

Dynagas LNG Partners LP  
Form 6-K  
May 18, 2016

**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 May 2016

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

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): .

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**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 dated May 17, 2016: Dynagas LNG Partners LP Reports Results for the Three Months Ended March 31, 2016

**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: May 17, 2016

**DYNAGAS LNG PARTNERS LP**

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

MONACO May 17, 2016 - Dynagas LNG Partners LP (NYSE: DLNG ) ( Dynagas Partners or the Partnership ), owner and operator of liquefied natural gas ( LNG ) carriers, today announced its results (unaudited) for the three months ended March 31, 2016.

**Three Months Ended March 31, 2016 Highlights:**

- Distributable Cash Flow <sup>(1)</sup> during the three months ended March 31, 2016 of \$22.7 million;
- Entrance into new long-term charters for three of the Partnership 's modern ice-class LNG carriers;
- Adjusted EBITDA <sup>(1)</sup> for the three months ended March 31, 2016 of \$35.2 million;
- Adjusted Net Income <sup>(1)</sup> for the three months ended March 31, 2016 of \$18.9 million;
- Adjusted Earnings per common unit <sup>(1)</sup>, after taking into account the Series A Preferred Units interest on the Partnership 's net income, for the three months ended March 31, 2016 of \$0.48;
- \$79.0 million of reported cash as of March 31, 2016;
- Quarterly cash distribution of \$0.4225 per common unit and \$0.5625 per preferred unit.

<sup>(1)</sup>Adjusted Net Income, Distributable Cash Flow, Adjusted EBITDA, 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:**

**New long-term charters for the *Lena River* and the *Yenisei River*:** The Partnership, through its wholly owned vessel owning subsidiaries, entered into long-term time charter contracts with Yamal Trade Pte. ( Yamal ) for the employment of the *Lena River* and the *Yenisei River* in the Yamal LNG Project. The Yamal LNG Project is an integrated operation involving the production, liquefaction and marketing of natural gas, which is currently under construction on the Yamal Peninsula in Northern Russia. Natural gas produced at the plant will require ice-class designated vessels to transport LNG from this facility to the international markets. The *Yenisei River* and *Lena River* charters have an initial term of 15 years, and one year delivery windows starting January 1, 2019 and June 30, 2019, respectively, and may be extended by the charterer for three consecutive periods of five years each. The *Yenisei River* time charter contract is subject to the satisfaction of important conditions, which, if not satisfied, or waived by the charterer, may result in its cancellation, in which case the Partnership will not receive the contracted revenues thereunder.

**New long-term charter for the *Ob River*:** In March 2016, the Partnership, through one of its wholly owned vessel owning subsidiaries, entered into a time charter contract with Gazprom Marketing and Trading Singapore Pte. Ltd. ( Gazprom ), an affiliate of Gazprom Global LNG Limited, for the *Ob River*, for a firm charter period of 10 years. This charter will be in direct continuation of the current charter with Gazprom, which was extended to the second quarter of 2018.

**Quarterly Common and Subordinated Unit Cash Distribution:** On April 19, 2016, the Partnership's Board of Directors declared a quarterly cash distribution of \$0.4225 per common and subordinated unit in respect of the first quarter of 2016. This cash distribution was paid on May 12, 2016, to all unitholders of record as of May 5, 2016.

**Series A Preferred Units Cash Distribution:** On April 19, 2016, the Partnership's Board of Directors also declared a cash distribution of \$0.5625 per unit of its Series A Preferred Units (NYSE: DLNG PR A) for the period from February 12, 2016 to May 11, 2016. This cash distribution was also paid on May 12, 2016 to all unitholders of record as of May 5, 2016.

### **Management Commentary:**

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

We are pleased to report our earnings for the first quarter of 2016.

The quarter ended March 31, 2016 has been another strong financial quarter for us. In comparison to the corresponding quarter ended March 31, 2015, this first quarter of 2016 resulted in a 25.3% increase in Adjusted EBITDA, mainly due to the acquisition of the *Lena River* in late December 2015. Our current fleet of six LNG carriers performed at 100% utilization for the quarter, which also contributed to our strong results. Our Adjusted Earnings per common unit amounted to \$0.48 per common unit for the first quarter of 2016.

Our income is derived from the employment of our vessels on fixed long-term charter contracts. The revenues we earn under those charter contracts are not directly linked to commodity prices. Since our initial public offering in November 2013, we have paid total cash distributions amounting to \$3.83 per common and subordinated unit including the quarterly cash distribution paid on May 12, 2016.

As stated in our previous earnings release, the Partnership has been focused on securing additional vessel contract coverage. During the first quarter of 2016 and under challenging market conditions, the Partnership successfully obtained three new long-term charter contracts and the charter extension for the *Ob River* as discussed above. Two of the long-term charters are with Yamal for the *Yenisei River* and the *Lena River*, each with an initial term of 15 years and one year delivery windows starting January 1, 2019 and June 30, 2019, respectively. The third long-term charter is with Gazprom for the *Ob River* for a firm charter period of 10 years, which commences in direct continuation of the charter extension described above. As a result, our total contract revenue backlog <sup>(4)</sup> has increased to \$1.6 billion with an average remaining contract duration of 10.3 years, including the *Yenisei River* time charter contract.

The Partnership intends to continue to focus on increasing contract coverage, maintaining high utilization rates and managing operating expenses in order to support sustainability of distributions. I look forward to working with our team towards meeting our goals, which we believe will benefit our unitholders.

**Financial Results Overview:**

| <i>(U.S. dollars in thousands, except per unit data)</i> | <b>Three Months Ended</b>     |                               |
|--|-------------------------------|-------------------------------|
|  | March 31, 2016<br>(unaudited) | March 31, 2015<br>(unaudited) |
| Voyage Revenues  | \$ 42,741                     | \$ 35,620                     |

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|  |    |        |    |        |
|--|----|--------|----|--------|
| Net Income                                       | \$ | 17,135 | \$ | 14,878 |
| Adjusted Net Income <sup>(1)</sup>               | \$ | 18,928 | \$ | 15,213 |
| Operating Income                                 | \$ | 26,004 | \$ | 21,710 |
| Adjusted EBITDA <sup>(1)</sup>                   | \$ | 35,178 | \$ | 28,066 |
| Earnings per common unit                         | \$ | 0.43   | \$ | 0.42   |
| Adjusted Earnings per common unit <sup>(1)</sup> | \$ | 0.48   | \$ | 0.43   |
| Distributable Cash Flow <sup>(1)</sup>           | \$ | 22,736 | \$ | 17,974 |

(1) 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 March 31, 2016 and 2015 Financial Results**

Adjusted Net Income for the three months ended March 31, 2016, was \$18.9 million, compared to Adjusted Net Income of \$15.2 million in the corresponding period in 2015, which represents a 24.4% increase, mainly attributable to the contribution of net revenues relating to the *Lena River* to operating results. The *Lena River* was acquired from Dynagas Holding Ltd., the Partnership's Sponsor, late in December 2015.

Adjusted EBITDA for the three months ended March 31, 2016, increased by 25.3% across the quarters (first quarter 2016 Adjusted EBITDA of \$35.2 million, compared to first quarter 2015 Adjusted EBITDA of \$28.1 million), which is due to the factors discussed above.

The Partnership's Distributable Cash Flow for the three-month period ended March 31, 2016, was \$22.7 million, compared to \$18.0 million in the corresponding period of 2015, which represents an increase of \$4.8 million, or 26.5%.

For the three-month period ended March 31, 2016, the Partnership reported adjusted Earnings per common basic and diluted unit of \$0.48, after taking into account the Series A Preferred Units interest on the Partnership's net profit. Adjusted Earnings per common is calculated on the basis of a weighted number of 20,505,000 basic and diluted common units outstanding during the period, 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.

Voyage revenues increased to \$42.7 million for the three-month period ended March 31, 2016, from \$35.6 million for the same period in 2015, due to the increase in Revenue earning days from 450 days during the first quarter of 2015 to 546 during the first quarter of 2016, which is a result of the growth of the Partnership's fleet, which is discussed above.

Vessel operating expenses increased by \$0.9 million to \$6.4 million in the three-month period ended March 31, 2016, from \$5.5 million for the same period in 2015, the increase being exclusively attributable to the ownership of the recently acquired *Lena River*.

The Partnership reported average daily hire gross of commissions on a cash basis <sup>(1)</sup> of approximately \$81,300 per day per vessel in the three months ended March 31, 2016, compared to approximately \$79,700 per day per vessel in the same period of 2015. During the three-month period ended March 31, 2016, the Partnership's vessels operated at 100% utilization.

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

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

### **Liquidity/ Financing/ Cash Flow update**

As of March 31, 2016, the Partnership reported cash of \$79.0 million (including minimum cash liquidity requirements imposed by the Partnership's lenders). Total indebtedness as of March 31, 2016, stood at \$746.9 million.

The Partnership's liquidity profile as of March 31, 2016, was further enhanced by the \$30.0 million of borrowing capacity under the Partnership's revolving credit facility with its Sponsor that is available to the Partnership until November 2018.

During the three months ended March 31, 2016, the Partnership generated net cash from operating activities of \$23.6 million, compared to \$26.4 million in the same period in 2015. This decrease was attributable to the effect of variations in operating assets and liabilities between the compared periods that offset the excess operating cash flows that the newly acquired *Lena River* contributed to the Partnership for the quarter.

### **Time Charter Coverage**

As of May 17, 2016, the Partnership had contracted employment for 100% of its total fleet Calendar Days through the end of 2016, 88% of its fleet Calendar Days for 2017 and 64% of its fleet Calendar Days for 2018. Time charter coverage with regards to total fleet Calendar Days is calculated on the basis of the earliest estimated redelivery dates provided in the Partnership's current time charter contracts.

As of May 17, 2016, following the Partnership's recently concluded long term charters for the *Lena River*, the *Yenisei River* and the *Ob River*, which provide the Partnership with approximately \$1.0 billion of incremental fixed contracted revenues over their remaining minimum charter term, the Partnership's contracted revenue backlog<sup>(4)</sup> increased to approximately \$1.6 billion, with average remaining contract duration of 10.3 years, including the *Yenisei River* time charter contract.

<sup>(4)</sup> The Partnership calculates its contracted revenue backlog by multiplying the contractual daily hire rate by the minimum expected number of days committed under the contracts (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, shipyard and maintenance projects, downtime and other factors that result in lower revenues than the Partnership's average contract backlog per day. The time charter contracts with Yamal referenced above 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: May 18, 2016**

As announced, the Partnership's management team will host a conference call on Wednesday, May 18, 2016 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 Wednesday, May 25, 2016. 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 three months ended March 31, 2016 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 partnership formed by Dynagas Holding Ltd. 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 913,980 cubic meters.

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

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## **Forward-Looking Statement**

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, expected, 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. 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 Interim Condensed Consolidated Statements of Income**

**Three Months Ended  
March 31,**

*(In thousands of U.S. dollars except units and per unit data)*

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|   | <b>2016</b>      | <b>2015</b>      |
|---|------------------|------------------|
| <b>REVENUES</b>   |                  |                  |
| Voyage revenues   | \$ 42,741        | \$ 35,620        |
| <b>EXPENSES</b>   |                  |                  |
| Voyage expenses (including related party)                               | (719)            | (720)            |
| Vessel operating expenses   | (6,356)          | (5,491)          |
| General and administrative expenses (including related party)           | (618)            | (537)            |
| Management fees -related party  | (1,492)          | (1,194)          |
| Depreciation  | (7,552)          | (5,968)          |
| <b>Operating income</b>   | <b>26,004</b>    | <b>21,710</b>    |
| Interest and finance costs, net   | (8,698)          | (6,885)          |
| Other, net  | (171)            | 53               |
| <b>Net Income</b>   | <b>\$ 17,135</b> | <b>\$ 14,878</b> |
| <b>Earnings per unit, basic and diluted:</b>                            |                  |                  |
| Common unit (basic and diluted)   | <b>\$ 0.43</b>   | <b>\$ 0.42</b>   |
| <b>Weighted average number of units outstanding, basic and diluted:</b> |                  |                  |
| Common units  | 20,505,000       | 20,505,000       |

**DYNAGAS LNG PARTNERS LP**

**Consolidated Condensed Balance Sheets (unaudited)**

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

|                             | <b>March 31,<br/>2016</b> | <b>December 31,<br/>2015</b> |
|-----------------------------|---------------------------|------------------------------|
| <b>ASSETS</b>               |                           |                              |
| <b>CURRENT ASSETS:</b>      |                           |                              |
| Cash and cash equivalents   | \$ 53,996                 | \$ 24,293                    |
| Due from related party      | 934                       | 460                          |
| Other current assets        | 1,129                     | 1,061                        |
| <b>Total current assets</b> | <b>56,059</b>             | <b>25,814</b>                |

**FIXED ASSETS, NET:**

|                                |                  |                  |
|--------------------------------|------------------|------------------|
| Vessels, net                   | 1,030,167        | 1,036,157        |
| <b>Total fixed assets, net</b> | <b>1,030,167</b> | <b>1,036,157</b> |

**OTHER NON CURRENT ASSETS:**

|                                     |                     |                     |
|-------------------------------------|---------------------|---------------------|
| Restricted cash                     | 25,000              | 25,000              |
| Due from related party              | 1,350               | 1,350               |
| Above market acquired time charters | 17,975              | 19,782              |
| <b>Total assets</b>                 | <b>\$ 1,130,551</b> | <b>\$ 1,108,103</b> |

**LIABILITIES AND PARTNERS EQUITY****CURRENT LIABILITIES:**

|   |                |                |
|---|----------------|----------------|
| Current portion of long-term debt, net of deferred financing costs  | \$ 31,637      | \$ 27,467      |
| Trade payables  | 5,870          | 4,935          |
| Due to related party  | 214            | 230            |
| Accrued liabilities   | 3,723          | 3,595          |
| Unearned revenue  | 12,089         | 15,126         |
| <b>Total current liabilities</b>                                    | <b>53,533</b>  | <b>51,353</b>  |
| Deferred revenue  | 1,080          | 1,094          |
| Due to related party, non-current                                   |                | 35,000         |
| Long-term debt, net of current portion and deferred financing costs | 707,679        | 652,818        |
| <b>Total non-current liabilities</b>                                | <b>708,759</b> | <b>688,912</b> |

**PARTNERS EQUITY:**

|   |                     |                     |
|---|---------------------|---------------------|
| General partner (35,526 units issued and outstanding as at March 31, 2016 and December 31, 2015)                    | 95                  | 95                  |
| Common unitholders (20,505,000 units issued and outstanding as at March 31, 2016 and December 31, 2015)             | 303,197             | 302,954             |
| Series A Preferred unitholders: (3,000,000 units issued and outstanding as at March 31, 2016 and December 31, 2015) | 73,216              | 73,216              |
| Subordinated unitholders (14,985,000 units issued and outstanding as at March 31, 2016 and December 31, 2015)       | (8,249)             | (8,427)             |
| <b>Total partners equity</b>  | <b>368,259</b>      | <b>367,838</b>      |
| <b>Total liabilities and partners equity</b>  | <b>\$ 1,130,551</b> | <b>\$ 1,108,103</b> |

**DYNAGAS LNG PARTNERS LP****Unaudited Interim Consolidated Statements of Cash Flows**

(Expressed in thousands of U.S. Dollars)

|  | <b>Three Months Ended March 31,</b> |                 |
|--|-------------------------------------|-----------------|
|  | <b>2016</b>                         | <b>2015</b>     |
| <b>Cash flows from Operating Activities:</b>   |                                     |                 |
| Net income:  | \$ 17,135                           | \$ 14,878       |
| <b>Adjustments to reconcile net income to net cash provided by operating activities:</b> |                                     |                 |
| Depreciation   | 7,552                               | 5,968           |
| Amortization of deferred financing fees  | 489                                 | 385             |
| Amortization of fair value of acquired time charter                                      | 1,807                               |                 |
| Deferred revenue   | (14)                                | 335             |
| <b>Changes in operating assets and liabilities:</b>                                      |                                     |                 |
| Trade receivables  | (24)                                | (116)           |
| Prepayments and other assets   | 26                                  | (237)           |
| Inventories  | (70)                                | 32              |
| Due from/ to related party   | (489)                               | (51)            |
| Trade payables   | 138                                 | 416             |
| Accrued liabilities  | 128                                 | (157)           |
| Unearned revenue   | (3,037)                             | 4,933           |
| <b>Net cash from Operating Activities</b>  | <b>23,641</b>                       | <b>26,386</b>   |
| <b>Cash flows from Investing Activities</b>  |                                     |                 |
| Vessel Acquisitions and other additions to vessels cost                                  | (35,616)                            |                 |
| <b>Net cash used in Investing Activities</b>   | <b>(35,616)</b>                     |                 |
| <b>Cash flows from Financing Activities:</b>   |                                     |                 |
| Payment of preferred units issuance costs and other filing costs                         | (119)                               | (65)            |
| Distributions declared and paid  | (16,714)                            | (15,026)        |
| Repayment of long-term debt  | (8,125)                             | (5,000)         |
| Proceeds from long-term debt   | 66,667                              |                 |
| Payment of deferred finance fees   | (31)                                | (10)            |
| <b>Net cash from/ (used in) Financing Activities</b>                                     | <b>41,678</b>                       | <b>(20,101)</b> |
| <b>Net increase in cash and cash equivalents</b>   | <b>29,703</b>                       | <b>6,285</b>    |
| Cash and cash equivalents at beginning of the period                                     | 24,293                              | 11,949          |

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|  |    |               |    |               |
|--|----|---------------|----|---------------|
| Cash and cash equivalents at end of the period | \$ | <b>53,996</b> | \$ | <b>18,234</b> |
|--|----|---------------|----|---------------|



**APPENDIX B****Fleet statistics**

| <i>(expressed in United states dollars except for operational data)</i> | <b>Three Months Ended<br/>March 31,</b> |                  |
|---|---|------------------|
|   | <b>2016</b>                             | <b>2015</b>      |
| Number of vessels at the end of period                                  | 6                                       | 5                |
| Average number of vessels in the period (1)                             | 6.0                                     | 5.0              |
| Calendar Days (2)   | 546                                     | 450              |
| Available Days (3)  | 546                                     | 450              |
| Revenue earning days (5)  | 546                                     | 450              |
| Time Charter Equivalent (4)   | \$ <b>76,963</b>                        | \$ <b>77,556</b> |
| Fleet Utilization (5)   | 100%                                    | 100%             |
| Vessel daily operating expenses (6)                                     | \$ <b>11,641</b>                        | \$ <b>12,202</b> |

(1) Represents the number of vessels that constituted the Partnership's fleet for the relevant period, as measured by the sum of the number of days each vessel was a part of its fleet during the period divided by the number of Calendar Days in the period.

(2) Calendar Days are the total days the Partnership possessed the vessels in its fleet for the relevant period.

(3) Available Days are the total number of Calendar Days the Partnership's vessels were in its possession during a period, less the total number of scheduled off-hire days during the period associated with major repairs, or dry-dockings.

(4) Time charter equivalent rate, or TCE rate, 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, the Partnership 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 the Partnership's management in making decisions regarding the deployment and use of the Partnership's vessels and in evaluating their financial performance. The Partnership's calculation of TCE rates may not be comparable to that reported by other companies. The following table reflects the calculation of the Partnership's TCE rates for the three months ended March 31, 2016 and 2015 (amounts in thousands of U.S. dollars, except for TCE rates, which are expressed in U.S. dollars, and Available Days):

|   | <b>Three Months Ended<br/>March 31,</b> |                  |
|---|---|------------------|
|   | <b>2016</b>                             | <b>2015</b>      |
| <i>(In thousands of U.S. dollars,<br/>except for Available Days and TCE<br/>rate)</i> |   |                  |
| Voyage revenues   | \$ 42,741                               | \$ 35,620        |
| Voyage Expenses (7)   | (719)                                   | (720)            |
| <b>Time Charter equivalent<br/>revenues</b>   | <b>\$ 42,022</b>                        | <b>\$ 34,900</b> |
| Available Days (3)  | 546                                     | 450              |
| <b>Time charter equivalent (TCE)<br/>rate</b>   | <b>\$ 76,963</b>                        | <b>\$ 77,556</b> |

(5) The Partnership calculates fleet utilization by dividing the number of its revenue earning days, which are the total number of Available Days of the Partnership's vessels net of unscheduled off-hire days, during a period, by the number of 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, dry-dockings or special or intermediate surveys.

(6) Daily vessel operating expenses, which include crew costs, provisions, deck and engine stores, lubricating oil, insurance, spares and repairs and flag taxes, are calculated by dividing vessel operating expenses by fleet Calendar Days for the relevant time period.

(7) Voyage expenses include commissions of 1.25% paid to the Partnership's Manager and third party ship brokers, when defined in the charter parties, bunkers, port expenses and other minor voyage expenses.

## **Reconciliation of U.S. GAAP Financial Information to Non-GAAP Financial Information**

### **Reconciliation of Net Income to Adjusted EBITDA**

|   | <b>Three Months Ended<br/>31,</b> |  | <b>March</b>     |
|---|-----------------------------------|--|------------------|
| <i>(In thousands of U.S. dollars)</i>               | <b>2016</b>                       |  | <b>2015</b>      |
| <i>Reconciliation to Net Income</i>                 |                                   |  |                  |
| Net Income  | \$ 17,135                         |  | \$ 14,878        |
| Net interest and finance costs <sup>(1)</sup>       | 8,698                             |  | 6,885            |
| Depreciation  | 7,552                             |  | 5,968            |
| Amortization of fair value of acquired time charter | 1,807                             |  |                  |
| Charter hire amortization                           | (14)                              |  | 335              |
| <b>Adjusted EBITDA</b>                              | <b>\$ 35,178</b>                  |  | <b>\$ 28,066</b> |

<sup>(1)</sup>Includes interest and finance costs and interest income, if any

The Partnership defines 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 (if any). Adjusted EBITDA is used as a supplemental financial measure by management and external users of financial statements, such as investors, to assess the Partnership's operating performance.

The Partnership believes that Adjusted EBITDA assists its management and investors by providing useful information that increases the comparability of the Partnership's performance operating from period to period and against the operating performance of other companies in its 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. The Partnership believes that including Adjusted EBITDA as a measure of operating performance benefits investors in (a) selecting between investing in the Partnership and other investment alternatives and (b) monitoring the Partnership's 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.

#### **Reconciliation of Net Income to Adjusted Net Income available to common unitholders and Adjusted Earnings per common unit**

|   | <b>Three Months Ended</b> |                  |
|---|---------------------------|------------------|
|   | <b>March 31,</b>          |                  |
| <i>(In thousands of U.S. dollars)</i>   | <b>2016</b>               | <b>2015</b>      |
| Net Income  | \$ 17,135                 | \$ 14,878        |
| Charter hire amortization   | (14)                      | 335              |
| Amortization of fair value of acquired time charter   | 1,807                     |                  |
| <b>Adjusted Net Income</b>  | <b>\$ 18,928</b>          | <b>\$ 15,213</b> |
| Less: Adjusted Net Income attributable to subordinated, preferred unitholders and general partner | (8,987)                   | (6,442)          |
| <b>Common unitholders' interest in Adjusted Net Income</b>  | <b>\$ 9,941</b>           | <b>\$ 8,771</b>  |

|  |                |                |
|--|----------------|----------------|
| Weighted average number of common units outstanding,<br>basic and diluted: | 20,505,000     | 20,505,000     |
| <b>Adjusted Earnings per common unit, basic and diluted</b>                | <b>\$ 0.48</b> | <b>\$ 0.43</b> |

Adjusted Net Income represents net income before non-recurring expense resulting from accelerated time charter amortization, charter hire amortization related to time charters with escalating time charter rates and amortization of fair value of acquired time charters, all of which are significant non-cash items. Adjusted Net Income available to common unitholders represents the common unitholders interest in Adjusted Net Income for each period presented. Adjusted Earnings per common unit represents Adjusted Net Income attributable to common

unitholders divided by the weighted average common units outstanding during each period presented.

Adjusted Net Income, Adjusted Net Income per common unit and Adjusted Earnings per common unit, basic and diluted, are not recognized measures under U.S. GAAP and should not be regarded as substitutes for net income and earnings per unit, basic and diluted. The Partnership's definition of Adjusted Net Income, Adjusted Net Income per common unit and Adjusted Earnings per common unit, basic and diluted, may not be the same at that reported by other companies in the shipping industry or other industries. The Partnership believes that the presentation of Adjusted Net Income and Adjusted Earnings per unit available to common unitholders are useful to investors because they facilitate the comparability and the evaluation of companies in the Partnership's industry. In addition, the Partnership believes that Adjusted Net Income is useful in evaluating its operating performance compared to that of other companies in the Partnership's industry because the calculation of Adjusted Net Income generally eliminates the accounting effects of items which may vary for different companies for reasons unrelated to overall operating performance. The Partnership's presentation of Adjusted Net Income available to common unitholders and Adjusted Earnings per common unit should not be construed as an inference that its future results will be unaffected by unusual or non-recurring items.

### Distributable Cash Flow Reconciliation

|  | <b>Three Months Ended</b> |             |
|--|---------------------------|-------------|
|  | <b>March 31,</b>          |             |
| <i>(In thousands of U.S. dollars)</i>                                    | <b>2016</b>               | <b>2015</b> |
| <b>Net Income</b>  | \$ 17,135                 | \$ 14,878   |
| Depreciation   | 7,552                     | 5,968       |
| Amortization of deferred finance fees                                    | 489                       | 385         |
| Net interest and finance costs,<br>excluding amortization <sup>(1)</sup> | 8,209                     | 6,500       |
| Amortization of fair value of acquired<br>time charter                   | 1,807                     |             |

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|  |                  |                      |
|--|------------------|----------------------|
| Charter hire amortization  | (14)             | 335                  |
| <b>Adjusted EBITDA</b>   | <b>35,178</b>    | <b>28,066,529</b>    |
| Net interest and finance costs,<br>excluding amortization <sup>(1)</sup> | (8,209)          | (6,500)              |
| Maintenance capital expenditure<br>reserves                              | (1,038)          | (861)                |
| Replacement capital expenditure<br>reserves                              | (3,195)          | (2,731)              |
| <b>Distributable Cash Flow</b>   | <b>\$ 22,736</b> | <b>\$ 17,974,943</b> |

<sup>(1)</sup> Includes interest and finance costs and interest income, if any.

Distributable Cash Flow with respect to any period presented means Adjusted EBITDA after considering period interest and finance costs and estimated maintenance and replacement capital expenditures. Estimated maintenance and replacement capital expenditures, including estimated expenditures for drydocking, represent capital expenditures required to maintain over the long-term the operating capacity of, or the revenue generated by the Partnership's capital assets. Distributable Cash Flow is a quantitative standard used by investors in publicly-traded partnerships to assist in evaluating a partnership's ability to make quarterly cash distributions. The Partnership's calculation of the Distributable Cash Flow may not be comparable to that reported by other companies. Distributable Cash Flow is a non-GAAP financial measure and should not be considered as an alternative to net income or any other indicator of the Partnership's performance calculated in accordance with GAAP.