Dynagas LNG Partners LP
Form 6-K
December 01, 2014

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 December 2014

Commission File Number: 001-36185

DYNAGAS LNG PARTNERS LP
(Translation of registrant's name into English)

97 Poseidonos Avenue & 2 Foivis Street,
Glyfada 16674, Greece
(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 þ Form 40-F o

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

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): o.

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 Form 6-K is a Management's Discussion and Analysis of Financial Condition and Results of Operations and the unaudited interim condensed consolidated financial statements of Dynagas LNG Partners LP (the "Partnership") as of and for the nine months ended September 30, 2014 and 2013.

FORWARD-LOOKING STATEMENTS

This Form 6-K, and the documents to which the Partnership refers in this Form 6-K, as well as information included in oral statements or other written statements made or to be made by the Partnership, contain statements that, in the Partnership's opinion, may constitute forward-looking statements. Statements containing words such as "expect," "anticipate," "believe," "estimate," "likely" or similar words that are used herein or in other written or oral information conveyed by or on behalf of the Partnership, are intended to identify forward-looking statements. Forward-looking statements are made based upon management's current expectations and beliefs concerning future developments and their potential effects on the Partnership. Such forward-looking statements are not guarantees of future events. Actual results may differ, even materially, from those contemplated by the forward-looking statements due to, among others, the following factors:

- LNG market trends, including charter rates, factors affecting supply and demand, and opportunities for the profitable operations of LNG carriers;
- our anticipated growth strategies;
- the effect of the worldwide economic slowdown;
- turmoil in the global financial markets;
- fluctuations in currencies and interest rates;
- general market conditions, including fluctuations in charter hire rates and vessel values;
- changes in our operating expenses, including drydocking and insurance costs and bunker prices;
- forecasts of our ability to make cash distributions on our common units or any increases in our cash distributions;
- our future financial condition or results of operations and our future revenues and expenses;
- the repayment of debt and settling of interest rate swaps;
- our ability to make additional borrowings and to access debt and equity markets;
- planned capital expenditures and availability of capital resources to fund capital expenditures;
- our ability to maintain long-term relationships with major LNG traders;
- our ability to leverage our Sponsor's relationships and reputation in the shipping industry;
- our ability to realize the expected benefits from acquisitions;
- our ability to purchase vessels from our Sponsor in the future, including the Optional Vessels;
- our continued ability to enter into long-term time charters;

- our ability to maximize the use of our vessels, including the re-deployment or disposition of vessels no longer under long-term time charters;
- future purchase prices of newbuildings and secondhand vessels and timely deliveries of such vessels;
- our ability to compete successfully for future chartering and newbuilding opportunities;
- acceptance of a vessel by its charterer;
- termination dates and extensions of charters;
- the expected cost of, and our ability to comply with, governmental regulations, maritime self-regulatory organization standards, as well as standard regulations imposed by our charterers applicable to our business;
- availability of skilled labor, vessel crews and management;
- our anticipated incremental general and administrative expenses as a publicly traded limited partnership and our fees and expenses payable under the fleet management agreements and the administrative services agreement with our Manager;
- the anticipated taxation of our partnership and distributions to our unitholders;
- estimated future maintenance and replacement capital expenditures;
- our ability to retain key employees;
- customers' increasing emphasis on environmental and safety concerns;
- potential liability from any pending or future litigation;
- potential disruption of shipping routes due to accidents, political events, piracy or acts by terrorists;
- future sales of our common units in the public market;
- our business strategy and other plans and objectives for future operations; and
- other factors detailed in this prospectus and from time to time in our periodic reports.

Except as required by law, the Partnership undertakes no obligation to update any forward-looking statement, except as otherwise required by applicable law.

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.

	DYNAGAS LNG PARTNERS LP (registrant)
Dated: December 1, 2014	By: /s/ Tony Lauritzen Tony Lauritzen Chief Executive Officer

Exhibit 99.1

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

The following is a discussion of financial condition and results of operations of Dynagas LNG Partners LP for the nine month periods ended September 30, 2014 and 2013. Unless otherwise specified herein, references to the "Partnership", "we" or "our" shall include Dynagas LNG Partners LP and its wholly owned subsidiaries and references to our "Sponsor" are to Dynagas Holding Ltd. and its subsidiaries other than us or our subsidiaries. You should read the following discussion and analysis together with the unaudited interim condensed consolidated financial statements and related notes included elsewhere in this report. Amounts relating to percentage variations in period-on-period comparisons shown in this section are derived from the actual numbers in our books and records. For additional information relating to our management's discussion and analysis of financial condition and results of operation, please see our Annual Report on Form 20-F for the year ended December 31, 2013, which was filed with the U.S. Securities and Exchange Commission (the "Commission") on March 25, 2014. The following discussion contains forward-looking statements that reflect our future plans, estimates, beliefs and expected performance. The forward-looking statements are dependent upon events, risks and uncertainties that may be outside our control which could cause actual events or conditions to differ materially from those currently anticipated and expressed or implied by such forward-looking statements.

Overview

We are a growth-oriented limited partnership focused on owning and operating liquefied natural gas ("LNG") carriers. Our Sponsor entered the LNG sector in 2004 by ordering the construction of three LNG carriers, the Clean Energy, Ob River and the Clean Force, from Hyundai Heavy Industries Co. Ltd. or HHI, one of the world's leading shipbuilders of LNG carriers. On October 29, 2013, we acquired from our Sponsor these three LNG carriers, which we refer to as our Initial Fleet, in exchange for 6,735,000 of our common units and all of our subordinated units.

In November 2013, we successfully completed our underwritten initial public offering of 8,250,000 common units offered together with 4,250,000 common units offered by our Sponsor at a public offering price of $18.00 per common unit. On December 5, 2013, our Sponsor offered an additional 1,875,000 common units in connection with the underwriters' full exercise of their over-allotment option.

On June 11, 2014, we completed an underwritten follow on public offering of 4,800,000 common units at $22.79 per common unit and on June 18, 2014, the underwriters in the offering exercised their option to purchase an additional 720,000 common unit at the same public offering price. The net proceeds of this offering were used to finance a portion of the purchase price of the Arctic Aurora, discussed below. As of November 24, 2014, our Sponsor beneficially owns 44.0% of the equity interests in us, including the 0.1% General Partner interest. Our common units trade on the NASDAQ under the symbol "DLNG."

In connection with the closing of our IPO, we entered into the following agreements: (i) a $30.0 million revolving credit facility with our Sponsor to be used for general partnership purposes, (ii) a $262.1 million Senior Secured Revolving Credit Facility (the "2013 Credit Facility") and (iii) an Omnibus Agreement with our Sponsor and our General Partner that provided us at that time with the right to purchase up to seven LNG carrier vessels from the Sponsor (the "Optional Vessels") within 24 months of their delivery to our Sponsor at a purchase price to be determined pursuant to the terms and conditions of the Omnibus Agreement.

On April 17, 2014 and September 22, 2014, we exercised the rights granted to us under the Omnibus Agreement and following the execution of definitive documentation, on June 23, 2014 and September 25, 2014, respectively, we completed the acquisition of 100% of the ownership interests in the entities that own two of the seven Optional Vessels, the Arctic Aurora and the Yenisei River, for an aggregate consideration of $492.5 million. In connection with

the respective acquisitions, we entered into: (i) a $340.0 Million Senior Secured Revolving Credit Facility (the "2014 Credit Facility") dated June 19, 2014 with an affiliate of Credit Suisse, to refinance all of our outstanding indebtedness at that time under our previous 2013 Credit Facility and to fund the balance of the purchase price for the Arctic Aurora and the related charter and (ii) a $250.0 aggregate principal amount Senior Unsecured Notes offering due October 2019 (the "Notes") concluded on September 15, 2014, the net proceeds of which were used to finance, along with cash on hand, the purchase price of the Yenisei River and the related charter. Please also see below "—Liquidity and Capital Resources" section. We plan to make further vessel acquisitions from our Sponsor and from third parties.

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Our Fleet

As of November 24, 2014, after the completion of the respective acquisitions from our Sponsor, our fleet consisted of five LNG carriers (the "Fleet") with an average age of 4.9 years. Our vessels are employed on multi-year time charters, which we define as charters of two years or more, with international energy companies such as BG Group, Gazprom and Statoil, providing us with the benefits of stable cash flows and high utilization rates. The contracted revenue backlog of our Fleet as of November 24, 2014 was approximately $705.2 million with an average remaining contract duration of 5.3 years. The contracted revenue backlog of our Fleet excludes options to extend and assumes full utilization for the full term of the charter. The actual amount of revenues earned and the actual periods during which revenues are earned may differ from the amounts and periods described above due to, for example, off-hire for maintenance projects, downtime, scheduled or unscheduled dry-docking and other factors that result in lower revenues than our average contract backlog per day.

Our Fleet is managed by our Manager, Dynagas Ltd. ("Dynagas"), a company beneficially owned by our Chairman, Mr. George Prokopiou. Dynagas is responsible for providing our Fleet with commercial, commercial and administrative management support, pursuant to five identical eight year term management agreements between Dynagas and each of our wholly owned vessel owning subsidiaries.

The following table sets forth additional information about our Fleet as of November 24, 2014:

Vessel Name	Shipyard	Year Built	Capacity (cbm)	Ice Class	Flag State
Clean Energy	HHI	2007	149,700	No	Marshall Islands
Ob River	HHI	2007	149,700	Yes	Marshall Islands
Clean Force	HHI	2008	149,700	Yes	Marshall Islands
Arctic Aurora	HHI	2013	155,000	Yes	Malta
Yenisei River	HHI	2013	155,000	Yes	Marshall Islands
Total capacity(cbm):			759,100		

* "HHI" refers to Hyundai Heavy Industries Co. Ltd., the shipyard where the LNG carriers in our Fleet were built.

We have secured multi-year fixed rate time charter contracts for the five LNG carriers in our Fleet. The following table summarizes our current time charters for the vessels in our Fleet and the expirations and extension options, as of November 24, 2014:

Vessel Name	Charterer	Contract Backlog (in millions)	Charter Commencement Date	Earliest Charter Expiration Date	Latest Charter Expiration Including Non-Exercised Options
Clean Energy	BG Group	$ 74.1	February 2012	April 2017	August 2020[(1)]
Ob River	Gazprom	$ 88.7	September 2012	September 2017	May 2018[(2)]
	BG Group	$ 13.6	October 2010	June 2015	July 2015[(3)]
Clean Force	Gazprom	$ 311.1	Expected July 2015	June 2028	August 2028[(4)]
Arctic Aurora	Statoil	$ 103.4	August 2013	July 2018	Renewal Options[(5)]
Yenisei River	Gazprom	$ 114.3	July 2013	July 2018	August 2018

(1) BG Group has the option to extend the duration of the charter for an additional three-year term until August 2020 at an escalated daily rate, upon notice to us before January 2016.

(2) Gazprom has the option to extend the duration of the charter until May 2018 on identical terms, upon notice to us before March 2017.

(3) On January 2, 2013, BG Group exercised its option to extend the duration of the charter by an additional three-year term at an escalated daily rate, commencing on October 5, 2013.

(4) In anticipation of entering a new contract, we agreed with BG Group, at no cost to us, to amend the expiration date of the existing charter, which changed the vessel redelivery date from the third quarter of 2016 to end of the second quarter of 2015 or beginning of the third quarter of 2015. On April 17, 2014, we entered into a new 13-year time-charter contract with Gazprom. The new Gazprom charter is expected to commence in July 2015 shortly after the early expiration of the current charter with BG Group at a rate in excess of the current time charter rate under the BG Group charter.

(5) Statoil may renew its charter for consecutive additional one-year periods each year following the initial five year period.

The following table summarizes our contracted charter revenues and contracted days for the vessels in our Fleet as of November 24, 2014, assuming the earliest redelivery dates possible under our charters and 365 revenue days per annum per ship and assuming charterers do not exercise any options to extend the time charters of the Clean Force, the Clean Energy, the Ob River and the Arctic Aurora.

	2014	2015	2016	2017
No. of Vessels whose contracts expire[(1)]	—	—	—	2
Contracted Time Charter Revenues (in millions of U.S. Dollars)[(1)]	$14.7	$145.6	$146.7	$115.8
Contracted Days	185	1,825	1,825	1,463
Available Days	185	1,825	1,825	1,781[(2)]
Contracted/Available Days	100 %	100 %	100 %	82 %

(1) Annual revenue calculations are based on: (a) an assumed 365 revenue days per vessel per annum, (b) the earliest redelivery dates possible under our LNG carrier charters, (c) no exercise of any option to extend the terms of those charters except for the option regarding the Clean Force exercised on January 2, 2013 and (d) taking into account the Clean Force charter with Gazprom dated April 17, 2014.

(2) Reflects 22 scheduled drydocking days for each of the Clean Energy and the Ob River in 2017.

Although these expected revenues are based on contracted charter rates, any contract is subject to various risks, including performance by the counterparties or an early termination of the contract pursuant to its terms. If the charterers are unable to make charter payments to us, if we agree to renegotiate charter terms at the request of a charterer or if contracts are prematurely terminated for any reason, our results of operations and financial condition may be materially adversely affected. For these reasons, the contracted charter revenue information presented is an estimate and should not be relied upon as being necessarily indicative of future results. Readers are cautioned not to place undue reliance on this information. Neither our independent auditors, nor any other independent accountants, have compiled, examined or performed any procedures with respect to the information presented in the table, nor have they expressed any opinion or any other form of assurance on such information or its achievability, and assume no responsibility for, and disclaim any association with, the information in the table.

Recent Developments

For information relating to our recent developments, please see Note 11 to our unaudited interim condensed consolidated financial statements included elsewhere herein.

Operating results
Selected Information

The following tables present selected unaudited consolidated financial and other data of the Partnership, at the dates and for the periods presented. All amounts are expressed in United States Dollars, except for Fleet data.

Selected Historical Financial Data and Other Operating Information	Nine Months Ended September 30, 2014	2013
STATEMENTS OF INCOME DATA:		
(U.S. dollars in thousands, except for unit and per unit data)		
Voyage revenues	$70,713	$64,002
Voyage expenses [1]	(1,544)	(1,238)
Vessel operating expenses	(11,228)	(9,062)
General and administrative expenses	(1,388)	(106)
Management fees-related party	(2,382)	(2,048)
Depreciation	(11,721)	(10,156)
Operating income	$42,450	$41,392
Interest income	159	-
Interest and finance costs	(7,530)	(6,799)
Other, net	162	13
Net Income	$35,241	$34,606
Common unitholders' interest in Net Income	$19,490	$10,716
Subordinated unitholders' interest in Net Income	$15,716	$23,842
General Partner's interest in Net Income	$35	$48
Earnings per unit (basic and diluted):		
Common Units (basic and diluted)	$1.14	$1.59
Subordinated Units (basic and diluted)	$1.05	$1.59
General Partner Units (basic and diluted):	$1.10	$1.59
Weighted average number of units outstanding (basic and diluted):		
Common units	17,108,077	6,735,000
Subordinated units	14,985,000	14,985,000
General Partner units	32,125	30,000

Selected Historical Financial Data and Other Operating Information	Nine Months Ended September 30,	
	2014	2013
CASH FLOW DATA:		
Net cash provided by operating activities	$55,836	$36,394
Net cash used in investing activities	(404,448)	-
Net cash provided by/(used in) financing activities	$353,995	$(25,732)
FLEET DATA:		
Number of vessels at the end of period	5	3
Average number of vessels in operation in period (2)	3.4	3.0
Average age of vessels in operation at end of period (years)	4.9	6.2
Available days (3)	924	819
Fleet utilization (4)	100 %	100 %
OTHER FINANCIAL DATA:		
Cash Distributions per unit (5)	$1.12	$-
Time Charter Equivalent (in U.S. dollars) (6)	$74,858	$76,635
Adjusted EBITDA (7)	$56,054	$47,220

	September 30, 2014	December 31, 2013
BALANCE SHEET DATA, at end of period:		
Total current assets	$12,888	$7,606
Vessels, net	845,984	453,175
Total assets	$892,906	$488,735
Total current liabilities	35,089	14,903
Total long-term debt, including current portion	580,000	214,085
Total partners' equity	$296,232	$257,699

(1) Voyage expenses include commissions of 1.25% paid to our Manager and third party ship brokers.

(2) Represents the number of vessels that constituted our fleet for the relevant period, as measured by the sum of the number of days each vessel was a part of our fleet during the period divided by the number of calendar days in the period.

(3) Available days are the total number of calendar days our vessels were in our possession during a period, less the total number of scheduled off-hire days during the period associated with major repairs, or drydockings.

(4) We calculate fleet utilization by dividing the number of our revenue earning days, which are the total number of Available days of our vessels net of unscheduled off-hire days, during a period, by the number of our Available days during that period. The shipping industry uses fleet utilization to measure a company's efficiency in finding employment for its vessels and minimizing the amount of days that its vessels are offhire for reasons other than scheduled off-hires for vessel upgrades, drydockings or special or intermediate surveys.

(5) Corresponds to a quarterly distribution of $0.365 per unit for the first and second quarters of 2014 and an increased quarterly distribution of $0.39 per unit for the third quarter of 2014 that was paid on November 12, 2014 to all

unitholders on record as of November 5, 2014.

(6) Time charter equivalent rates, or TCE rates, is a measure of the average daily revenue performance of a vessel. For time charters, this is calculated by dividing total voyage revenues, less any voyage expenses, by the number of Available days during that period. Under a time charter, the charterer pays substantially all vessel voyage related expenses. However, we may incur voyage related expenses when positioning or repositioning vessels before or after the period of a time charter, during periods of commercial waiting time or while off-hire during dry-docking or due to other unforeseen circumstances. The TCE rate is not a measure of financial performance under U.S. GAAP (non-GAAP measure), and should not be considered as an alternative to voyage revenues, the most directly comparable GAAP measure, or any other measure of financial performance presented in accordance with U.S. GAAP. However, TCE rate is a standard shipping industry performance measure used primarily to compare period-to-period changes in a company's performance and assists our management in making decisions regarding the deployment and use of our vessels and in evaluating their financial performance. Our calculation of TCE rates may not be comparable to that reported by other companies. The following table reflects the calculation of our TCE rates for the nine month periods ended September 30, 2014 and 2013 (amounts in thousands of U.S. dollars, except for TCE rates, which are expressed in U.S. dollars, and Available days):

	Nine months ended September 30,	
	2014	2013
(In thousands of Dollars, except as otherwise stated)		
Voyage revenues	$ 70,713	$ 64,002
Voyage expenses [1]	(1,544)	(1,238)
Time charter equivalent revenues	69,169	62,764
Available days [3]	924	819
Time charter equivalent (TCE) rate (in U.S Dollars)	$ 74,858	$ 76,635

(7) We define Adjusted EBITDA as earnings before interest and finance costs, net of interest income (if any), gains/losses on derivative financial instruments (if any), taxes (when incurred), depreciation and amortization (when incurred) and significant non-recurring items, such as accelerated time charter amortization. Adjusted EBITDA is used as a supplemental financial measure by management and external users of financial statements, such as our investors, to assess our operating performance.

The Partnership believes that Adjusted EBITDA assists our management and investors by providing useful information that increases the comparability of our performance operating from period to period and against the operating performance of other companies in our industry that provide Adjusted EBITDA information. This increased comparability is achieved by excluding the potentially disparate effects between periods or companies of interest, other financial items, depreciation and amortization and taxes, which items are affected by various and possibly changing financing methods, capital structure and historical cost basis and which items may significantly affect net income between periods. We believe that including Adjusted EBITDA as a measure of operating performance benefits investors in (a) selecting between investing in us and other investment alternatives and (b) monitoring our ongoing financial and operational strength in assessing whether to continue to hold common units.

Adjusted EBITDA is not a measure of financial performance under U.S. GAAP, does not represent and should not be considered as an alternative to net income, operating income, cash flow from operating activities or any other measure of financial performance presented in accordance with U.S. GAAP. Adjusted EBITDA excludes some, but not all, items that affect net income and these measures may vary among other companies. Therefore, Adjusted EBITDA as presented below may not be comparable to similarly titled measures of other companies.

	Nine months ended September 30,	
Reconciliation to Net Income	2014	2013
Net Income	$ 35,241	$ 34,606
Net interest and finance costs [1]	7,371	6,799
Depreciation	11,721	10,156
Non- recurring expense from accelerated time charter amortization	908	—
Charter hire amortization	813	(4,341)
Adjusted EBITDA	$ 56,054	$ 47,220

(1) Includes interest and finance costs and interest income, if any

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Factors Affecting Our Results of Operations

The principal factors which have affected our results and are expected to affect our future results of operations and financial position, include:

- Number of Vessels in Our Fleet. The number of vessels in our Fleet is a key factor in determining the level of our revenues. Aggregate expenses also increase as the size of our fleet increases. As of September 30, 2014, our Fleet consisted of the three LNG carriers we acquired from our Sponsor in connection with the closing of our IPO and the two 2013-built additional LNG carriers we acquired from our Sponsor in June and September 2014, respectively;

- Charter Rates. Our revenue is dependent on the charter rates we are able to obtain on our vessels. Charter rates on our vessels are based primarily on demand for and supply of LNG carrier capacity at the time we enter into the charters for our vessels, which is influenced by demand and supply for natural gas and in particular LNG as well as the supply of LNG carriers available for employment. The charter rates we obtain are also dependent on whether we employ our vessels under multi-year charters or charters with initial terms of less than two years. The vessels in our Fleet are currently employed under multiyear time charters with staggered maturities, which will make us less susceptible to cyclical fluctuations in charter rates than vessels operated on charters of less than two years. However, we will be exposed to fluctuations in prevailing charter rates when we seek to re-charter our vessels upon the expiry of their respective current charters and when we seek to charter vessels that we may acquire in the future.;

- Utilization of Our Fleet. In the periods ended September 30, 2014 and December 31, 2013 our fleet utilization was 100%. However, an increase in annual off-hire days would reduce our utilization. The efficiency with which suitable employment is secured, the ability to minimize off-hire days and the amount of time spent positioning vessels also affects our results of operations. If the utilization pattern of our fleet changes, our financial results would be affected;

- The level of our vessel operating expenses, including crewing costs, insurance and maintenance costs. Our ability to control our vessel operating expenses also affects our financial results. These expenses include commission expenses, crew wages and related costs, the cost of insurance, expenses for repairs and maintenance, the cost of spares and consumable stores, lubricating oil costs, tonnage taxes and other miscellaneous expenses. In addition, factors beyond our control, such as developments relating to market premiums for insurance and the value of the U.S. dollar compared to currencies in which certain of our expenses, primarily crew wages, are paid, can cause our vessel operating expenses to increase;

- The timely delivery of the Optional Vessels (two of which are currently under construction, one of which was delivered in 2013 and two of which were delivered in June and August 2014) to our Sponsor and our ability to exercise the options to purchase the remaining five Optional Vessels;

- The timely delivery of the vessels we may acquire in the future;

- Our ability to maintain solid working relationships with our existing charterers and our ability to increase the number of our charterers through the development of new working relationships;

- The performance of our charterer's obligations under their charter agreements;

- The effective and efficient technical management of the vessels under our management agreements;

- Our ability to obtain acceptable debt financing to fund our capital commitments;

- The ability of our Sponsor to fund its capital commitments and complete the deliveries of the Optional Vessels under construction;

- Our ability to obtain and maintain regulatory approvals and to satisfy technical, health, safety and compliance standards that meet our charterer's requirements;
- Economic, regulatory, political and governmental conditions that affect shipping and the LNG industry, which includes changes in the number of new LNG importing countries and regions, as well as structural LNG market changes impacting LNG supply that may allow greater flexibility and competition of other energy sources with global LNG use;
- Our ability to successfully employ our vessels at economically attractive rates, as our charters expire or are otherwise terminated;

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- Our access to capital required to acquire additional ships and/or to implement our business strategy;
- Our level of debt, the related interest expense and the timing of required payments of principal;
- The level of our general and administrative expenses, including salaries and costs of consultants;
- Our charterer's right for early termination of the charters under certain circumstances;
- Performance of our counterparties and our charterer's ability to make charter payments to us; and
- The level of any distribution on our common, subordinated and general partner units.

Important Financial and Operational Terms and Concepts

We use a variety of financial and operational terms and concepts when analyzing our performance. These include the following:

Time Charter Revenues. Our time charter revenues are driven primarily by the number of vessels in our Fleet, the amount of daily charter hire that our LNG carriers earn under time charters and the number of revenue earning days during which our vessels generate revenues. These factors are, in turn, affected by our decisions relating to vessel acquisitions, the amount of time that our LNG carriers spend dry-docked undergoing repairs, maintenance and upgrade work, the age, condition and specifications of our vessels and the levels of supply and demand in the LNG carrier charter market. Our revenues will also be affected if any of our charterers cancel a time charter or if we agree to renegotiate charter terms during the term of a charter resulting in aggregate revenue reduction. Our time charter arrangements have been contracted in varying rate environments and expire at different times. We recognize revenues from time charters over the term of the charter as the applicable vessel operates under the charter. Under time charters, revenue is not recognized during days a vessel is off-hire. Revenue is recognized from delivery of the vessel to the charterer, until the end of the time charter period. Under time charters, we are responsible for providing the crewing and other services related to the vessel's operations, the cost of which is included in the daily hire rate, except when off-hire.

Off-hire (Including Commercial Waiting Time). When a vessel is "off-hire"—or not available for service—the charterer generally is not required to pay the time charter hire rate and we are responsible for all costs. Prolonged off-hire may lead to vessel substitution or termination of a time charter. Our vessels may be out of service, that is, off-hire, for several reasons: scheduled dry-docking, special survey, vessel upgrade or maintenance or inspection, which we refer to as scheduled off-hire; days spent waiting for a charter, which we refer to as commercial waiting time; and unscheduled repairs, maintenance, operational efficiencies, equipment breakdown, accidents, crewing strikes, certain vessel detentions or similar problems, or our failure to maintain the vessel in compliance with its specifications and contractual standards or to provide the required crew, which we refer to as unscheduled off-hire. We have obtained loss of hire insurance to protect us against loss of income in the event one of our vessels cannot be employed due to damage that is covered under the terms of our hull and machinery insurance. Under our loss of hire policies, our insurer generally will pay us the hire rate agreed in respect of each vessel for each day in excess of 14 days and with a maximum period of 120 days.

Voyage Expenses. Voyage expenses primarily include port and canal charges, bunker (fuel) expenses and agency fees which are paid for by the charterer under our time charter arrangements or by us during periods of off-hire except for commissions, which are always paid for by us. All voyage expenses are expensed as incurred, except for commissions. Commissions paid to brokers are deferred and amortized over the related charter period to the extent revenue has been deferred since commissions are earned as our revenues are earned. We may incur voyage related expenses when positioning or repositioning vessels before or after the period of a time charter, during periods of commercial waiting time or while off-hire during a period of dry-docking. Voyage expenses can be higher when vessels trade on charters with initial terms of less than two years due to fuel consumption during idling, cool down requirements, commercial waiting time in between charters and positioning and repositioning costs. From time to

time, in accordance with industry practice, we pay commissions ranging up to 1.25% of the total daily charter rate under the charters to unaffiliated ship brokers, depending on the number of brokers involved with arranging the charter.

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Available Days. Available days are the total number of calendar days our vessels were in our possession during a period, less the total number of scheduled off-hire days during the period associated with major repairs, or dry-dockings.
Average Number of Vessels. Average number of vessels is the number of vessels that constituted our fleet for the relevant period, as measured by the sum of the number of days each vessel was a part of our fleet during the period divided by the number of calendar days in the period.

Fleet utilization. We calculate fleet utilization by dividing the number of our revenue earning days, which are the total number of Available Days of our vessels net of unscheduled off-hire days, during a period, by the number of our Available Days during that period. The shipping industry uses fleet utilization to measure a company's efficiency in finding employment for its vessels and minimizing the amount of days that its vessels are off-hire for reasons such as unscheduled repairs but excluding scheduled off-hires for vessel upgrades, drydockings or special or intermediate surveys.
Vessel Operating Expenses. Vessel operating expenses include crew wages and related costs, the cost of insurance, expenses for repairs and maintenance, the cost of spares and consumable stores, lubricant costs, statutory and classification expenses, forwarding and communications expenses and other miscellaneous expenses. Vessel operating expenses also include all peripheral expenses incurred while vessels perform their classification special survey and dry-docking such as spare parts, port dues, tugs, service engineer attendance etc.
Vessel operating expenses are paid by the ship-owner under time charters and are recognized when incurred. We expect that insurance costs, dry-docking and maintenance costs will increase as our vessels age. Factors beyond our control, some of which may affect the shipping industry in general—for instance, developments relating to market premiums for insurance and changes in the market price of lubricants due to increases in oil prices—may also cause vessel operating expenses to increase. In addition, a substantial portion of our vessel operating expenses, primarily crew wages, are in currencies other than the U.S. dollar, and may increase or decrease as a result of fluctuation of the U.S. dollar against these currencies.
Dry-docking. We must periodically drydock each of our vessels for inspection, repairs and maintenance and any modifications required to comply with industry certification or governmental requirements. In accordance with industry certification requirements, we drydock our vessels at least every 60 months until the vessel is 15 years old, after which dry-docking takes place at least every 30 months thereafter as required for the renewal of certifications required by classification societies. Special survey and dry-docking costs (mainly shipyard costs, paints and class renewal expense) are expensed as incurred. The number of dry-dockings undertaken in a given period and the nature of the work performed determine the level of dry-docking expenditures. We expense costs related to routine repairs and maintenance performed during dry-docking or as otherwise incurred.
Depreciation. We depreciate our LNG carriers on a straight-line basis over their remaining useful economic lives which we estimate to be 35 years from their initial delivery from the shipyard. Vessel residual value is estimated as 12% of the initial vessel cost and represents Management's best estimate of the current selling price assuming the vessels are already of age and condition expected at the end of its useful life. The assumptions made reflect our experience, market conditions and the current practice in the LNG industry; however they required more discretion since there is a lack of historical references in scrap prices of similar types of vessels.
Interest and Finance Costs. We incur interest expense on outstanding indebtedness under our existing credit facility and Notes which we include in interest and finance costs. Interest expense depends on our overall level of borrowings and may significantly increase when we acquire or refinance ships. Interest expense may also change with prevailing interest rates, although interest rate swaps or other derivative instruments may reduce the effect of these changes. We also incur financing and legal costs in connection with establishing debt instruments, which are deferred and amortized to interest and finance costs using the effective interest method. We will incur additional interest expense in the future on our outstanding borrowings and under future borrowings. For a description of our existing credit facilities, please see "—Our Borrowing Activities" section below.

Results of Operations

Nine months ended September 30, 2014 compared to the nine months ended September 30, 2013

Voyage revenues

Total voyage revenues increased by 10.5%, or $6.7 million, to $70.7 million during the nine months ended September 30, 2014, from $64.0 million in the corresponding period of 2013. The increase in voyage revenues is attributed to the partial operation during the current period of the Arctic Aurora and the Yenisei River, the two 2013 built 155,000 cbm ice class LNG carriers that we acquired from our Sponsor on June 23, 2014 and September 25, 2014, respectively.

Voyage revenue on cash basis (adjusted for charter hire amortization), increased by $12.8 million or 21.4%, to $72.4 million in the nine months ended September 30, 2014 compared to $59.7 million in the same period of 2013. Apart from the acquisitions above discussed, a contributing factor to this significant increase was also the fact that one or our LNG carriers, the Clean Force, earned higher revenues on a cash basis during the nine months ended September 30, 2014 under its' existing time charter in relation to those earned in the compared period.

Voyage expenses- including voyage expenses to related party

Consistent with the increase in voyage revenues and for the exact same attributes, our voyage expenses, (including the commercial management fee equal to 1.25% of the gross charter hire we pay our Manager in compensation for its' commercial services) increased from $1.2 million during the nine months ended September 30, 2013 to $1.5 million in the current nine month period, or 24.7%.

Vessel operating expenses

Vessel operating expenses amounted to $11.2 million or $12,138 per LNG carrier per day in the nine-months ended September 30, 2014, compared to $9.1 million or $11,065 per LNG carrier per day in the nine months ended September 30, 2013. The increase in operating expenses during the current period mainly reflects the partial operation of the two LNG carriers recently acquired from our Sponsor on June 23, 2014 and September 25, 2014, discussed above, and slightly increased operational costs.

General and Administrative Expenses

During the nine months ended September 30, 2014, we incurred $1.4 million of general and administrative costs versus $0.1 million in the corresponding period of 2013. The $1.3 million increase is mainly due to additional fees and expenses as a result of being a public company since November 2013.

Management fees- related party

For the nine month periods ended September 30, 2014 and 2013, management fees paid to our Manager were approximately $2.4 million and $2.0 million, respectively. This 16.3% increase in management fees reflects the additional 106 days compensation charged by our Manager in relation with the two LNG carriers recently acquired from our Sponsor as well as the 3% annual increase in the daily management fee of our Fleet (from $2,500 to 2,575 per vessel per day) as per the terms of our management agreements in relation to the daily management fee charged in the compared period.

Depreciation

Depreciation expense increased by $1.6 million, or 15.4%, to $11.7 million during the nine months ended September 30, 2014, compared to $10.2 million in the corresponding period of 2013, the increase being exclusively attributable

to the fleet expansion we materialized in the current period, following the two LNG carriers recently acquired from our Sponsor.

Interest and finance costs
For the nine months ended September 30, 2014 and 2013 interest and finance costs were $7.5 million and $6.8 million, respectively. Despite the fact that weighted average outstanding indebtedness stood at significantly lower levels in the current period compared to the prior period in 2013 (from $362.2 million during the nine months ended September 30, 2013 to $272.2 million during the nine months ended September 30, 2014), the increase in the weighted average interest rate from 2.3% in the compared period to 3.3% in the current nine month period and the approximate $0.4 million of commitment fees we incurred in connection with our existing and previous credit facilities, counterbalanced such effect and caused a further approximate $0.7 million, or 10.8%, increase in current period's interest and finance costs.

Recent Accounting Pronouncements

There are no recent accounting pronouncements in 2014, whose adoption would have a material impact on our consolidated financial statements in the current year or are expected to have a material impact in future years.

Significant Accounting Policies and Critical Accounting Policies
There have been no material changes to our significant accounting policies since December 31, 2013. For a description of our critical accounting policies and all of our significant accounting policies, see Note 2 to our audited consolidated financial statements included in our Annual Report on Form 20-F for the year ended December 31, 2013, which was filed with the Securities and Exchange Commission on March 25, 2014.

Liquidity and Capital Resources

Our principal sources of funds are our operating cash flows, our $30.0 Million Revolving Credit Facility with our Sponsor and equity contributions by our unitholders. Our liquidity requirements relate to servicing our debt and funding capital expenditures and working capital. We frequently monitor our capital needs by projecting our upcoming income, expenses and debt obligations, and seek to maintain adequate cash reserves to compensate for any budget overruns. Our short-term liquidity requirements relate to funding working capital, including vessel operating expenses and payments under our management agreements. Our long-term liquidity requirements relate to funding capital expenditures, including the acquisition of additional vessels and the repayment of our long-term debt.
In addition to paying distributions to our unitholders, our other liquidity requirements relate to servicing our debt, funding potential investments (including the equity portion of investments in the Optional Vessels or other third party acquisitions), funding working capital and maintaining cash reserves against fluctuations in operating cash flows. Because we distribute all of our available cash, we expect that we will rely upon external financing sources, including bank borrowings and the issuance of debt and equity securities, to fund acquisitions and other expansion capital expenditures. Cash and cash equivalents are held primarily in U.S. dollars. We have not made use of derivative instruments since July 2012, when all of our swaps matured.

As of September 30, 2014, we had cash of $35.1 million (comprised of $11.1 million of cash and cash equivalents and $24.0 million of restricted cash). Our available liquidity of $65.1 million as of September 30, 2014 includes our reported cash of $35.1 million and the $30.0 million borrowing capacity under our Sponsor facility.

During the nine months ended September 30, 2014, we generated net cash from operating activities of $55.8 million, compared to $36.4 million in the same period in 2013, which is the effect of (i) higher revenues earned on a cash basis on one of our fleet vessels in relation to the nine month period ended September 30, 2013, (ii) the fleet increase resultant from the acquisition of the Arctic Aurora and the Yenisei River in the second and third quarters of 2014 and (iii) other operating assets and liabilities variations between compared periods.

On June 11, 2014, we completed our underwritten follow on public offering of 4,800,000 common units at $22.79 common per unit, and on June 18, 2014, the underwriters in the offering exercised in full their option to purchase an additional 720,000 common units at the same public offering price. The proceeds of the offering were used to finance a portion of the purchase price of the Arctic Aurora and its related charter, the 2013 built ice class LNG carrier we acquired from our Sponsor on June 23, 2014 — see "Overview" section.

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On June 19, 2014, we entered into the 2014 Credit Facility with an affiliate of Credit Suisse Securities (USA) LLC, or Credit Suisse, to refinance all of our outstanding indebtedness at that time and to fund a portion of the purchase price for the Arctic Aurora and the related charter. This facility is secured by a first priority or preferred cross-collateralized mortgage on each of the Clean Force, Ob River, Clean Energy and Arctic Aurora, a specific assignment of the existing charters and a first assignment of earnings and insurances in relation to the vessels. The facility bears interest at LIBOR plus a margin and is payable in 28 consecutive equal quarterly payments of $5.0 million each and a balloon payment of $200.0 million at maturity in March 2021. As at September 30, 2014, we had $330.0 million of principal amount outstanding under the 2014 Credit Facility.

On September 15, 2014, we completed the underwritten public offering of the Notes. The Notes bear interest from the date of the original issue until maturity at a rate of 6.25% per year, payable quarterly in arrears on October 30, January 30, April 30 and July 30 of each year. The net proceeds from the Notes offering were used to finance the majority of the acquisition price of the Yenisei River, the 2013 built ice class LNG carrier and its charter, which we acquired from our Sponsor on September 25, 2014 — see "Overview" section.

As of September 30, 2014, we had $580.0 million of outstanding indebtedness under our 2014 Credit Facility and the Notes as well as $30.0 million of available borrowing capacity under our revolving credit facility with our Sponsor, and we were in compliance with all of the covenants contained in the related agreements.

We may exercise our options under the Omnibus Agreements to purchase the Optional Vessels at any time during the 24 months following their delivery. To the extent we exercise any of these options, we will incur additional payment obligations. As of the date of this report, we have not secured any other financing in connection with the potential acquisition of the Optional Vessels since it is uncertain if and when such purchase options will be exercised.

Based on our fixed-rate charters, we anticipate that we will internally generate sufficient cash from operations to fund the operations of our fleet, including the normal working capital requirements, and make at least the minimum quarterly distribution in accordance with our Partnership Agreement.

Estimated Maintenance and Replacement Capital Expenditures

Our partnership agreement requires our board of directors to deduct from operating surplus each quarter estimated maintenance and replacement capital expenditures, as opposed to actual maintenance and replacement capital expenditures in order to reduce disparities in operating surplus caused by fluctuating maintenance and replacement capital expenditures, such as drydocking and vessel replacement. Because of the substantial capital expenditures we are required to make to maintain our fleet, our annual estimated maintenance and replacement capital expenditures for purposes of estimating maintenance and replacement capital expenditures will be $14.4 million per year, which is composed of $3.4 million for drydocking and $10.9 million, including financing costs, for replacing our vessels at the end of their useful lives. The $10.9 million for future vessel replacement is based on assumptions and estimates regarding the remaining useful lives of our vessels, a long-term net investment rate equivalent to our current expected long-term borrowing costs, vessel replacement values based on current market conditions and residual value of the vessels at the end of their useful lives. The actual cost of replacing the vessels in our fleet will depend on a number of factors, including prevailing market conditions, time charter hire rates and the availability and cost of financing at the time of replacement. Our board of directors, with the approval of the conflicts committee, may determine that one or more of our assumptions should be revised, which could cause our board of directors to increase the amount of estimated maintenance and replacement capital expenditures. We may elect to finance some or all of our maintenance and replacement capital expenditures through the issuance of additional common units, which could be dilutive to existing unitholders.

Our Borrowing Activities

For information relating to our secured and unsecured debt, please see Note 6 to our annual consolidated financial statements included in our Annual Report for the year ended December 31, 2013 as filed with the Commission on March 25, 2014 and Note 5 to our unaudited interim condensed consolidated financial statements included elsewhere herein.

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Distributions

On February 14, 2014, we paid a partial cash distribution for the fourth quarter of 2013 of $0.1746 per unit, prorated from the IPO closing date through December 31, 2013, which amounted to $5.2 million. On May 12, 2014, we paid a cash distribution for the first quarter of 2014 of $0.365 per unit, or $11.0 million, to all unitholders of record as of May 5, 2014. On August 12, 2014, consistent with prior distribution declarations, we paid the distribution for the second quarter of $13.0 million. On July 31, 2014, the Partnership's Board of Directors approved the Management's recommendation for an increase in the quarterly cash distribution paid to all classes of our unitholders of $0.025 per unit, which initially became effective with respect to our distribution for the third quarter of 2014. In this respect, on November 12, 2014, we paid quarterly cash distribution for the third quarter of 2014 of $0.39 per unit, or $13.9 million, representing a 6.8% increase over the Partnership's minimum quarterly distribution of $0.365 per unit and which reflects the contribution to operating results for a full quarter of the 2013 built LNG carrier Arctic Aurora.

Cash Flows

The following table summarizes our net cash flows provided by/ (used in) operating, investing and financing activities and our cash and cash equivalents for the nine month periods ended September 30, 2014 and 2013:

	Nine months ended September 30,	
	2014	2013
	(in thousands of U.S. dollars)	
Net cash provided by operating activities	$55,836	$36,394
Net cash used in investing activities	(404,448)	—
Net cash provided by (used in) financing activities	353,995	(25,732)
Cash and cash equivalents at beginning of period	5,677	—
Cash and cash equivalents at end of period	$11,060	$10,662

Operating Activities

Net cash provided by operating activities increased by $19.4 million, or 53.4%, for the nine months ended September 30, 2014, compared to $36.4 million for the same period in 2013. Such increase is primarily the effect of (i) higher revenues earned on a cash basis on one of our Fleet vessels in relation to the compared period, (ii) increase in Fleet unearned revenue by an approximate $7.3 million, (iii) increase in revenues resultant from the acquisition of the Arctic Aurora and the Yenisei River and their related charters from our Sponsor in the second and third quarters of 2014 and (iv) other operating assets and liabilities variations between compared periods.

Investing activities

Net cash used in investing activities was $404.5 million for the nine months ended September 30, 2014. Such increase supported our planned growth initiatives, as, on June 23, 2014 and September 25, 2014 we exercised the option granted to us as per the provisions of the Omnibus Agreement and acquired from our Sponsor two of the seven Optional Vessels, the Arctic Aurora and the Yenisei River, respectively. Within the context of these transactions, we acquired from our Sponsor the respective vessels and the related time charters for total consideration of $492.5 million. All of the other assets and liabilities relating to the Sponsor entities that own the vessels did not form part of the purchase price and were assumed by other Sponsor entities as the case may be. Both acquisitions from our Sponsor were regarded and accounted for as transactions between entities under common control with the amount in excess of their book value considered a preferential deemed dividend — see "Financing Activities" below.

Financing activities

Net cash provided by financing activities was $354.0 million for the nine months ended September 30, 2014, consisting mainly of funds inbound of $590.0 million resultant to our entering into the 2014 Credit Facility and the Notes —see "Liquidity and Capital Resources" and "Our Borrowing Activities," and $120.7 million cash inflow following the completion of our follow on public offering of 5,520,000 common units and the issuance of 5,526 general partner units on June 18, 2014, which were offset by (i) distributions paid during the period of $29.2 million —see "Distributions" above, (ii) preferential deemed dividend of $88.1 million —see "Investing activities" above, (iii) the full repayment of the outstanding balance of $214.1 million under our 2013 Credit Facility and the $10.0 million regular principal installments under our 2014 Credit Facility, (iv) the full repayment by an approximate $5.5 million of principal amounts due under our Sponsor facility, (v) the $2.0 million increase in restricted cash following the minimum liquidity restrictions imposed by our 2014 Credit facility and (vi) the $7.8 million paid during the period in connection with fees related to our IPO that was concluded in November 2013 and deferred finance costs paid in connection with the 2014 Credit Facility and the Notes.

Contractual Obligations

The following table sets forth our contractual obligations and their maturity as of September 30, 2014:

	Payments due by period				
Obligations	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
(in thousands of Dollars)					
Long Term Debt (1)	$580,000	$20,000	$40,000	$40,000	$480,000
Interest on long term debt (1)	135,579	26,033	50,156	47,547	11,843
Management Fees & commissions payable to the Manager (2)	41,612	6,621	13,543	11,862	9,586
Executive Services fee (3)	2,796	677	1,354	765	-
Total	$759,987	$53,331	$105,053	$100,174	$501,429

(1) As of September 30, 2014, we had outstanding indebtedness of $330.0 million under our 2014 Credit Facility and $250.0 under our Notes, maturing on October 2019 and March 2021, respectively. Apart from the Notes that bear interest from the date of the original issue until maturity at a rate of 6.25% per year, our long-term bank debt outstanding as of September 30, 2014, bears variable interest over LIBOR. The calculation of interest payments on our variable interest bearing securities has been made assuming interest rates based on the 3-month period LIBOR, the LIBOR specific to our facility as of September 30, 2014 and our applicable margin rate.

(2) On December 21, 2012, we entered into new management agreements with the Manager effective from January 1, 2013 with an eight year term pursuant to which we agreed to pay a management fee of $2,500 per day with an annual increase of 3%, subject to further annual increases to reflect material unforeseen costs increases of providing the management services, by an amount to be agreed between us and our Manager, which amount will be reviewed and approved by our conflicts committee. The Management Agreements also provide for commissions of 1.25% of charter-hire revenues arranged by the Manager. The agreements will terminate automatically after a change of control of the applicable shipping subsidiary and/or of the owner's ultimate parent, in which case an amount equal to fees of at the least 36 months and not more than 60 months, will become payable to the Manager.

(3) On March 21, 2014, we entered into the Executive Services Agreement with our Manager, with retroactive effect to the date of the closing of our IPO, pursuant to which our Manager provides us with the services of our executive officers, who report directly to our Board of Directors. Under the Executive Services Agreement, our Manager is entitled to an executive services fee of €538,000 per annum, for the initial five year term, payable in equal monthly

installments. The agreement has an initial term of five years and will automatically be renewed for successive five year terms unless terminated earlier. The calculation of the contractual services fee set forth in the table above assumes an exchange rate of €1.000 to $1.2583, the EURO/USD exchange rate as of September 30, 2014 and does not include any incentive compensation which our Board of Directors may agree to pay.

DYNAGAS LNG PARTNERS LP

CONSOLIDATED CONDENSED FINANCIAL STATEMENTS
SEPTEMBER 30, 2014 (UNAUDITED) AND DECEMBER 31, 2013

DYNAGAS LNG PARTNERS LP
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DYNAGAS LNG PARTNERS LP
Consolidated Balance Sheets
As of September 30, 2014 (Unaudited) and December 31, 2013
(Expressed in thousands of U.S. Dollars—except for unit data)

	September 30, 2014	December 31, 2013
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 11,060	$ 5,677
Trade receivables	—	190
Prepayments and other assets	623	283
Inventories	400	—
Deferred charges, current portion	426	—
Due from related party (Note 3 (a))	379	1,456
Total current assets	12,888	7,606
FIXED ASSETS, NET:		
Vessels, net (Note 3(c) & Note 4)	845,984	453,175
Total fixed assets, net	845,984	453,175
OTHER NON CURRENT ASSETS:		
Restricted cash (Note 5)	24,000	22,000
Deferred revenue	1,443	3,627
Deferred charges, net of current portion	7,466	1,652
Due from related party (Note 3(a))	1,125	675
Total assets	$ 892,906	$ 488,735
LIABILITIES AND PARTNERS’ EQUITY		
CURRENT LIABILITIES:		
Current portion of long term debt (Note 5)	$ 20,000	$ —
Trade payables	2,534	3,743
Loan from related party (Note 3(b))	—	5,500
Due to related party (Note 3(a))	819	—
Accrued liabilities	2,017	1,041
Unearned revenue	9,719	4,619
Total current liabilities	35,089	14,903
Deferred revenue	1,585	2,048
Long—term debt, net of current portion (Note 5)	560,000	214,085
Total non-current liabilities	561,585	216,133
Commitments and contingencies (Note 7)	—	—

PARTNERS' EQUITY:		
Common unitholders: 20,505,000 units issued and outstanding as at September 30, 2014 and 14,985,000 units issued and outstanding as of December 31, 2013 (Note 8)	303,893	182,969
Subordinated unitholders: 14,985,000 units issued and outstanding as at September 30, 2014 and December 31, 2013 (Note 8)	(7,742)	74,580
General partner: 35,526 units issued and outstanding as at September 30, 2014 and 30,000 units issued and outstanding as at December 31, 2013 (Note 8)	81	150
Total partners' equity	296,232	257,699
Total liabilities and partners' equity	$ 892,906	$ 488,735

The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements.

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DYNAGAS LNG PARTNERS LP
Unaudited Interim Consolidated Statements of Income
For the nine month periods ended September 30, 2014 and 2013
(Expressed in thousands of U.S. Dollars—except for unit and per unit data)

	Nine month period ended September 30	
	2014	2013
REVENUES:		
Voyage revenues	$70,713	$64,002
EXPENSES:		
Voyage expenses	(640)	(497)
Voyage expenses-related party (Note 3(a))	(904)	(741)
Vessel operating expenses	(11,228)	(9,062)
General and administrative expenses (Note 3(d))	(1,388)	(106)
Management fees-related party (Note 3(a))	(2,382)	(2,048)
Depreciation (Note 4)	(11,721)	(10,156)