash distribution of \$0.5625 per unit of its Series A Preferred Units (NYSE: DLNG PR A) for the period from May 12, 2017 to August 11, 2017, which was paid on August 14, 2017, to all unitholders of record as of August 5, 2017.

### **CEO Commentary:**

Tony Lauritzen, Chief Executive Officer of the Partnership, commented:

We are pleased to report our earnings for the financial quarter ended June 30, 2017, which were within our expectations. We have previously communicated that this quarter would be affected by scheduled class surveys and related dry dockings for three of our six vessels which would result in cost items and would also qualify as off-hire under the relevant contracts. We are satisfied that the class surveys, including dry dockings, were completed in a quick

and efficient manner with an average of approximately 15 days per vessel from arrival to departure at the shipyard. The vessels are on a 5-year special survey cycle, therefore we expect the next special class survey and related dry docking to occur in about 5 years.

On April 2017, the *Clean Energy* became available for employment, at which time we entered into two consecutive short-term charters to employ the vessel through the end of August 2017. Following the expiration of these charters, we have entered into an additional short-term charter and the vessel is expected to trade on the spot market until its delivery to Gazprom in July 2018, when it will commence a charter with duration of approximately 8 years.

Our reported earnings for the second quarter of 2017 were, as expected, below those of the second quarter of 2016 and were impacted by the following: (i) the class surveys and related dry dockings of three of our vessels, as described above, (ii) the temporary employment of the *Clean Energy* on the spot market, (iii) the inclusion in second quarter results of one-off non-cash expenses associated with our refinanced bank loans and (iv) our decision to reduce the charter hire rate on two vessels, the *Yenisei River* and the *Lena River*, with effect from November 2016, in exchange for a long-term charter on the *Clean Energy* with an approximate eight year term. These transactions were net accretive to our contracted backlog, thereby enhancing our revenue visibility.

On July 18, 2017, we paid quarterly cash distribution of \$0.4225 per common unit with respect to the second quarter of 2017. Since our initial public offering in November 2013, we have paid total cash distributions of \$5.94 per common unit. Further, on August 14, 2017, we paid a cash distribution of \$0.5625 per unit on our Series A Preferred Units for the period from May 12, 2017 to August 11, 2017.

Part of our strategy has been to enter into longer term charters for the employment of the vessels in our fleet. In general, based on the conditions of the charter market, long-term charters maybe priced at day rates above or below shorter term charters. With our fleet 84% contracted through 2017 and 75% contracted through each of 2018 and 2019, and with estimated fleet-wide average remaining contract duration of 10.2 years, we believe we have significant cash flow visibility.

Our revenues are derived from the employment of our vessels on fixed multi-year charter contracts. The revenues we earn under those charter contracts are earned on a fixed day rate basis and not linked in any way to commodity price fluctuations.

Our intent is to seek additional contract coverage, particularly in 2017 and 2018, to manage our operating expenses and continue the safe operation of our fleet.

We look forward to working towards meeting our goals, which we believe will continue to benefit our unitholders.





**Financial Results Overview:**

| <i>(U.S. dollars in thousands, except<br/>per unit data)</i> | <b>Three Months Ended</b>               |                                         | <b>Six Months Ended</b>                 |                                         |
|--------------------------------------------------------------|-----------------------------------------|-----------------------------------------|-----------------------------------------|-----------------------------------------|
|                                                              | <b>June 30,<br/>2017</b><br>(unaudited) | <b>June 30,<br/>2016</b><br>(unaudited) | <b>June 30,<br/>2017</b><br>(unaudited) | <b>June 30,<br/>2016</b><br>(unaudited) |
| Voyage revenues                                              | \$ 31,975                               | \$ 42,638                               | \$ 71,067                               | \$ 85,379                               |
| Net Income/ (loss)                                           | \$ (5,181)                              | \$ 16,966                               | \$ 7,731                                | \$ 34,101                               |
| Adjusted Net Income <sup>(1)</sup>                           | \$ 4,220                                | \$ 18,758                               | \$ 19,125                               | \$ 37,686                               |
| Operating income                                             | \$ 8,734                                | \$ 25,723                               | \$ 30,627                               | \$ 51,727                               |
| Adjusted EBITDA <sup>(1)</sup>                               | \$ 22,921                               | \$ 35,024                               | \$ 54,192                               | \$ 70,202                               |
| Earnings/ (loss) per common unit                             | \$ (0.19)                               | \$ 0.43                                 | \$ 0.09                                 | \$ 0.86                                 |
| Adjusted Earnings per common<br>unit <sup>(1)</sup>          | \$ 0.07                                 | \$ 0.48                                 | \$ 0.43                                 | \$ 0.96                                 |

|                                        |    |       |    |        |    |        |    |        |
|----------------------------------------|----|-------|----|--------|----|--------|----|--------|
| Distributable Cash Flow <sup>(1)</sup> | \$ | 8,200 | \$ | 22,585 | \$ | 26,834 | \$ | 45,321 |
|----------------------------------------|----|-------|----|--------|----|--------|----|--------|

<sup>(1)</sup> Adjusted Net Income, Adjusted EBITDA, Adjusted Earnings per common unit and Distributable Cash Flow are not recognized measures under U.S. GAAP. Please refer to the definitions and reconciliation of these measures to the most directly comparable financial measures calculated and presented in accordance with U.S. GAAP in Appendix B.

### Three Months Ended June 30, 2017 and 2016 Financial Results

Net loss for the three months ended June 30, 2017 was \$5.2 million as compared to net income of \$17.0 million in the corresponding period of 2016. The decrease, as further elaborated below, was mainly attributable to i) the decrease in period operating revenues, ii) the scheduled expenditures of technical nature for the fleet vessels that either underwent or were in the process of undergoing their special survey and dry-dock repairs in the second quarter of 2017 and iii) non-cash accelerated amortization of deferred loan fees and other financing costs associated with the Partnership's repaid commercial bank facilities as well as increased interest costs for servicing the Term Loan B (discussed below).

Adjusted Net Income for the three months ended June 30, 2017 was \$4.2 million, compared to Adjusted Net Income of \$18.8 million in the corresponding period of 2016. The decrease in Adjusted Net Income, which eliminates the effect of non-cash and non-recurring items, discussed above and further presented in Appendix B, was mainly due the lower utilization and the lower revenues earned on the Partnership's LNG carriers and higher financing costs, as discussed in further detail below.

Adjusted EBITDA for the three months ended June 30, 2017 decreased by 34.6% across the quarters (second quarter 2017 Adjusted EBITDA of \$22.9 million, compared to second quarter 2016 Adjusted EBITDA of \$35.0 million) and was due to the factors outlined above.

The Partnership's Distributable Cash Flow for the three-month period ended June 30, 2017 was \$8.2 million, compared to \$22.6 million in the corresponding period of 2016, which represents a decrease of \$14.4 million or 63.7%.

For the three-month period ended June 30, 2017, the Partnership reported loss per common unit and Adjusted Earnings per common unit, basic and diluted of \$0.19 and \$0.07, respectively, after taking into account the Series A Preferred Units interest on the Partnership's net loss. Loss per common unit and Adjusted Earnings per common unit, basic and diluted are calculated on the basis of a weighted number of 35,490,000 units outstanding during the period, in the case of Adjusted Earnings per common unit after reflecting the impact of the non-cash items presented in Appendix B.

Please refer to the definitions and reconciliation of these measures to the most directly comparable financial measures calculated and presented in accordance with U.S. GAAP in Appendix B hereto.

Voyage revenues were \$32.0 million for the three-month period ended June 30, 2017, compared to \$42.6 million for the same period of 2016, which represents a decrease of \$10.7 million or 25.0%. This decrease was primarily due to i) the anticipated off hire periods for the *Clean Energy*, the *Ob River* and the *Amur River* that had either completed (in the case of the *Clean Energy* and the *Ob River*) or were undergoing their scheduled dry-dock (in the case of the *Amur River*) as of June 30, 2017 (as opposed to no off-hire days in the same quarter in 2016), ii) lower utilization and lower charter rate earned for the *Clean Energy* while trading in the spot market during the current quarter in comparison to the corresponding quarter of 2016 and iii) the charter hire reductions on the *Yenisei River* and the *Lena River*, with effect from November 2016.

Vessel operating expenses increased to \$7.5 million in the three-month period ended June 30, 2017, from \$6.7 million for the same period of 2016, which represents an increase of \$0.8 million or 12.4%. This increase was primarily attributable to technical maintenance expenditures associated with the Partnership's three steam turbine vessels that either underwent or were in the process of undergoing their scheduled special survey and dry-dock during the second quarter of 2017.

Interest and finance costs increased from \$8.7 million in the second quarter of 2016 to \$13.7 million in the second quarter of 2017, which represents an increase of \$5.0 million, or 57.7%. As discussed above, this increase is associated primarily with i) an increase in the current period weighted average interest mainly as a result of the increased costs associated with the \$480 million Senior Secured Term Loan B facility that the Partnership entered into on May 18, 2017 and ii) the \$2.6 million deferred loan fees accelerated amortization associated with the prior indebtedness refinanced with the proceeds of the Term Loan B. The increase is also attributed, albeit to a lesser extent, with other expenses incurred in connection with the Term Loan B and the repaid bank loans.

The Partnership reported average daily charter hire gross of commissions<sup>(1)</sup> of approximately \$66,900 per day per vessel in the three months ended June 30, 2017, compared to approximately \$81,300 per day per vessel in the same period of 2016. During the three-month period ended June 30, 2017, the Partnership's vessels operated at 95% utilization compared to 100% in the same period of 2016.

(1) Average daily hire gross of commissions represents voyage revenue without taking into consideration the non-cash time charter amortization expense and amortization of prepaid charter revenue, divided by the Available Days in the Partnership's fleet as described in Appendix B.

Amounts relating to variations in period to period comparisons shown in this section are derived from the condensed financials presented below.

## **Liquidity/ Financing/ Cash Flow Coverage**

As of June 30, 2017, the Partnership reported free cash of \$74.3 million. Total indebtedness outstanding as of June 30, 2017 was \$730.0 million (gross of unamortized deferred loan fees), which includes the Partnership's \$250.0 million senior unsecured notes due October 2019. As of June 30, 2017, \$4.8 million of the Partnership's outstanding indebtedness was repayable within one year.

The Partnership's liquidity profile is further enhanced by the \$30.0 million of borrowing capacity under the Partnership's revolving credit facility with its Sponsor, which is available to the Partnership at any time until November 2018 and remains available in its entirety as of the date of this release.

On May 18, 2017, Arctic LNG Carriers Ltd, a wholly-owned subsidiary of the Partnership, refinanced its existing secured commercial bank facilities with a new \$480.0 million institutional Senior Secured Term Loan B facility due in 2023 (the Term Loan B). The Term Loan B provides for 0.25% quarterly amortization on the principal and a bullet payment at maturity.

As of June 30, 2017, the Partnership reported working capital surplus of \$52.7 million (Q4 2016: \$7.1 million) which is the result on the strengthening of the Partnership's balance sheet following the Term Loan B refinancing discussed above.

During the three months ended June 30, 2017, the Partnership generated net cash from operating activities of \$11.4 million compared to \$29.7 million in the same period of 2016, which represents a decrease of 18.3 million, or 61.5%. This decrease was exclusively attributable to the decrease in period net income, due to the factors discussed above.

## **Vessel Employment**

As of September 5, 2017, the Partnership had contracted employment <sup>(2)</sup> for 84% of its fleet estimated Available Days for 2017, 75% of its fleet estimated Available Days for 2018 and 75% of its fleet estimated Available Days for 2019.

As of the same date, the Partnership's contracted revenue backlog estimate<sup>(3)</sup> was approximately \$1.49 billion, with average remaining contract duration of 10.2 years.

(2) Time charter coverage for the Partnership's fleet is calculated by dividing the fleet contracted days on the basis of the earliest estimated delivery and redelivery dates prescribed in the Partnership's current time charter contracts net of scheduled class survey repairs by the number of expected Available days during that period.

(3) The Partnership calculates its contracted revenue backlog by multiplying the contractual daily hire rate by the expected number of days committed under the contracts (assuming earliest delivery and redelivery and excluding options to extend), assuming full utilization. The actual amount of revenues earned and the actual periods during which revenues are earned may differ from the amounts and periods shown in the table below due to, for example, dry-docking and/or special survey downtime, maintenance projects, off-hire downtime and other factors that result in lower revenues than the Partnership's average contract backlog per day. Certain time charter contracts that the Partnership entered into with Yamal Trade Pte. are subject to the satisfaction of important conditions, which, if not satisfied, or waived by the charterer, may result in their cancellation or amendment before or after the charter term commences and in such case the Partnership may not receive the contracted revenues thereunder.

### **Conference Call and Webcast: September 5, 2017**

As announced, the Partnership's management team will host a conference call on Tuesday, September 5, 2017 at 10:00 a.m. Eastern Time to discuss the Partnership's financial results.

#### **Conference Call details:**

Participants should dial into the call 10 minutes before the scheduled time using the following numbers: 1 (866) 819-7111 (from the US), 0(800) 953-0329 (from the UK) or (+44) (0) 1452 542 301 (Standard International Dial In). Please quote "Dynagas."

A telephonic replay of the conference call will be available until Tuesday, September 12<sup>th</sup>, 2017. The United States replay number is 1 (866) 247-4222; from the UK 0(800) 953-1533; the standard international replay number is (+44) (0) 1452 550 000 and the access code required for the replay is: 59711562#.

#### **Audio Webcast - Slides Presentation:**

There will be a live and then archived audio webcast of the conference call, via the internet through the Dynagas LNG Partners website [www.dynagaspartners.com](http://www.dynagaspartners.com). Participants to the live webcast should register on the website approximately 10 minutes prior to the start of the webcast.

The slide presentation on the second quarter ended June 30, 2017 financial results will be available in PDF format 10 minutes prior to the conference call and webcast, accessible on the company's website [www.dynagaspartners.com](http://www.dynagaspartners.com) on the webcast page. Participants to the webcast can download the PDF presentation.

### **About Dynagas LNG Partners LP**

Dynagas LNG Partners LP (NYSE: DLNG) is a growth-oriented master limited partnership formed by Dynagas Holding Ltd., its Sponsor, to own and operate liquefied natural gas ( LNG ) carriers employed on multi-year charters. The current fleet of Dynagas Partners consists of six LNG carriers, with an aggregate carrying capacity of approximately 914,000 cubic meters.

Visit the Partnership's website at [www.dynagaspartners.com](http://www.dynagaspartners.com)

### **Contact Information:**

Dynagas LNG Partners LP

23, Rue Basse, 98000 Monaco

Attention: Michael Gregos

Tel. +37799996445

Email: [management@dynagaspartners.com](mailto:management@dynagaspartners.com)

### **Investor Relations / Financial Media:**

Nicolas Bornozis

President

Capital Link, Inc.

230 Park Avenue, Suite 1536 New York, NY 10169

Tel. (212) 661-7566

E-mail: [dynagas@capitallink.com](mailto:dynagas@capitallink.com)

### **Forward-Looking Statements**

Matters discussed in this press release may constitute forward-looking statements. The Private Securities Litigation Reform Act of 1995 provides safe harbor protections for forward-looking statements in order to encourage companies to provide prospective information about their business. Forward-looking statements include statements concerning plans, objectives, goals, strategies, future events or performance, and underlying assumptions and other statements, which are other than statements of historical facts.

The Partnership desires to take advantage of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 and is including this cautionary statement in connection with this safe harbor legislation. The words believe, anticipate, intends, estimate, forecast, project, plan, potential, may, should, expect, expect expressions identify forward-looking statements.

The forward-looking statements in this press release are based upon various assumptions, many of which are based, in turn, upon further assumptions, including without limitation, examination by the Partnership's management of historical operating trends, data contained in its records and other data available from third parties. Although the Partnership believes that these assumptions were reasonable when made, because these assumptions are inherently subject to significant uncertainties and contingencies which are difficult or impossible to predict and are beyond the Partnership's control, the Partnership cannot assure you that it will achieve or accomplish these expectations, beliefs or projections.

In addition to these important factors, other important factors that, in the Partnership's view, could cause actual results to differ materially from those discussed in the forward-looking statements include the strength of world economies and currencies, general market conditions, including fluctuations in charter rates and vessel values, changes in demand for Liquefied Natural Gas (LNG) shipping capacity, changes in the Partnership's operating expenses, including bunker prices, drydocking and insurance costs, the market for the Partnership's vessels, availability of financing and refinancing, changes in governmental rules and regulations or actions taken by regulatory authorities, potential liability from pending or future litigation, general domestic and international political conditions, potential disruption of shipping routes due to accidents or political events, vessel breakdowns and instances of off-hires and other factors. We derive our revenues from a limited number of charterers and as a result, the non-performance of obligations by any of our counterparties would have a material adverse effect on our business. Please see the Partnership's filings with the Securities and Exchange Commission for a more complete discussion of these and other risks and uncertainties. The information set forth herein speaks only as of the date hereof, and the Partnership disclaims any intention or obligation to update any forward-looking statements as a result of developments occurring after the date of this communication.

### **APPENDIX A**

**DYNAGAS LNG PARTNERS LP****Unaudited Condensed Consolidated Statements of Income**

| <i>(In thousands of U.S. dollars<br/>except units and per unit data)</i>        | <b>Three Months Ended<br/>June 30,</b> |                  | <b>Six Months Ended<br/>June 30,</b> |                  |
|---------------------------------------------------------------------------------|----------------------------------------|------------------|--------------------------------------|------------------|
|                                                                                 | <b>2017</b>                            | <b>2016</b>      | <b>2017</b>                          | <b>2016</b>      |
| <b>REVENUES</b>                                                                 |                                        |                  |                                      |                  |
| Voyage revenues                                                                 | \$ 31,975                              | \$ 42,638        | \$ 71,067                            | \$ 85,379        |
| <b>EXPENSES</b>                                                                 |                                        |                  |                                      |                  |
| Voyage expenses (including<br>related party)                                    | (1,345)                                | (745)            | (2,217)                              | (1,464)          |
| Vessel operating expenses                                                       | (7,491)                                | (6,664)          | (14,161)                             | (13,020)         |
| Dry-docking and special survey<br>costs                                         | (4,911)                                |                  | (5,131)                              |                  |
| General and administrative<br>expenses (including related party)                | (398)                                  | (456)            | (840)                                | (1,074)          |
| Management fees -related party                                                  | (1,537)                                | (1,491)          | (3,056)                              | (2,983)          |
| Depreciation                                                                    | (7,559)                                | (7,559)          | (15,035)                             | (15,111)         |
| <b>Operating income</b>                                                         | <b>8,734</b>                           | <b>25,723</b>    | <b>30,627</b>                        | <b>51,727</b>    |
| Interest and finance costs, net                                                 | (13,725)                               | (8,707)          | (22,615)                             | (17,405)         |
| Other, net                                                                      | (190)                                  | (50)             | (281)                                | (221)            |
| <b>Net Income/ (loss)</b>                                                       | <b>\$ (5,181)</b>                      | <b>\$ 16,966</b> | <b>\$ 7,731</b>                      | <b>\$ 34,101</b> |
| <b>Earnings/ (loss) per common<br/>unit (basic and diluted)</b>                 | <b>\$ (0.19)</b>                       | <b>\$ 0.43</b>   | <b>\$ 0.09</b>                       | <b>\$ 0.86</b>   |
| <b>Weighted average number of<br/>units outstanding, basic and<br/>diluted:</b> |                                        |                  |                                      |                  |
| Common units                                                                    | 35,490,000                             | 20,505,000       | 33,585,829                           | 20,505,000       |

**DYNAGAS LNG PARTNERS LP**



**Consolidated Condensed Balance Sheets (unaudited)**

(Expressed in thousands of U.S. Dollars except for unit data)

|                                                                                                                                               | <b>June 30,<br/>2017</b> | <b>December 31,<br/>2016</b> |
|-----------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|------------------------------|
| <b><u>ASSETS</u></b>                                                                                                                          |                          |                              |
| <b>CURRENT ASSETS:</b>                                                                                                                        |                          |                              |
| Cash and cash equivalents                                                                                                                     | \$ 74,311                | \$ 57,595                    |
| Due from related party                                                                                                                        | 621                      | 878                          |
| Other current assets                                                                                                                          | 2,733                    | 1,722                        |
| <b>Total current assets</b>                                                                                                                   | <b>77,665</b>            | <b>60,195</b>                |
| <b>FIXED ASSETS, NET:</b>                                                                                                                     |                          |                              |
| Vessels, net                                                                                                                                  | 992,582                  | 1,007,617                    |
| <b>Total fixed assets, net</b>                                                                                                                | <b>992,582</b>           | <b>1,007,617</b>             |
| <b>OTHER NON CURRENT ASSETS:</b>                                                                                                              |                          |                              |
| Restricted cash                                                                                                                               |                          | 25,000                       |
| Due from related party                                                                                                                        | 1,350                    | 1,350                        |
| Above market acquired time charters                                                                                                           | 8,920                    | 12,514                       |
| <b>Total assets</b>                                                                                                                           | <b>\$ 1,080,517</b>      | <b>\$ 1,106,676</b>          |
| <b><u>LIABILITIES AND PARTNERS EQUITY</u></b>                                                                                                 |                          |                              |
| <b>CURRENT LIABILITIES:</b>                                                                                                                   |                          |                              |
| Current portion of long-term debt, net of deferred financing costs                                                                            | \$ 2,596                 | \$ 31,688                    |
| Trade payables                                                                                                                                | 9,727                    | 3,058                        |
| Due to related party                                                                                                                          | 82                       | 302                          |
| Accrued liabilities                                                                                                                           | 5,724                    | 3,750                        |
| Unearned revenue                                                                                                                              | 6,867                    | 14,258                       |
| <b>Total current liabilities</b>                                                                                                              | <b>24,996</b>            | <b>53,056</b>                |
| Deferred revenue                                                                                                                              | 1,122                    | 1,036                        |
| Long-term debt, net of current portion and deferred financing costs                                                                           | 712,261                  | 684,748                      |
| <b>Total non-current liabilities</b>                                                                                                          | <b>713,383</b>           | <b>685,784</b>               |
| <b><u>PARTNERS EQUITY</u></b>                                                                                                                 |                          |                              |
| General partner: 35,526 units issued and outstanding as at June 30, 2017 and December 31, 2016                                                | 71                       | 97                           |
| Common unitholders: 35,490,000 units issued and outstanding as at June 30, 2017 and 20,505,000 issued and outstanding as of December 31, 2016 | 268,851                  | 302,952                      |
|                                                                                                                                               | 73,216                   | 73,216                       |

Series A Preferred unitholders: 3,000,000 units issued and outstanding as at June 30, 2017 and December 31, 2016

Subordinated unitholders: None issued and outstanding as of June 30, 2017 and 14,985,000 units issued and outstanding as at

December 31, 2016 (8,429)

**Total partners equity 342,138 367,836**

**Total liabilities and partners equity \$ 1,080,517 \$ 1,106,676**

**DYNAGAS LNG PARTNERS LP**

**Consolidated Statements of Cash Flows**

**(Expressed in thousands of U.S. Dollars)**

|                                                                                          | <b>Six Months Ended June 30,</b> |               |
|------------------------------------------------------------------------------------------|----------------------------------|---------------|
|                                                                                          | <b>2017</b>                      | <b>2016</b>   |
| <b>Cash flows from Operating Activities:</b>                                             |                                  |               |
| Net income:                                                                              | \$ 7,731                         | \$ 34,101     |
| <b>Adjustments to reconcile net income to net cash provided by operating activities:</b> |                                  |               |
| Depreciation                                                                             | 15,035                           | 15,111        |
| Amortization and write-off of deferred financing fees                                    | 3,723                            | 990           |
| Amortization of fair value of acquired time charter                                      | 3,594                            | 3,614         |
| Deferred revenue amortization                                                            | 86                               | (29)          |
| <b>Changes in operating assets and liabilities:</b>                                      |                                  |               |
| Trade receivables                                                                        | (196)                            | (170)         |
| Prepayments and other assets                                                             | (878)                            | (525)         |
| Inventories                                                                              | 63                               | (557)         |
| Due from/ to related parties                                                             | 37                               | 174           |
| Trade payables                                                                           | 6,074                            | 399           |
| Accrued liabilities                                                                      | 1,690                            | 191           |
| Unearned revenue                                                                         | (7,391)                          |               |
| <b>Net cash provided by Operating Activities</b>                                         | <b>29,568</b>                    | <b>53,299</b> |
| <b>Cash flows from Investing Activities</b>                                              |                                  |               |
| Vessel Acquisitions and other additions to vessels cost                                  |                                  | (37,178)      |

|                                                                  |                  |                  |
|------------------------------------------------------------------|------------------|------------------|
| <b>Net cash used in Investing Activities</b>                     |                  | (37,178)         |
| <b>Cash flows from Financing Activities:</b>                     |                  |                  |
| Decrease in restricted cash                                      | 25,000           |                  |
| Payment of preferred units issuance costs and other filing costs |                  | (119)            |
| Distributions declared and paid                                  | (33,429)         | (33,428)         |
| Repayment of long-term debt                                      | (472,500)        | (16,250)         |
| Proceeds from long-term debt                                     | 480,000          | 66,667           |
| Payment of deferred finance fees                                 | (11,923)         | (36)             |
| <b>Net cash (used in)/ provided by Financing Activities</b>      | <b>(12,852)</b>  | <b>16,834</b>    |
| <b>Net increase in cash and cash equivalents</b>                 | <b>16,716</b>    | <b>32,955</b>    |
| Cash and cash equivalents at beginning of the period             | 57,595           | 24,293           |
| Cash and cash equivalents at end of the period                   | \$ <b>74,311</b> | \$ <b>57,248</b> |

## Supplemental information

### ARCTIC LNG CARRIERS Ltd. and its operating subsidiaries

The following table sets forth summary financial information of Arctic LNG Carriers Ltd., the Partnership's wholly owned subsidiary and borrower of the Term Loan B due 2023 and each of its vessel owning subsidiaries that is a subsidiary guarantor to the Term Loan B (collectively Arctic LNG Carriers) as at and for the periods presented, which are derived from the unaudited financial statements of Arctic LNG Carriers and are presented in connection with certain reporting requirements governing the Term Loan B.

**June 30,**

*(expressed in thousands of United states dollars)*

**2017**

**Balance sheet data:**

|                                       |    |           |
|---------------------------------------|----|-----------|
| Total assets                          | \$ | 1,017,394 |
| Total cash                            |    | 12,127    |
| Total debt, net of deferred loan fees | \$ | 467,465   |

|  | <b>Three months<br/>ended June 30,<br/>2017</b> | <b>Six Months<br/>Ended June 30,<br/>2017</b> |
|--|-------------------------------------------------|-----------------------------------------------|
|--|-------------------------------------------------|-----------------------------------------------|

*(expressed in thousands of United states dollars)*

**Income statement and other operational data:**

|                    |    |        |    |        |
|--------------------|----|--------|----|--------|
| Net income/ (loss) | \$ | (618)  | \$ | 16,931 |
| Revenues           |    | 31,974 |    | 71,067 |
| Adjusted EBITDA    | \$ | 23,329 | \$ | 55,022 |

**Arctic LNG Carriers reconciliation of net income/ (loss) to Adjusted EBITDA**

|  | <b>Three months<br/>ended June 30,<br/>2017</b> | <b>Six Months Ended<br/>June 30,<br/>2017</b> |
|--|-------------------------------------------------|-----------------------------------------------|
|--|-------------------------------------------------|-----------------------------------------------|

*(In thousands of U.S. dollars)*

|                                               |    |       |    |        |
|-----------------------------------------------|----|-------|----|--------|
| Net Income/ (loss)                            | \$ | (618) | \$ | 16,931 |
| Net interest and finance costs <sup>(1)</sup> |    | 9,570 |    | 14,245 |
| Depreciation                                  |    | 7,559 |    |        |