

Dynagas LNG Partners LP
Form F-1
August 06, 2014
Table of Contents

As filed with the Securities and Exchange Commission on August 6, 2014

Registration No. 333-

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form F-1
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

DYNAGAS LNG PARTNERS LP
(Exact name of registrant as specified in its charter)

Marshall Islands (State or other jurisdiction of	4412 (Primary Standard Industrial	N/A (I.R.S. Employer
incorporation or organization)	Classification Code Number)	Identification Number)

Dynagas LNG Partners LP

97 Poseidonos Avenue & 2 Foivis Street

Glyfada, 16674, Greece

011 30 210 8917 260

(Address, including zip code, and telephone number,
including area code, of registrant's principal executive
offices)

Seward & Kissel LLP

Attention: Gary J. Wolfe, Esq.

One Battery Park Plaza

New York, New York 10004

(212) 574-1200

(Name, address and telephone number of agent for
service)

Copies to:

Gary J. Wolfe, Esq.

Robert E. Lustrin, Esq.

Seward & Kissel LLP

One Battery Park Plaza

New York, New York 10004

(212) 574-1200 (telephone number)

(212) 480-8421 (facsimile number)

Sean T. Wheeler

Latham & Watkins LLP

811 Main Street, Suite 3700

Houston, Texas 77002

(713) 546-5400 (telephone number)

(713) 546-5401 (facsimile number)

Approximate date of commencement of proposed sale to the public:

As soon as practicable after this Registration Statement becomes effective.

If any of the securities being registered on this Form are being offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act, check the following box. "

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Proposed Maximum Aggregate Offering Price(1)(2)	Amount of Registration Fee(3)
% Senior Notes due 2019	\$250,000,000	\$32,200

(1) Includes an additional 25,000,000 aggregate principal amount of our % Senior Notes due 2019 that the underwriters have an option to purchase.

(2) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(o) under the Securities Act of 1933, as amended.

(3) Calculated in accordance with Rule 457(o) under the Securities Act of 1933, as amended.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until the Registration Statement shall become effective on such date as the U.S. Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

Table of Contents

The information in this Prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This Prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED AUGUST 6, 2014

PRELIMINARY PROSPECTUS

Dynagas LNG Partners LP

Dynagas Finance Inc.

% Senior Notes due 2019

We are offering \$ _____ aggregate principal amount of our _____ % Senior Notes due October 30, 2019 (the *Notes* or our *Notes*).

Dynagas Finance Inc. is acting as co-issuer of the Notes.

We have granted the underwriters the option to purchase, exercisable during the 30-day period beginning on the date of this prospectus, up to an additional \$ _____ aggregate principal amount of the Notes.

The Notes will bear interest from the date of original issue until maturity at a rate of _____ % per year. Interest will be payable quarterly in arrears on the 30th day of January, April, July and October of each year, commencing on October 30, 2014. The Notes will be issued in minimum denominations of \$1,000 and integral multiples of \$1,000 in excess thereof.

We intend to apply to have the Notes listed on the New York Stock Exchange, or NYSE. If the application is approved, trading of our Notes on the NYSE is expected to begin within 90 days after the original issue date of our Notes. Currently, there is no public market for the Notes.

The Notes will be our unsubordinated unsecured obligations and will rank senior to any of our future subordinated debt and rank equally in right of payment with all of our existing and future unsecured and unsubordinated debt. The Notes will effectively rank junior to our existing and future secured debt, to the extent of the value of the assets securing such debt as well as to existing and future debt of our subsidiaries.

Investing in the Notes involves a high degree of risk. The Notes have not been rated. Please read Risk Factors beginning on page 24 of this prospectus.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

	Per Note	Total
Public offering price	\$	\$
Underwriting discount and commissions(1)	\$	\$
Proceeds to us (before expenses)(2)	\$	\$

- (1) We have granted the underwriters the option to purchase, exercisable during the 30-day period beginning on the date of this prospectus, up to an additional \$ aggregate principal amount of the Notes. If the underwriters exercise the option in full, the total underwriting discounts and commissions payable by us will be \$ and total proceeds to us before other expenses will be \$.
- (2) For sales to retail investors, the underwriting discount will be \$ per note, resulting in proceeds, before expenses, to us of \$ per Note. For sales to institutional investors, the underwriting discount will be \$ per Note, resulting in proceeds, before expenses, to us of \$ per Note. See Underwriting.
- (3) Excludes the amount payable to Sterne, Agee and Leach, Inc. and DNB Markets, Inc. as a structuring fee in connection with the offering. Please read Underwriting.

Delivery of our Notes is expected to be made in book-entry form through the facilities of The Depository Trust Company for the accounts of its participants, including Euroclear Bank S.A./N.V., as operator of the Euroclear System, and Clearstream Banking, societe anonyme, against payment in New York, New York on or about , 2014.

Joint Book-Running Managers and Structuring Agents

Sterne Agee

DNB Markets

, 2014.

Table of Contents

The *Ob River*, one of our LNG carriers, traversing the Northern Sea Route, which is a shipping lane from the Atlantic Ocean to the Pacific Ocean that is entirely in Arctic waters.

The *Clean Energy*, one of our LNG carriers.

Table of Contents

TABLE OF CONTENTS

<u>PROSPECTUS SUMMARY</u>	1
<u>THE OFFERING</u>	15
<u>SUMMARY HISTORICAL CONSOLIDATED FINANCIAL AND OPERATING DATA</u>	18
<u>FORWARD-LOOKING STATEMENTS</u>	22
<u>RISK FACTORS</u>	24
<u>USE OF PROCEEDS</u>	54
<u>RATIO OF EARNINGS TO FIXED CHARGES</u>	55
<u>CAPITALIZATION</u>	56
<u>PRICE RANGE OF OUR COMMON UNITS</u>	57
<u>OUR CASH DISTRIBUTION POLICY AND RESTRICTIONS ON DISTRIBUTIONS</u>	58
<u>SELECTED HISTORICAL CONSOLIDATED FINANCIAL AND OPERATING DATA</u>	71
<u>MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS</u>	75
<u>BUSINESS</u>	116
<u>MANAGEMENT</u>	139
<u>SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT</u>	143
<u>CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS</u>	144
<u>CONFLICTS OF INTEREST AND FIDUCIARY DUTIES</u>	151
<u>DESCRIPTION OF NOTES</u>	157
<u>DESCRIPTION OF OTHER INDEBTEDNESS</u>	178
<u>DESCRIPTION OF THE COMMON UNITS</u>	181
<u>THE PARTNERSHIP AGREEMENT</u>	183
<u>MATERIAL U.S. FEDERAL INCOME TAX CONSIDERATIONS</u>	198
<u>NON-UNITED STATES TAX CONSIDERATIONS</u>	201
<u>UNDERWRITING</u>	202
<u>SERVICE OF PROCESS AND ENFORCEMENT OF CIVIL LIABILITIES</u>	205
<u>LEGAL MATTERS</u>	206
<u>EXPERTS</u>	206
<u>WHERE YOU CAN FIND ADDITIONAL INFORMATION</u>	206
<u>OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION</u>	208
<u>INDEX TO CONSOLIDATED FINANCIAL STATEMENTS</u>	F-1

You should rely only on information contained in this prospectus. We have not, and the underwriters have not, authorized anyone to give any information or to make any representations other than those contained in this prospectus. Do not rely upon any information or representations made outside of this prospectus. This prospectus is not an offer to sell, and it is not soliciting an offer to buy, (1) any securities other than the Notes or (2) the Notes in any circumstances in which such an offer or solicitation is unlawful. The information contained in this prospectus may change after the date of this prospectus. Do not assume after the date of this prospectus that the information contained in this prospectus is still correct.

ALTERNATIVE SETTLEMENT DATE

It is expected that delivery of the Notes will be made on or about the closing date specified on the cover page of this prospectus, which will be the fifth business day following the date of pricing of the Notes (this settlement cycle being referred to as T+5). Under Rule 15c6-1 of the Securities Exchange Act of 1934, trades in the

secondary market generally are required to settle in three business days, unless the parties to a trade expressly agree otherwise. Accordingly, purchasers who wish to trade the Notes on the initial pricing date of the Notes or the next succeeding business day will be required, by virtue of the fact that the Notes initially will settle in T+5, to specify alternative settlement arrangements at the time of any such trade to prevent a failed settlement and should consult their own advisor.

Table of Contents

ABOUT DYNAGAS FINANCE INC.

Dynagas Finance Inc. is a Marshall Islands corporation and wholly owned subsidiary of Dynagas LNG Partners LP. It has nominal assets and its activities will be limited to co-issuing the Notes and engaging in other activities incidental thereto. Dynagas Finance Inc. is acting as co-issuer of the Notes to allow investment in the Notes by institutional investors that may not otherwise be able to invest due to our structure and investment restrictions under their respective states of organization or charters. You should not expect Dynagas Finance Inc. to be able to service obligations on the Notes.

Table of Contents

PROSPECTUS SUMMARY

This section summarizes material information that appears later in this prospectus and is qualified in its entirety by the more detailed information and financial statements included elsewhere in this prospectus. This summary may not contain all of the information that may be important to you. As an investor or prospective investor, you should carefully review the entire prospectus, including the risk factors and the more detailed information that appears later.

Unless otherwise indicated, references to Dynagas LNG Partners, the Partnership, we, our and us or similar terms refer to Dynagas LNG Partners LP and its wholly-owned subsidiaries, including Dynagas Operating LP. Dynagas Operating LP owns, directly or indirectly, a 100% interest in the entities that own the LNG carriers the Clean Energy, the Ob River and the Clean Force, collectively, our Initial Fleet. In addition, Dynagas Operating LP owns 100% of the entity that owns the LNG carrier Arctic Aurora, which together with the vessels Initial Fleet comprise the vessels in our Fleet. References in this prospectus to our General Partner refer to Dynagas GP LLC, the general partner of Dynagas LNG Partners LP. References in this prospectus to our Sponsor are to Dynagas Holding Ltd. and its subsidiaries other than us or our subsidiaries and references to our Manager refer to Dynagas Ltd., which is wholly owned by the chairman of our board of directors, Mr. George Prokopiou. References in this prospectus to the Prokopiou Family are to our Chairman, Mr. George Prokopiou, and members of his family.

All references in this prospectus to us for periods prior to our initial public offering, or IPO, on November 18, 2013 refer to our predecessor companies and their subsidiaries, which are former subsidiaries of our Sponsor that have interests in the vessels in our Initial Fleet, or the Sponsor Controlled Companies.

All references in this prospectus to BG Group, Gazprom and Statoil refer to BG Group Plc, Gazprom Global LNG Limited, and Statoil ASA, respectively, and certain of each of their subsidiaries that are our customers. Unless otherwise indicated, all references to U.S. dollars, dollars and \$ in this prospectus are to the lawful currency of the United States. We use the term LNG to refer to liquefied natural gas and we use the term cbm to refer to cubic meters in describing the carrying capacity of our vessels.

Except where we or the context otherwise indicate, the information in this prospectus assumes no exercise of the underwriters option to purchase additional aggregate principal amount of the Notes described on the cover page of this prospectus.

Overview

We are a growth-oriented limited partnership focused on owning and operating LNG carriers. 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. We intend to leverage the reputation, expertise, and relationships of our Sponsor and Dynagas Ltd., our Manager, in maintaining cost-efficient operations and providing reliable seaborne transportation services to our customers. In addition, we intend to make further vessel acquisitions from our Sponsor and from third parties. There is no guarantee that we will grow the size of our Fleet or the per unit distributions that we intend to pay or that we will be able to make further vessel acquisitions from our Sponsor or third parties.

Our Fleet

We currently own and operate a fleet of four LNG carriers, consisting of the three LNG carriers, the *Clean Energy*, the *Ob River* and the *Clean Force*, or our Initial Fleet, and a 2013-built Ice Class LNG carrier that we acquired from our Sponsor in June 2014, the *Arctic Aurora*, which we refer to collectively as our Fleet. The vessels in our Fleet are

employed under multi-year charters with BG Group, Gazprom and Statoil with an

Table of Contents

average remaining charter term of approximately 6.0 years. Of these vessels, the *Clean Force*, the *Ob River* and the *Arctic Aurora* have been assigned with Lloyds Register Ice Class notation 1A FS, or Ice Class, designation for hull and machinery and are fully winterized, which means that they are designed to call at ice-bound and harsh environment terminals and to withstand temperatures up to minus 30 degrees Celsius. According to Drewry Consultants Ltd., or Drewry, only six LNG carriers, representing 1.6% of the LNG vessels in the global LNG fleet, have an Ice Class designation or equivalent rating. Moreover, we are the only company in the world that is currently transiting the Northern Sea Route, which is a shipping lane from the Atlantic Ocean to the Pacific Ocean entirely in Arctic waters, with LNG carriers. In addition, we believe that each of the vessels in our Fleet is optimally sized with a carrying capacity of between approximately 150,000 and 155,000 cbm, which allows us to maximize operational flexibility as such medium-to-large size LNG vessels are compatible with most existing LNG terminals around the world. We believe that these specifications enhance our trading capabilities and future employment opportunities because they provide greater diversity in the trading routes available to our charterers.

The following table sets forth additional information about our Fleet as of August 6, 2014:

Vessel Name	Shipyard	Year Built	Capacity (cbm)	Ice Class	Flag State	Charterer	Charter Commencement Date	Earliest Charter Expiration	Latest Charter Expiration Including Non-Exercised Options
<i>Clean Energy</i>	HHI	2007	149,700	No	Marshall Islands	BG Group	February 2012	April 2017	August 2020(1)
<i>Ob River</i>	HHI	2007	149,700	Yes	Marshall Islands	Gazprom	September 2012	September 2017	May 2018(2)
<i>Clean Force</i>	HHI	2008	149,700	Yes	Marshall Islands	BG Group	October 2010	June 2015	July 2015(3)
					Islands	Gazprom	Expected July 2015	June 2028	August 2028(4)
<i>Arctic Aurora</i>	HHI	2013	155,000	Yes	Marshall Islands	Statoil	August 2013	July 2018	Renewal Options(5)

* As used in this prospectus, HHI refers to Hyundai Heavy Industries Co. Ltd., the shipyard where the ships in our Fleet are built.

- (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.

Our Relationship with Our Sponsor and Members of the Prokopiou Family

We believe that one of our principal strengths is our relationships with our Sponsor, our Manager and members of the Prokopiou Family, including Mr. George Prokopiou, the Chairman of our Board of Directors, and his daughters Elisavet Prokopiou, Johanna Prokopiou, Marina Kalliope Prokopiou and Maria Eleni Prokopiou, (who in addition to Mr. Prokopiou, own 100% of the interests in our Sponsor), which provide us access to their long-standing relationships with major energy companies and shipbuilders and their technical, commercial and managerial expertise. As of August 6, 2014, our Sponsor's LNG carrier fleet consisted of three LNG carriers that were delivered in the third and fourth quarters of 2013 and the second quarter of 2014 and three newbuildings on order with expected deliveries in 2014 and 2015. While our Sponsor intends to utilize us as its primary growth vehicle to pursue the acquisition of LNG carriers employed on time charters of four or more years, we can provide no assurance that we will realize any benefits from our relationship with our Sponsor

Table of Contents

or the Prokopiou Family and there is no guarantee that their relationships with major energy companies and shipbuilders will continue. Our Sponsor, our Manager and other companies controlled by members of the Prokopiou Family are not prohibited from competing with us pursuant to the terms of the Omnibus Agreement that we have entered into with our Sponsor and our General Partner. Our General Partner, which is wholly-owned by our Sponsor, owns 100% of the 35,526 general partner units, representing a 0.1% general partner interest in us, or the General Partner Units, and 100% of the incentive distribution rights. Please see Summary of Conflicts of Interest and Fiduciary Duties below and the section entitled Conflicts of Interest and Fiduciary Duties which appears later in this prospectus.

Positive Industry Fundamentals

We believe that the following factors collectively present positive industry fundamental prospects for us to execute our business plan and grow our business:

Natural gas and LNG are vital and growing components of global energy sources. According to Drewry natural gas accounted for 25% of the world's primary energy consumption in 2013. Over the last two decades, natural gas has been one of the world's fastest growing energy sources, increasing at twice the rate of oil consumption over the same period. We believe that LNG, which accounted for approximately 46% of overall cross-border trade of natural gas in 2013, according to Drewry, will continue to increase its share in the mid-term future. A cleaner burning fuel than both oil and coal, natural gas has become an increasingly attractive fuel source in the last decade.

Demand for LNG shipping is experiencing growth. The growing distances between the location of natural gas reserves and the nations that consume natural gas have caused an increase in the percentage of natural gas traded between countries. This has resulted in an increase in the portion of natural gas that is being transported in the form of LNG, which provides greater flexibility and generally lowers capital costs of shipping natural gas, as well as a reduction in the environmental impact compared to transportation by pipeline. Increases in planned capacity of liquefaction and regasification terminals are anticipated to increase export capacity significantly, requiring additional LNG carriers to facilitate transportation activity. According to Drewry, based on the current projections of liquefaction terminals that are planned or under construction, liquefaction capacity is expected to increase by approximately 105% to 610 million tonnes. Approximately one million tonnes of LNG export capacity creates demand for approximately one to two LNG carriers with carrying capacity of 160,000 to 165,000 cbm each. According to Drewry, as of February 2014, global liquefaction capacity was 297 million tonnes, and an additional 121 million tonnes of liquefaction capacity was under construction and scheduled to be available by the end of 2016. Over the past three years, global LNG demand has continued to rise, but at a slower pace than previously predicted. Drewry estimates that LNG trade decreased by 0.4% in 2013 primarily due to supply disruptions. Based primarily on current construction projects in Australia and the United States, LNG supply is expected to increase, and to have a beneficial impact on demand for shipping capacity, however, continued economic uncertainty and continued acceleration of unconventional natural gas production could have an adverse effect on our business.

A limited newbuilding orderbook and high barriers to entry should restrict the supply of new LNG carriers. According to Drewry, the current orderbook of LNG carriers represents 37% of current LNG carrier fleet carrying capacity. As of February 2014, 126 LNG carriers, with an aggregate carrying capacity of 20.6 million cbm, were on order for delivery for the period between 2014 to 2017, while the existing fleet consisted of 368 vessels with an aggregate capacity of 55.0 million cbm. We believe that the current orderbook is limited due to constrained construction capacity at high-quality shipyards and the long lead-time required for the construction of LNG carriers. While we believe this has restricted additional supply of new LNG carriers in the near-term, any increase in LNG carrier supply may place downward pressure on charter rates. In addition, we believe that there are significant barriers to entry in the LNG shipping sector, which also limit the current orderbook due to large capital requirements, limited availability of qualified vessel personnel, and the high degree of technical management required for LNG vessels.

Table of Contents

Stringent customer certification standards favor established, high-quality operators. Major energy companies have developed stringent operational, safety and financial standards that LNG operators generally are required to meet in order to qualify for employment in their programs. Based on our Manager's track record and long established operational standards, we believe that these rigorous and comprehensive certification standards will be a barrier to entry for less qualified and less experienced vessel operators and will provide us with an opportunity to establish relationships with new customers.

Increasing ownership of the global LNG carrier fleet by independent owners. According to Drewry, as of March 31, 2014, 74% of the LNG fleet was owned by independent shipping companies, 14% was owned by LNG producers and 13% was owned by energy majors and end-users, respectively. We believe that private and state-owned energy companies will continue to seek high-quality independent owners, such as ourselves, for their growing LNG shipping needs in the future, driven in part by large capital requirements, and level of expertise necessary, to own and operate LNG vessels.

We can provide no assurance that the industry dynamics described above will continue or that we will be able to capitalize on these opportunities. Please see **Risk Factors** and **The International Liquefied Natural Gas (LNG) Shipping Industry**.

Competitive Strengths

We combine a number of features that we believe distinguish us from other LNG shipping companies.

Management

Broad based Sponsor experience. Under the leadership of Mr. George Prokopiou, our founder and Chairman, we, through our Sponsor and Manager, have developed an extensive network of relationships with major energy companies, leading LNG shipyards, and other key participants throughout the shipping industry. Although we were formed in May 2013, we believe that these longstanding relationships with shipping industry participants, including chartering brokers, shipbuilders and financial institutions, should provide us with profitable vessel acquisition and employment opportunities in the LNG sector, as well as access to financing that we will need to grow our Partnership. Since entering the shipping business in 1974, Mr. Prokopiou has founded and controlled various companies, including Dynacom Tankers Management Ltd., or Dynacom Tankers Management, a Liberian company engaged in the management and operation of crude oil tankers and refined petroleum product tankers, Sea Traders S.A., or Sea Traders, a Panamanian company that manages and operates drybulk carriers and container vessels, and our Manager. Please see **Business** Our Relationship with our Sponsor and members of the Prokopiou Family.

Strong management experience in the LNG shipping sector. Our management has managed and operated LNG carriers since 2004, and we believe that, through our Sponsor and Manager, we have acquired significant experience in the operation and ownership of LNG carriers. Our senior executives and our Chairman have an average of 25 years of shipping experience, including experience in the LNG sector. In addition, one of the vessels in our Fleet, the *Ob River*, while operated by our Manager, became the world's first LNG carrier to complete an LNG shipment via the Northern Sea Route, which is a shipping lane from the Atlantic Ocean to the Pacific Ocean entirely in Arctic waters, demonstrating its extensive Ice Class capabilities. During this voyage, it achieved a significant reduction in navigation time, compared to the alternative route through the Suez Canal, and accordingly, generated significant cost savings for its charterer, Gazprom. We believe this expertise, together with our reputation and track record in LNG shipping, positions us favorably to capture additional commercial opportunities in the LNG industry.

Cost-competitive and efficient operations. Our Manager provides the technical and commercial management of our Fleet and we expect it will provide the same services for any other vessels we may acquire in

Table of Contents

the future. We believe that our Manager, through comprehensive preventive maintenance programs and by retaining and training qualified crew members, is and will continue to be able to manage our vessels efficiently, safely and at a competitive cost.

Demonstrated access to financing. Our Sponsor funded the construction of its six identified LNG Carriers that we have the right to purchase pursuant to the terms and subject to the conditions of the Omnibus Agreement, or the Optional Vessels, through debt financing as well as equity provided by entities owned and controlled by members of the Prokopiou Family. Should we exercise our right to purchase any of the six Optional Vessels, our Sponsor may novate to us the loan agreements secured by the Optional Vessels, subject to each respective lender's consent. We believe that our access to financing will improve our ability to capture future market opportunities and make further acquisitions, which we expect will increase the quarterly distribution to our unitholders. In addition, in connection with the closing of our IPO in November 2013, our Sponsor provided us with a \$30.0 million revolving credit facility, which we may at anytime utilize for general partnership purposes, including working capital. This facility is interest free and has a term of five years, which commenced on the closing of our IPO. We currently have maximum borrowing capacity under this facility. As of June 30, 2014, we had outstanding borrowings of \$335.0 million under our \$340.0 Million Senior Secured Revolving Credit Facility.

Fleet

Modern and high specification fleet. Three of the four vessels in our Fleet, the *Clean Force*, the *Ob River* and the *Arctic Aurora*, have been assigned with the Ice Class designation, or its equivalent, for hull and machinery and are fully winterized, which means that they are designed to call at ice-bound and harsh environment terminals and to withstand temperatures up to minus 30 degrees Celsius. In addition, all of the Optional Vessels have been and are being constructed with the same characteristics and all of the Optional Vessels have or are expected to have upon their delivery the Ice Class designation, or its equivalent. We believe that these attractive characteristics should provide us with a competitive advantage in securing future charters with customers and enhance our vessels' earnings potential. According to Drewry, only six LNG carriers, representing 1.6% of the LNG vessels in the global LNG fleet, have an Ice Class designation or equivalent rating. Moreover, we are the only company in the world that is currently transiting the Northern Sea Route with LNG carriers. We believe that these specifications enhance our trading capabilities and future employment opportunities because they provide greater flexibility in the trading routes available to our charterers. In addition, each of the Optional Vessels is being constructed with an efficient tri-fuel diesel electric propulsion system, which is expected to reduce both fuel costs and emissions. There is no guarantee that we will ever purchase the Optional Vessels and for so long as we do not own these vessels, we will be in competition with these vessels.

Sister vessel efficiencies. The six Optional Vessels consist of two series of sister vessels, vessels of the same type and specification, and with respect to our Fleet three of the four LNG carriers consist of a series of sister vessels, which we believe will enable us to benefit from more chartering opportunities, economies of scale and operating and cost efficiencies in ship construction, crew training, crew rotation and shared spare parts. We believe that more chartering opportunities will be available to us because many charterers prefer sister vessels due to their interchangeability and ease of cargo scheduling associated with the use of sister vessels.

Built-in opportunity for fleet growth. We have the right to purchase the Optional Vessels from our Sponsor. We believe the staggered delivery dates of the six Optional Vessels will facilitate a smooth integration of these vessels into our Fleet if we purchase and take delivery of the vessels. Additionally, we have the right to acquire from our Sponsor any LNG carrier it owns and employs under a charter with an initial term of four or more years. We believe these acquisition opportunities will provide us with a way to grow our cash distributions per unit. We can make no assurances regarding our ability to acquire the Optional Vessels from our Sponsor or our ability to increase cash

distributions per unit as a result of any such acquisition. As of the date of this prospectus,

Table of Contents

we have not secured any financing in connection with the potential acquisition of any of the Optional Vessels, since it is uncertain if and when such purchase options will be exercised. Please see [Description of Other Indebtedness](#) and [Certain Relationships and Related Party Transactions Omnibus Agreement](#).

Commercial

Capitalize on growing demand for LNG shipping. We believe our Sponsor's and our Manager's industry reputation and relationships position us well to further expand our Fleet to meet the growing demand for LNG shipping. We intend to leverage the relationships that we, our Sponsor and our Manager have with a number of major energy companies beyond our current customer base and explore relationships with other leading energy companies, with an aim to supporting their growth programs.

Pursue a multi-year chartering strategy. We currently focus on, and have entered into, multi-year time charters with international energy companies, which provide us with the benefits of stable cash flows and high utilization rates. All of the vessels in our Fleet are currently time chartered on multi-year contracts, which should result in 100% of our calendar days being under charter coverage in 2014, 2015 and 2016 and 75% of our calendar days in 2017 and, as of August 6, 2014, are expected to provide us with total contracted revenue of \$625.3 million, excluding options to extend and assuming 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. In the LNG sector, shipowners generally tend to employ their vessels on multi-year charters for steady and secure returns. Charterers also want to have access to vessels for secured supply of cargoes at pre-determined charter rates which can meet their contractual sale and purchase commitments.

Strengthen relationships with customers. We, through our Sponsor and our Manager, have, over time, established relationships with several major LNG industry participants. The vessels in our Fleet have, in the past, been chartered to numerous major international energy companies and conglomerates, in addition to our current charterers, BG Group, Gazprom and Statoil. We expect that BG Group, Gazprom and Statoil will further expand their LNG operations, and that their demand for additional LNG shipping capacity will also increase. While we cannot guarantee that BG Group, Gazprom and Statoil will further expand their LNG operations or that they will use our services, we believe we are well positioned to support them in executing their growth plans if their demand for LNG carriers and services increases in the future. We intend to continue to adhere to the highest standards with regard to reliability, safety and operational excellence.

Our Corporate Structure

Dynagas LNG Partners LP was organized as a limited partnership in the Republic of the Marshall Islands on May 30, 2013. Our Sponsor owns approximately 3.0% of our outstanding common units and all of our outstanding subordinated units.

We own (i) a 100% limited partner interest in Dynagas Operating LP, which owns a 100% interest in our Fleet through intermediate holding companies and (ii) the non-economic general partner interest in Dynagas Operating LP through our 100% ownership of its general partner, Dynagas Operating GP LLC.

Table of Contents

The following diagram provides a summary of our corporate and ownership structure.

Table of Contents

Vessel Management

Our Manager provides us with commercial and technical management services for our Fleet and certain corporate governance and administrative and support services, pursuant to four identical agreements with our four wholly-owned vessel owning subsidiaries, or the Management Agreements. Our Manager is wholly-owned by our Chairman, Mr. George Prokopiou and has been providing these services for the vessels in our Initial Fleet for over nine years. In addition, our Manager performs the commercial and technical management of each of the Optional Vessels, which also includes the supervision of the construction of these vessels. Through our Manager, we have had a presence in LNG shipping for over nine years, and during that time we believe our Manager has established a track record for efficient, safe and reliable operation of LNG carriers.

We currently pay our Manager a technical management fee of \$2,575 per day for each vessel, pro-rated for the calendar days we own each vessel, for providing the relevant vessel owning subsidiaries with services, including engaging and providing qualified crews, maintaining the vessel, arranging supply of stores and equipment, arranging and supervising periodic dry-docking, cleaning and painting and ensuring compliance with applicable regulations, including licensing and certification requirements.

In addition, we pay our Manager a commercial management fee equal to 1.25% of the gross charter hire, ballast bonus which is the amount paid to the ship owner as compensation for all or a part of the cost of positioning the vessel to the port where the vessel will be delivered to the charterer, or other income earned during the course of the employment of our vessels, during the term of the management agreements, for providing the relevant vessel-owning subsidiary with services, including chartering, managing freight payment, monitoring voyage performance, and carrying out other necessary communications with the shippers, charterers and others. In addition to such fees, we pay for any capital expenditures, financial costs, operating expenses and any general and administrative expenses, including payments to third parties, in accordance with the Management Agreements.

We paid an aggregate of approximately \$3.7 million to our Manager in connection with the management of our Initial Fleet under the Management Agreements for the year ended December 31, 2013.

The term of the Management Agreements with our Manager will expire on December 31, 2020, and will renew automatically for successive eight-year terms thereafter unless earlier terminated. The technical management fee of \$2,500 per day for each vessel was fixed until December 31, 2013 and thereafter increases annually by 3%, subject to further annual increases to reflect material unforeseen costs 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.

Under the terms of the Management Agreements, we may terminate the Management Agreements upon written notice if our Manager fails to fulfill its obligations to us under the Management Agreements. The Management Agreements terminate automatically following a change of control in us. If the Management Agreements are terminated as a result of a change of control in us, then we will have to pay our Manager a termination penalty. For this purpose a change of control means (i) the acquisition of fifty percent or more by any individual, entity or group of the beneficial ownership or voting power of the outstanding shares of us or our vessel owning subsidiaries, (ii) the consummation of a reorganization, merger or consolidation of us and/or our vessel owning subsidiaries or the sale or other disposition of all or substantially all of our assets or those of our vessel owning subsidiaries and (iii) the approval of a complete liquidation or dissolution of us and/or our vessel owning subsidiaries. Additionally, the Management Agreements may be terminated by our Manager with immediate effect if, among other things, (i) we fail to meet our obligations and/or make due payments within ten business days from receipt of invoices, (ii) upon a sale or total loss of a vessel (with respect to that vessel), or (iii) if we file for bankruptcy.

Table of Contents

Pursuant to the terms of the Management Agreements, liability of our Manager to us is limited to instances of negligence, gross negligence or willful default on the part of our Manager. Further, we are required to indemnify our Manager for liabilities incurred by our Manager in performance of the Management Agreements, except in instances of negligence, gross negligence or willful default on the part of our Manager.

Additional LNG carriers that we acquire in the future may be managed by our Manager or other unaffiliated management companies.

Implications of Being an Emerging Growth Company

We had less than \$1.0 billion in revenue during our last fiscal year, we have not issued more than \$1.0 billion in non-convertible debt and we are not a large accelerated filer, which means that we qualify as an emerging growth company as defined in the JOBS Act. An emerging growth company may take advantage of specified reduced reporting and other burdens that are otherwise applicable generally to public companies. These provisions include, among other things:

exemption from the auditor attestation requirement in the assessment of the emerging growth company's internal controls over financial reporting, for so long as a company qualifies as an emerging growth company ;

exemption from new or revised financial accounting standards applicable to public companies until such standards are also applicable to private companies; and

exemption from compliance with any new requirements adopted by the Public Company Accounting Oversight Board, or the PCAOB, requiring mandatory audit firm rotation or a supplement to our auditor's report in which the auditor would be required to provide additional information about the audit and our financial statements.

We may take advantage of these provisions until the end of the fiscal year following the fifth anniversary of our IPO or such earlier time that we are no longer an emerging growth company. We will cease to be an emerging growth company if, among other things, we have more than \$1.0 billion in total annual gross revenues during the most recently completed fiscal year, we become a large accelerated filer with market capitalization of more than \$700 million, or as of any date on which we have issued more than \$1.0 billion in non-convertible debt over the three year period to such date. We may choose to take advantage of some, but not all, of these reduced burdens. For as long as we take advantage of the reduced reporting obligations, the information that we provide to our unitholders may be different from information provided by other public companies.

Summary of Conflicts of Interest and Fiduciary Duties

Our General Partner and our directors have a legal duty to manage us in a manner beneficial to our unitholders, subject to the limitations described under Conflicts of Interest and Fiduciary Duties. This legal duty is commonly referred to as a fiduciary duty. Our directors also have fiduciary duties to manage us in a manner beneficial to us, our General Partner and our limited partners. As a result of these relationships, conflicts of interest may arise between us and our unaffiliated limited partners on the one hand, and our Sponsor and its affiliates, including our General Partner, on the other hand. The resolution of these conflicts may not be in the best interest of us or our unitholders. In particular:

certain of our directors and officers may also serve as officers of our Sponsor or its affiliates and as such have fiduciary duties to our Sponsor or its affiliates that may cause them to pursue business strategies that disproportionately benefit our Sponsor or its affiliates or which otherwise are not in the best interests of us or our unitholders;

Table of Contents

our Partnership Agreement permits our General Partner to make a number of decisions in its individual capacity, as opposed to in its capacity as our General Partner, which entitles our General Partner to consider only the interests and factors that it desires, and it has no duty or obligations to give any consideration to any interest of or factors affecting us, our affiliates or any unitholder; when acting in its individual capacity, our General Partner may act without any fiduciary obligation to us or the unitholders whatsoever;

our Sponsor and its affiliates may compete with us, subject to the restrictions contained in the Omnibus Agreement and could own and operate LNG carriers under time charters that may compete with our vessels, including charters with an initial term of four or more years if we do not acquire such vessels when they are offered to us pursuant to the terms and conditions of the Omnibus Agreement;

any agreement between us, on the one hand, and our General Partner and its affiliates, on the other, will not grant to the unitholders, separate and apart from us, the right to enforce the obligations of our General Partner and its affiliates in our favor;

borrowings by us and our affiliates do not constitute a breach of any duty owed by our General Partner or our directors to our unitholders, including borrowings that have the purpose or effect of: (i) enabling our General Partner or its affiliates to receive distributions on any subordinated units held by them or the incentive distribution rights or (ii) hastening the expiration of the subordination period;

our General Partner, as the holder of the incentive distribution rights, has the right to reset the minimum quarterly distribution and the cash target distribution levels, upon which the incentive distributions payable to our General Partner would be based without the approval of unitholders or the conflicts committee of our Board of Directors at any time when there are no subordinated units outstanding and we have made cash distributions to the holders of the incentive distribution rights at the highest level of incentive distribution for each of the prior four consecutive fiscal quarters, and in connection with such resetting and the corresponding relinquishment by our General Partner of incentive distribution payments based on the cash target distribution levels prior to the reset, our General Partner would be entitled to receive a number of newly issued common units and General Partner Units based on a predetermined formula described under [Our Cash Distribution Policy and Restrictions on Distributions](#) [General Partner's Right to Reset Incentive Distribution Levels](#); and

we have entered into agreements, and may enter into additional agreements, with our General Partner and our Sponsor and certain of its subsidiaries, relating to the purchase of additional vessels, the provision of certain services to us by our Manager and its affiliates and other matters. In the performance of their obligations under these agreements, our Sponsor and its subsidiaries, other than our General Partner, are not held to a fiduciary duty standard of care to us, our General Partner or our limited partners, but rather to the standard of care specified in these agreements.

For a more detailed description of our management structure, please see [Management](#) [Directors and Senior Management](#) and [Certain Relationships and Related Party Transactions](#).

Although a majority of our directors will over time be elected by our common unitholders, our General Partner has influence on decisions made by our Board of Directors. Our Board of Directors has a conflicts committee comprised of certain of our independent directors. Our Board of Directors may, but is not obligated to, seek approval of the

conflicts committee for resolutions of conflicts of interest that may arise as a result of the relationships between our Sponsor and its affiliates, including our General Partner, on the one hand, and us and our unaffiliated limited partners, on the other. There can be no assurance that a conflict of interest will be resolved in favor of us.

Table of Contents

Company Information

The address of our principal executive offices is 97 Poseidonos Avenue & 2 Foivis Street, Glyfada, 16674 Greece. Our telephone number at that address is 011 30 210 8917 260. We maintain a website at www.dynagaspartners.com. Information contained on our website does not constitute part of this prospectus.

We own our vessels through separate wholly-owned subsidiaries that are incorporated in the Republic of the Marshall Islands, Republic of Malta, Republic of Liberia and the Island of Nevis.

Recent and Other Developments

In anticipation of entering into a new contract, we entered into an agreement with BG Group, the current charterer of the *Clean Force*, to amend, at no cost to us, the vessel re-delivery date of the current time-charter contract from the third quarter of 2016 to the end of the second quarter or early third quarter of 2015, when the new Gazprom charter (described below) is expected to commence. On April 17, 2014, we entered into a new 13-year time charter with Gazprom for the *Clean Force*. As of August 6, 2014, assuming no early expiration or termination, the Gazprom charter increased our (i) average remaining charter term to approximately 6.0 years from an average of approximately 3.1 years and (ii) average time charter equivalent rate, calculated for a period of twelve months following the commencement of the new charter to an average of approximately \$77,550 per day per vessel from an average of approximately \$76,000 per day per vessel based on our existing four vessels. Please see Summary of Historical Consolidated Financial and Operating Data Footnote (5) for a discussion of how we calculate our time charter equivalent rate. The *Clean Force* is expected to be renamed *Amur River* prior to its scheduled delivery to Gazprom.

On June 11, 2014, we offered and sold 4,800,000 common units representing limited partner interests in an underwritten public offering at \$22.79 common per unit, and on June 18, 2014, the underwriters in the offering exercised their option to purchase an additional 720,000 common units at the same price. The proceeds of this offering were used to finance a portion of the purchase price of the *Arctic Aurora*.

On June 19, 2014, we entered into a \$340.0 Million Senior Secured Revolving 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 the balance 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 beginning on June 30, 2014 and a balloon payment of \$200.0 million at maturity in March 2021. Please see Description of Other Indebtedness.

On June 23, 2014, we completed the acquisition of the *Arctic Aurora*, a 2013-built Ice Class LNG carrier, from our Sponsor for a purchase price of \$235.0 million.

On July 22, 2014, we declared a cash distribution for the second quarter of 2014 of \$0.365 per unit payable on or about August 12, 2014 to all unitholders of record as of August 5, 2014.

On July 31, 2014, the Partnership's Board of Directors approved management's recommendation to increase the quarterly cash distribution by \$0.025 (an annualized increase of \$0.10 per unit to \$1.56 per unit), which will become effective for our distribution with respect to the quarter ending September 30, 2014. This represents an increase in our cash distributions on an annualized basis of 6.8% from our minimum quarterly distribution of \$1.46 per unit.

Table of Contents

The tables below set forth our consolidated balance sheets as of June 30, 2014 and December 31, 2013 and our unaudited interim consolidated statements of income and cash flows for the six months ended June 30, 2014 and 2013. The interim financial data is not necessarily indicative of future results and should be read in conjunction with our annual audited consolidated financial statements and related notes included elsewhere in this prospectus.

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

For the six month periods ended June 30, 2014 and 2013

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

	Six month period ended June 30	
	2014	2013
REVENUES:		
Voyage revenues	\$ 41,872	\$ 42,444
EXPENSES:		
Voyage expenses	(364)	(340)
Voyage expenses-related party	(539)	(492)
Vessel operating expenses	(6,585)	(6,232)
General and administrative expenses	(1,021)	(21)
Management fees-related party	(1,419)	(1,358)
Depreciation	(6,852)	(6,733)
Operating income	\$ 25,092	\$ 27,268
OTHER INCOME/(EXPENSES):		
Interest and finance costs	(3,999)	(4,591)
Other, net	154	51
Total other expenses	(3,845)	(4,540)
Partnership s Net Income	\$ 21,247	\$ 22,728
Common unitholders' interest in Net Income	\$ 11,413	\$ 7,038
Subordinated unitholders' interest in Net Income	\$ 9,813	\$ 15,659
General Partner s interest in Net Income	\$ 21	\$ 31
Earnings per unit, basic and diluted:		
Common unit (basic and diluted)	\$ 0.74	\$ 1.04
Subordinated unit (basic and diluted)	\$ 0.65	\$ 1.04
General Partner unit (basic and diluted)	\$ 0.70	\$ 1.04

Weighted average number of units outstanding, basic and diluted:(1)		
Common units	15,381,464	6,735,000
Subordinated units	14,985,000	14,985,000
General Partner units	30,397	30,000

- (1) On October 29, 2013, the Partnership issued i) 6,735,000 common units and 14,985,000 subordinated units to our Sponsor and ii) 30,000 general partner units to our General Partner (the General Partner Units, together with the issued common units and subordinated units, represent all of the outstanding interests in the Partnership). The unit and per unit data included in this section have been restated to reflect the issuance of the above units for the period ended June 30, 2013.

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

	June 30, 2014	December 31, 2013
<u>ASSETS</u>		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 19,623	\$ 5,677
Other current assets	1,249	473
Due from related party	489	1,456
Total current assets	21,361	7,606
FIXED ASSETS, NET:		
Vessels, net	655,885	453,175
Total fixed assets, net	655,885	453,175
OTHER NON CURRENT ASSETS:		
Restricted Cash	24,000	22,000
Deferred Revenue and Other deferred charges	3,745	5,279
Due from related party	900	675
Total assets	\$ 705,891	\$ 488,735
<u>LIABILITIES AND PARTNERS EQUITY</u>		
CURRENT LIABILITIES:		
Current portion of long term debt	\$ 20,000	\$
Trade payables	2,529	3,743
Loan from related party		5,500
Due to related party	710	
Accrued liabilities	920	1,041
Unearned revenue	7,053	4,619
Total current liabilities	31,212	14,903
Deferred revenue	1,741	2,048
Long term debt, net of current portion	315,000	214,085
Total non-current liabilities	316,741	216,133
Commitments and contingencies		

PARTNERS EQUITY:

Common unitholders: 20,505,000 units issued and outstanding as at June 30, 2014 and 14,985,000 units issued and outstanding as of December 31, 2013	305,863	182,969
Subordinated unitholders: 14,985,000 units issued and outstanding as at June 30, 2014 and December 31, 2013	51,852	74,580
General partner: 35,526 units issued and outstanding as at June 30, 2014 and 30,000 units issued and outstanding as at December 31, 2013	223	150
Total partners equity	357,938	257,699
Total liabilities and partners equity	\$ 705,891	\$ 488,735

Table of Contents**DYNAGAS LNG PARTNERS LP****Unaudited Interim Consolidated Statements of Cash Flows****For the six month periods ended June 30, 2014 and 2013****(Expressed in thousands of U.S. Dollars)**

	Six month period ended June 30,	
	2014	2013
Cash flows from Operating Activities:		
Net income:	\$ 21,247	\$ 22,728
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	6,852	6,733
Amortization of deferred financing fees	236	268
Deferred revenue	1,378	(2,873)
Changes in operating assets and liabilities:		
Trade receivables	(65)	(56)
Prepayments and other assets	(71)	(242)
Inventories	(227)	
Due from/to related party	1,478	(2,328)
Trade payables	3	(1,998)
Accrued liabilities	(107)	(435)
Unearned revenue	2,434	(4,069)
Net cash provided by Operating Activities	33,158	17,728
Cash flows from/(used in) Investing Activities:		
Vessel Acquisitions	(209,562)	
Net cash used in Investing Activities	(209,562)	
Cash flows from/(used in) Financing Activities:		
Decrease/(increase) in restricted cash	(2,000)	3,942
Payment of IPO issuance costs	(1,740)	
Issuance of common units, net of issuance costs	121,045	
Issuance of general partner units	126	
Preferential deemed dividend	(25,508)	
Distributions paid	(16,188)	
Proceeds from long-term debt	340,000	
Repayment of long-term debt	(219,085)	(21,670)
Repayment of loan to related party	(5,500)	
Payment of deferred finance fees	(800)	
Net cash provided by/(used in) Financing Activities	190,350	(17,728)

Net increase in cash and cash equivalents	13,946		
Cash and cash equivalents at beginning of the period	5,677		
Cash and cash equivalents at end of the period	\$ 19,623	\$	

Table of Contents

THE OFFERING

Issuers	Dynagas LNG Partners LP and Dynagas Finance Inc.
Securities Offered	\$ million aggregate principal amount (plus up to an additional \$ million aggregate principal amount pursuant to an option granted to the underwriters) of our % Senior Notes due 2019 issued in minimum denominations of \$1,000 and integral multiples of \$1,000 in excess thereof. For a detailed description of our Notes, please read Description of Notes.
Issue Date	, 2014
Maturity Date	The Notes will mature on October 30, 2019.
Interest Payment Dates	January 30, April 30, July 30 and October 30, commencing on October 30, 2014.
Interest Rate	Our Notes will bear interest from the date of original issue until maturity at a rate of % per year, payable in quarterly arrears.
Use of Proceeds	We intend to use the net proceeds of the sale of our Notes, which are expected to total approximately \$ million after deducting underwriting discounts and commission and estimated offering expenses (or approximately \$ million if the underwriters exercise their option to purchase additional Notes in full), for general partnership purposes, which may include funding vessel acquisitions. Please read Use of Proceeds.
Ranking	Our Notes will be our unsubordinated unsecured obligations. Our Notes will rank senior to any of our future subordinated debt and rank equally in right of payment with all of our existing and future unsecured and unsubordinated debt. Our Notes will effectively rank junior to our existing and future secured debt, to the extent of the value of the assets securing such debt as well as to existing and future debt and other liabilities of our subsidiaries. As of June 30, 2014, we and our subsidiaries had an aggregate of approximately \$335.0 million of secured debt outstanding (excluding the Notes offered hereby).

No Security or Guarantees

None of our obligations under our Notes will be secured by collateral or guaranteed by any of our subsidiaries, affiliates or any other persons.

Change of Control

Upon the occurrence of certain change of control events (as defined in the indenture governing the Notes), you will have the right, as a holder of the Notes, to require us to repurchase some or all of your Notes at 101% of the principal amount, plus accrued and unpaid interest to, but excluding, the repurchase date. For additional information, please read Description of Notes Change of Control Permits Holders to Require us to Purchase Notes.

Table of Contents

Covenants	The indenture governing our Notes contains certain restrictive covenants, including covenants that require us to maintain a certain amount of asset coverage and provide certain reports. For additional information, please read Description of Notes .
Reopening of Notes	We may reopen our Notes at any time without the consent of the holders of our Notes and issue additional notes with the same terms as our Notes (except the issue price, issue date and initial interest payment date), which will thereafter constitute a single fungible series with our Notes.
Ratings	The Notes will not be rated by any nationally recognized statistical rating organization.
Listing	We intend to file an application to list our Notes on the NYSE. If the application is approved, trading of our Notes on the NYSE is expected to begin within 90 days after the original issue date of our Notes. The underwriters have advised us that they intend to make a market in our Notes prior to commencement of any trading on the NYSE. However, the underwriters will have no obligation to do so, and no assurance can be given that a market for our Notes will develop prior to commencement of trading on the NYSE or, if developed, will be maintained.
Form	Our Notes will be represented by one or more permanent global notes, which will be deposited with the trustee as custodian for The Depository Trust Company, or <i>DTC</i> , and registered in the name of a nominee designated by DTC. Holders of Notes may elect to hold interests in a global Note only in the manner described in this prospectus. Any such interest may not be exchanged for certificated securities except in limited circumstances described in this prospectus. For additional information, please read Description of Notes Book-Entry System; Delivery and Form in this prospectus.
Additional Amounts; Tax Redemption	Any payments made by us with respect to the Notes will be made without withholding or deduction for or on account of taxes unless required by law. If we are required by law to withhold or deduct amounts for or on account of tax imposed by a relevant taxing authority with respect to a payment to the holders of Notes, we will, subject to certain exceptions, pay the additional amounts necessary so that the net amount received by the holders of the Notes after the withholding or deduction is not less than the amount that they would have received in the absence of the withholding or deduction. Please read Description of Notes Additional Amounts .

In the event of certain developments affecting taxation, we may redeem the Notes in whole, but not in part, at any time, at a redemption price of 100% of the principal amount, plus accrued and unpaid interest, if any, and additional amounts, if any, to the date of redemption. Please read Description of Notes Optional Redemption for Changes in Withholding Taxes.

Table of Contents

Settlement

Delivery of our Notes offered hereby will be made against payment therefor on or about _____, 2014. Please read Alternative Settlement Date.

Risk Factors

An investment in our Notes involves risks. You should consider carefully the factors set forth in the section of this prospectus entitled Risk Factors beginning on page 25 of this prospectus to determine whether an investment in our Notes is appropriate for you.

Table of Contents**SUMMARY HISTORICAL CONSOLIDATED FINANCIAL AND OPERATING DATA**

The following table summarizes our summary historical consolidated financial and other operating data. Our historical consolidated financial statements have been prepared according to a transaction that constitutes a reorganization of companies under common control and has been accounted for in a manner similar to a pooling of interests, as the Sponsor Controlled Companies were indirectly wholly-owned by the Prokopiou family prior to the transfer of ownership of these companies to us. Accordingly, our financial statements have been presented, giving retroactive effect to the transaction described above, using consolidated financial historical carrying costs of the assets and liabilities of Dynagas LNG Partners and the Sponsor Controlled Companies as if Dynagas LNG Partners and the Sponsor Controlled Companies were consolidated for all periods presented.

The summary historical consolidated financial data in the table as of December 31, 2013, 2012 and 2011 and for the years then ended are derived from our audited consolidated financial statements which have been prepared in accordance with U.S. generally accepted accounting principles (U.S. GAAP). The summary historical consolidated financial data in the table as of and for the six months ended June 30, 2014 and 2013 have been derived from our unaudited interim consolidated financial information. The following financial data should be read in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations, and our consolidated financial statements and the notes thereto included elsewhere or incorporated by reference in this prospectus.

Our financial position, results of operations and cash flows could differ from those that would have resulted if we operated autonomously or as an entity independent of our Sponsor in the periods prior to our IPO for which historical financial data are presented below, and such data may not be indicative of our future operating results or financial performance.

	Six Months Ended		Year Ended December 31,		
	June 30,		2013	2012	2011
	2014	2013	2013	2012	2011
	(In thousands of U.S. Dollars, except for unit and per unit data)				
Income Statement Data					
Voyage revenues	\$ 41,872	\$ 42,444	\$ 85,679	\$ 77,498	\$ 52,547
Voyage expenses(1)	(903)	(832)	(1,686)	(3,468)	(1,353)
Vessel operating expenses	(6,585)	(6,232)	(11,909)	(15,722)	(11,350)
General and administrative expenses	(1,021)	(21)	(387)	(278)	(54)
Management fees	(1,419)	(1,358)	(2,737)	(2,638)	(2,529)
Depreciation	(6,852)	(6,733)	(13,579)	(13,616)	(13,579)
Dry-docking and special survey costs				(2,109)	
Operating income	\$ 25,092	\$ 27,268	\$ 55,381	\$ 39,667	\$ 23,682
Interest income				1	4
Interest and finance costs	(3,999)	(4,591)	(9,732)	(9,576)	(3,977)
Loss on derivative financial instruments				(196)	(824)
Other, net	154	51	(29)	(60)	(65)

Edgar Filing: Dynagas LNG Partners LP - Form F-1

Net Income	\$ 21,247	\$ 22,728	\$ 45,620	\$ 29,836	\$ 18,820
Earnings per unit (basic and diluted):					
Common Units (basic and diluted)	\$ 0.74	\$ 1.04	\$ 2.95	\$ 1.37	\$ 0.87
Subordinated Units (basic and diluted)	\$ 0.65	\$ 1.04	\$ 1.52	\$ 1.37	\$ 0.87
General Partner Units (basic and diluted):	\$ 0.70	\$ 1.04	\$ 1.52	\$ 1.37	\$ 0.87

Table of Contents

	Six Months Ended		Year Ended December 31,		
	2014	June 30, 2013	2013	2012	2011
(In thousands of U.S. Dollars, except for unit and per unit data)					
Weighted average number of units outstanding (basic and diluted):					
Common units	15,381,464	6,735,000	7,729,521	6,735,000	6,735,000
Subordinated units	14,985,000	14,985,000	14,985,000	14,985,000	14,985,000
General Partner units	30,397	30,000	30,000	30,000	30,000
Cash distributions per unit	\$ 0.365		\$ 0.1746(2)	\$	\$
Balance Sheet Data:					
Total current assets	\$ 21,361		\$ 7,606	\$ 8,981	\$ 3,453
Vessels, net	655,885		453,175	466,754	480,370
Total assets	705,891		488,735	476,275	484,363
Total current liabilities	31,212		14,903	398,434	439,024
Total long term debt, including current portion	335,000		219,585	380,715	402,189
Total partners equity	357,938		257,699	75,175	45,339
Cash Flow Data:					
Net cash provided by operating activities	\$ 33,158	\$ 17,728	\$ 44,204	\$ 27,902	\$ 28,974
Net cash used in investing activities	(209,562)				
Net cash provided by/ (used in) financing activities	190,350	(17,728)	(38,527)	(27,902)	(28,974)
Fleet Data:					
Number of vessels at the end of the year/period	4	3	3	3	3
Average number of vessels in operation(3)	3	3	3	3	3
Average age of vessels in operation at end of period (years)	5.4	5.9	6.4	5.4	4.4
Available days(4)	550.5	543.0	1,095.0	1,056.0	1,095.0
Time Charter Equivalent(5)	\$ 74,421	\$ 76,634	\$ 76,706	\$ 70,104	\$ 46,753
Fleet utilization(6)	100%	100%	100%	99.5%	99.5%
Other Financial Data:					
Adjusted EBITDA(7)	\$ 33,006	\$ 34,052	\$ 68,931	\$ 53,223	\$ 37,196

- (1) Voyage expenses include commissions of 1.25% paid to our Manager and third party ship brokers.
- (2) Corresponds to a prorated fourth quarter distribution for the period beginning on November 18, 2013 and ending on December 31, 2013. The prorated cash distribution was declared on January 31, 2013 and paid on February 14, 2014.
- (3) 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.
- (4) 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.
- (5) 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 of the vessel voyage related expenses. However, we may incur voyage related expenses when positioning or

Table of Contents

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 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 six month periods ended June 30, 2014 and 2013 and for the years ended December 31, 2013, 2012 and 2011 (amounts in thousands of U.S. dollars, except for TCE rates, which are expressed in U.S. dollars and Available days):

	Six Months Ended		Year Ended December 31,		
	June 30,		2013	2012	2011
	2014	2013	2013	2012	2011
	(In thousands of U.S. Dollars)				
Voyage revenues	\$ 41,872	\$ 42,444	\$ 85,679	\$ 77,498	\$ 52,547
Voyage expenses	(903)	(832)	(1,686)	(3,468)	(1,353)
Time charter equivalent revenues	40,969	41,612	83,993	74,030	51,194
Total Available days	550.5	543.0	1,095	1,056	1,095
Time charter equivalent (TCE) rate	\$ 74,421	\$ 76,634	\$ 76,706	\$ 70,104	\$ 46,753

- (6) 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.
- (7) Adjusted EBITDA is defined as earnings before interest and finance costs, net of interest income, gains/losses on derivative financial instruments, 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. We believe 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

Table of Contents

measures of other companies. The following table reconciles Adjusted EBITDA to net income, the most directly comparable U.S. GAAP financial measure, for the periods presented:

	Six Months Ended		Year Ended December 31,		
	June 30,	2013	2013	2012	2011
	2014				
(In thousands of U.S. Dollars)					
<i>Reconciliation to Net Income</i>					
Net Income	\$ 21,247	\$ 22,728	\$ 45,620	\$ 29,836	\$ 18,820
Net interest expense (including loss from derivative instruments)	3,763	4,323	8,682	9,181	4,697
Depreciation	6,852	6,733	13,579	13,616	13,579
Amortization and write-off of deferred finance fees	236	268	1,050	590	100
Non-recurring expense from accelerated time charter amortization	908				
Adjusted EBITDA	\$ 33,006	\$ 34,052	\$ 68,931	\$ 53,223	\$ 37,196

Table of Contents

FORWARD-LOOKING STATEMENTS

Statements included in this prospectus which are not historical facts (including statements concerning plans and objectives of management for future operations or economic performance, or assumptions related thereto) are forward-looking statements. In addition, we and our representatives may from time to time make other oral or written statements which are also forward-looking statements. Our disclosure and analysis in this prospectus pertaining to our operations, cash flows and financial position, including, in particular, the likelihood of our success in developing and expanding our business, include forward-looking statements. Statements that are predictive in nature, that depend upon or refer to future events or conditions, or that include words such as expects, anticipates, intends, plans, estimates, projects, forecasts, may, should and similar expressions are forward-looking statements. belie

All statements in this prospectus that are not statements of either historical or current facts are forward-looking statements.

Forward-looking statements appear in a number of places and include statements with respect to, among other things:

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;

Table of Contents

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.

Table of Contents

RISK FACTORS

An investment in our Notes involves substantial risks. You should consider carefully the following risk factors, as well as the other information contained in this prospectus, before making an investment in our Notes. Any of the risk factors described below could significantly and negatively affect our business, financial condition or operating results. In that case, the trading price of our Notes could decline, and you may lose part or all of your investment.

Risks of Investing in our Notes and Risks Related to our Other Indebtedness

Your investment in our Notes is subject to our credit risk.

Our Notes are unsubordinated unsecured general obligations of ours and are not, either directly or indirectly, an obligation of any third party. Our Notes will rank equally with all of our other unsecured and unsubordinated debt obligations, except as such obligations may be preferred by operation of law. Any payment to be made on our Notes, including the return of the principal amount at maturity or any redemption date, as applicable, depends on our ability to satisfy our obligations as they come due. As a result, our actual and perceived creditworthiness may affect the market value of our Notes and, in the event we were to default on our obligations, you may not receive the amounts owed to you under the terms of our Notes.

The amount of our debt could limit our liquidity and flexibility in obtaining additional financing and in pursuing other business opportunities.

As of June 30, 2014, we had total outstanding long-term secured debt of \$335.0 million consisting of amounts borrowed under our \$340 million Senior Secured Revolving Credit Facility. We expect that a large portion of our cash flow from operations will be used to repay the principal and interest on our bank debt. In addition, we may enter into other new debt arrangements or issue additional debt securities in the future. So long as our net borrowings do not equal or exceed 75% of our total assets, the indenture under which the Notes will be issued will permit us to incur additional indebtedness, subject to certain limitations in our other debt agreements.

Our current indebtedness and future indebtedness that we may incur could affect our future operations, as a large portion of our cash flow from operations will be dedicated to the payment of interest and principal on such debt and will not be available for other purposes. Covenants contained in our debt agreements may affect our flexibility in planning for, and reacting to, changes in our business or economic conditions, limit our ability to dispose of assets or place restrictions on the use of proceeds from such dispositions, withstand current or future economic or industry downturns and compete with others in our industry for strategic opportunities, and limit our ability to obtain additional financing for working capital, capital expenditures, acquisitions, general corporate and other purposes and our ability to pay minimum quarterly distributions to our unitholders and principal and interest on the Notes to noteholders.

Our ability to service our debt will depend upon, among other things, our future financial and operating performance, which will be affected by prevailing economic conditions and financial, business, regulatory and other factors, some of which are beyond our control. If our operating results are not sufficient to service our current or future indebtedness, we will be forced to take actions such as reducing or eliminating distributions to our unitholders, reducing or delaying our business activities, acquisitions, investments or capital expenditures, selling assets, restructuring or refinancing our debt, or seeking additional equity capital or bankruptcy protection. We may not be able to effect any of these remedies on satisfactory terms, or at all.

Our subsidiaries conduct the substantial majority of our operations and own our operating assets, and your right to receive payments on our Notes is structurally subordinated to the rights of the lenders of our

subsidiaries.

Our subsidiaries conduct the substantial majority of our operations and own our operating assets. As a result, our ability to make required payments on our Notes depends in part on the operations of our subsidiaries

Table of Contents

and our subsidiaries' ability to distribute funds to us. To the extent our subsidiaries are unable to distribute, or are restricted from distributing, funds to us, we may be unable to fulfill our obligations under our Notes. Our subsidiaries are separate and distinct legal entities and have no obligation, contingent or otherwise, to pay amounts due on our Notes or to make funds available for that purpose. Our Notes will not be guaranteed by any of our subsidiaries or any other person.

The rights of holders of our Notes will be structurally subordinated to the rights of our subsidiaries' lenders. A default by a subsidiary under its debt obligations would result in a block on distributions from the affected subsidiary to us. Our Notes will be effectively junior to all existing and future liabilities of our subsidiaries. In the event of a bankruptcy, liquidation or reorganization of any of our subsidiaries, creditors of our subsidiaries will generally be entitled to payment of their claims from the assets of those subsidiaries before any assets are made available for distribution to us. As of June 30, 2014, we, through our subsidiaries, had \$335.0 million of outstanding indebtedness (all of which was secured indebtedness). In addition, the indenture under which our Notes will be issued will permit our subsidiaries to incur additional debt, subject to the limitations set forth therein. Please read "Description of Notes - Certain covenants - Limitations on Total Borrowings."

We may be unable to comply with covenants in our credit facilities or any future financial obligations that impose operating and financial restrictions on us.

Certain of our existing and future credit facilities, which are secured by mortgages on our vessels, impose and will impose certain operating and financial restrictions on us, mainly to ensure that the market value of the mortgaged vessel under the applicable credit facility does not fall below a certain percentage of the outstanding amount of the loan, which we refer to as the asset coverage ratio. In addition, certain of our credit facilities require us to satisfy certain other financial covenants, including maintenance of minimum cash liquidity levels.

The operating and financial restrictions contained in our credit facilities prohibit or otherwise limit our ability to, among other things:

obtain additional financing, if necessary, for working capital, capital expenditures, acquisitions or other purposes on favorable terms, or at all;

make distributions to unitholders when an event of default exists, as applicable;

incur additional indebtedness, create liens or issue guarantees;

charter our vessels or change the terms of our existing charter agreements;

sell, transfer or lease our assets or vessels or the shares of our vessel-owning subsidiaries;

make investments and capital expenditures;

reduce our share capital; and

undergo a change in ownership or Manager.

Therefore, we may need to seek permission from our lenders in order to engage in some actions. Our lenders' interests may be different from ours and we may not be able to obtain our lenders' permission when needed. This may limit our ability to pay minimum quarterly distributions on our common units and interest on our Notes, finance our future operations or capital requirements, make acquisitions or pursue business opportunities.

A violation of any of the financial covenants contained in our existing or future credit facilities may constitute an event of default under such credit facility, which, unless cured or waived or modified by our lenders, provides our lenders with the right to, among other things, require us to post additional collateral, enhance our equity and liquidity, increase our interest payments, pay down our indebtedness to a level where we are in compliance with our loan covenants, sell vessels in our Fleet, reclassify our indebtedness as current liabilities and accelerate our indebtedness and foreclose their liens on our vessels and the other assets securing the credit facilities, which would impair our ability to continue to conduct our business.

Table of Contents

Please see [Description of Other Indebtedness](#) for more information on our existing loan facilities.

Our Notes will be unsecured obligations and will be effectively subordinated to our secured debt.

Our Notes are unsecured and therefore will be effectively subordinated to any secured debt we maintain or may incur to the extent of the value of the assets securing the debt. In the event of a bankruptcy or similar proceeding involving us, the assets that serve as collateral will be available to satisfy the obligations under any secured debt before any payments are made on our Notes. As of June 30, 2014, we had \$335.0 million of outstanding indebtedness (all of which is secured indebtedness). We will continue to have the ability to incur additional secured debt, subject to limitations in our credit facilities and the indenture relating to our Notes. Please read [Description of Other Indebtedness](#).

We may not have the ability to raise the funds necessary to purchase our Notes as required upon a change of control, and our existing and future debt may contain limitations on our ability to purchase our Notes.

Following a change of control as described under [Description of Notes](#) [Change of Control Permits Holders to Require us to Purchase Notes](#), holders of Notes will have the right to require us to purchase their Notes for cash. A change of control may also constitute an event of default or prepayment under, and result in the acceleration of the maturity of, our then existing indebtedness. We cannot assure you that we will have sufficient financial resources, or will be able to arrange financing, to pay the change of control purchase price in cash with respect to any Notes surrendered by holders for purchase upon a change of control. In addition, restrictions in our then existing credit facilities or other indebtedness, if any, may not allow us to purchase the Notes upon a change of control. Our failure to purchase the Notes upon a change of control when required would result in an event of default with respect to the Notes which could, in turn, constitute a default under the terms of our other indebtedness, if any. If the repayment of the related indebtedness were to be accelerated after any applicable notice or grace periods, we may not have sufficient funds to repay the indebtedness and purchase the Notes.

Some significant restructuring transactions may not constitute a change of control, in which case we would not be obligated to offer to purchase the Notes.

Upon the occurrence of a change of control, you have the right to require us to purchase your Notes. However, the change of control provisions will not afford protection to holders of Notes in the event of certain transactions that could adversely affect the Notes. For example, transactions such as leveraged recapitalizations, refinancings or certain restructurings would not constitute a change of control requiring us to repurchase the Notes. In the event of any such transaction, holders of the Notes would not have the right to require us to purchase their Notes, even though each of these transactions could increase the amount of our indebtedness, or otherwise adversely affect our capital structure or any credit ratings, thereby adversely affecting holders of the Notes.

Our Notes do not have an established trading market, which may negatively affect their market value and your ability to transfer or sell your Notes.

Our Notes are a new issuance of securities with no established trading market. We intend to apply to list our Notes on the NYSE, but there can be no assurance that the NYSE will accept our Notes for listing. Even if our Notes are approved for listing by the NYSE, an active trading market on the NYSE for our Notes may not develop or, even if it develops, may not last, in which case the trading price of our Notes could be adversely affected and your ability to transfer your Notes will be limited. If an active trading market does develop on the NYSE, our Notes may trade at prices lower than the offering price. The trading price of our Notes will depend on many factors, including:

prevailing interest rates;

the market for similar securities;

general economic and financial market conditions;

our issuance of debt or preferred equity securities; and

Table of Contents

our financial condition, results of operations and prospects.

We have been advised by the underwriters that they intend to make a market in our Notes pending any listing of the Notes on the NYSE, but they are not obligated to do so and may discontinue market-making at any time without notice.

Our Notes have not been rated, and ratings of any of our other securities may affect the trading price of our Notes.

We have not sought to obtain a rating for our Notes, and our Notes may never be rated. It is possible, however, that one or more credit rating agencies might independently determine to assign a rating to our Notes or that we may elect to obtain a rating of our Notes in the future. In addition, we may elect to issue other securities for which we may seek to obtain a rating. If any ratings are assigned to our Notes in the future or if we issue other securities with a rating, such ratings, if they are lower than market expectations or are subsequently lowered or withdrawn, or if ratings for such other securities would imply a lower relative value for our Notes, could adversely affect the market for, or the market value of, our Notes. Ratings only reflect the views of the issuing rating agency or agencies and such ratings could at any time be revised downward or withdrawn entirely at the discretion of the issuing rating agency. A rating is not a recommendation to purchase, sell or hold any particular security, including our Notes. Ratings do not reflect market prices or suitability of a security for a particular investor and any future rating of our Notes may not reflect all risks related to us and our business, or the structure or market value of our Notes.

Our management will have broad discretion over the use of the proceeds to us from this offering and might not apply the proceeds of this offering in ways that increase the value of your investment.

Our management will have broad discretion to use the net proceeds from this offering, and you will be relying on the judgment of our management regarding the application of these proceeds. They may not apply the net proceeds of this offering in ways that increase the value of your investment. Our management might not be able to yield a significant return, if any, on any investment of these net proceeds. We currently expect to use the net proceeds from this offering for general partnership purposes, which may include funding vessel acquisitions. Please read [Use of Proceeds](#).

Servicing our current or future indebtedness limits funds available for other purposes and if we cannot service our debt, we may lose our vessels.

Borrowing under our current or future credit facilities requires, or will require, us to dedicate a part of our cash flow from operations to paying interest on our indebtedness under such facilities. These payments limit funds available for working capital, capital expenditures and other purposes, including further equity or debt financing in the future. Amounts borrowed under our current or future credit facilities bear interest at variable rates. Increases in prevailing rates could increase the amounts that we would have to pay to our lenders, even though the outstanding principal amount remains the same, and our net income and cash flows would decrease. If we do not generate or reserve enough cash flow from operations to satisfy our debt obligations, we may have to undertake alternative financing plans, such as:

seeking to raise additional capital;

refinancing or restructuring our debt;

selling our LNG carriers; or

reducing or delaying capital investments.

However, these alternative financing plans, if necessary, may not be sufficient to allow us to meet our debt obligations. If we are unable to meet our debt obligations or if some other default occurs under our credit facilities, our lenders could elect to declare that debt, together with accrued interest and fees, to be immediately due and payable and proceed against the collateral vessels securing that debt even though the majority of the proceeds used to purchase the collateral vessels did not come from our credit facilities.

Table of Contents

We expect to be exposed to volatility in the London Interbank Offered Rate, or LIBOR, and may consider selectively enter into derivative contracts, which can result in higher than market interest rates and charges against our income.

We expect the loans under our secured credit facilities to be generally advanced at a floating rate based on LIBOR, which has been stable, but was volatile in prior years, which can affect the amount of interest payable on our debt, and which, in turn, could have an adverse effect on our earnings and cash flow. In addition, in recent years, LIBOR has been at relatively low levels, and may rise in the future as the current low interest rate environment comes to an end. Our financial condition could be materially adversely affected at any time that we have not entered into interest rate hedging arrangements to hedge our exposure to the interest rates applicable to our credit facilities and any other financing arrangements we may enter into in the future, including those we enter into to finance a portion of the amounts payable with respect to newbuildings. Moreover, even if we have entered into interest rate swaps or other derivative instruments for purposes of managing our interest rate exposure, our hedging strategies may not be effective and we may incur substantial losses.

We may consider selectively enter into derivative contracts to hedge our overall exposure to interest rate risk exposure. Entering into swaps and derivatives transactions is inherently risky and presents various possibilities for incurring significant expenses. The derivatives strategies that we employ in the future may not be successful or effective, and we could, as a result, incur substantial additional interest costs. See Management's Discussion and Analysis of Financial Condition and Results of Operations for a description of our expected interest rate swap arrangements.

The international nature of our operations may make the outcome of any bankruptcy proceedings difficult to predict.

We are formed under the laws of the Republic of The Marshall Islands and we conduct operations in countries around the world. Consequently, in the event of any bankruptcy, insolvency, liquidation, dissolution, reorganization or similar proceeding involving us or any of our subsidiaries, bankruptcy laws other than those of the United States could apply. We have no operations in the United States. If we become a debtor under U.S. bankruptcy law, bankruptcy courts in the United States may seek to assert jurisdiction over all of our assets, wherever located, including property situated in other countries. There can be no assurance, however, that we would become a debtor in the United States, or that a U.S. bankruptcy court would be entitled to, or accept, jurisdiction over such a bankruptcy case, or that courts in other countries that have jurisdiction over us and our operations would recognize a U.S. bankruptcy court's jurisdiction if any other bankruptcy court would determine it had jurisdiction.

We do not have the same flexibility as other types of organizations to accumulate cash, which may limit cash available to service the Notes or to repay them at maturity.

Unlike a corporation, pursuant to our partnership agreement we distribute, on a quarterly basis, 100% of our available cash to our unitholders of record and our general partner. Available cash is generally defined to mean, for each quarter cash generated from our business less the amount of cash reserves established by our Board of Directors at the date of determination of available cash for the quarter to provide for the proper conduct of our business (including reserves for our future capital expenditures and anticipated future credit needs subsequent to that quarter), comply with applicable law, any of our debt instruments or other agreements; and provide funds for distributions to our unitholders and to our General Partner for any one or more of the next four quarters, plus, if our Board of Directors so determines, all or any portion of the cash on hand on the date of determination of available cash for the quarter resulting from working capital borrowings made subsequent to the end of such quarter. Our Board of Directors will determine the amount and timing of such distributions and has broad discretion to establish and make additions to our reserves or the

reserves of our operating partnerships in amounts the general partner determines in its reasonable discretion to be necessary or appropriate:

to provide for the proper conduct of our business and the businesses of our operating partnerships (including reserves for future capital expenditures and for our anticipated future credit needs);

Table of Contents

to provide funds for distributions to our unitholders and the general partner for any one or more of the next four calendar quarters; or

to comply with applicable law or any of our loan or other agreements.

Although our payment obligations to our unitholders are subordinate to our payment obligations to you, the value of our units will decrease in direct correlation with decreases in the amount of cash we distribute per unit. Accordingly, if we experience a liquidity problem in the future, we may not be able to issue equity to recapitalize.

Risks Relating to Our Partnership

Our Fleet consists of four LNG carriers. Any limitation in the availability or operation of these vessels could have a material adverse effect on our business, results of operations and financial condition and could significantly reduce or eliminate our ability to pay the minimum quarterly distribution on our common units and subordinated units and principal and interest on the Notes.

Our Fleet consists of only four LNG carriers. If any of our vessels are unable to generate revenues as a result of off-hire time, early termination of the applicable time charter or otherwise, our business, results of operations financial condition and ability to pay minimum quarterly distributions to unitholders and interest on the Notes to noteholders could be materially adversely affected.

We currently derive all our revenue and cash flow from three charterers and the loss of either of these charterers could cause us to suffer losses or otherwise adversely affect our business.

We currently derive all of our revenue and cash flow from three charterers, BG Group, Gazprom and Statoil. For the year ended December 31, 2013, BG Group accounted for 61% and Gazprom accounted for 39% of our total revenue. For the six month period ended June 30, 2014, BG Group accounted for 63%, Gazprom accounted for 36% and Statoil accounted for 1% of our total revenue. All of the charters for our Fleet have fixed terms, but may be terminated early due to certain events, such as a charterer's failure to make charter payments to us because of financial inability, disagreements with us or otherwise. The ability of each of our counterparties to perform its obligations under a charter with us will depend on a number of factors that are beyond our control and may include, among other things, general economic conditions, the condition of the LNG shipping industry, prevailing prices for natural gas and the overall financial condition of the counterparty. Should a counterparty fail to honor its obligations under an agreement with us, we may be unable to realize revenue under that charter and could sustain losses, which could have a material adverse effect on our business, financial condition, results of operations and ability to pay minimum quarterly distribution to our unitholders and interest on the Notes to noteholders.

In addition, a charterer may exercise its right to terminate the charter if, among other things:

the vessel suffers a total loss or is damaged beyond repair;

we default on our obligations under the charter, including prolonged periods of vessel off-hire;

war or hostilities significantly disrupt the free trade of the vessel;

the vessel is requisitioned by any governmental authority; or

a prolonged force majeure event occurs, such as war or political unrest, which prevents the chartering of the vessel.

In addition, the charter payments we receive may be reduced if the vessel does not perform according to certain contractual specifications. For example, charter hire may be reduced if the average vessel speed falls below the speed we have guaranteed or if the amount of fuel consumed to power the vessel exceeds the guaranteed amount.

Table of Contents

If any of our charters are terminated, we may be unable to re-deploy the related vessel on terms as favorable to us as our current charters, or at all. If we are unable to re-deploy a vessel for which the charter has been terminated, we will not receive any revenues from that vessel, and we may be required to pay ongoing expenses necessary to maintain the vessel in proper operating condition. Any of these factors may decrease our revenue and cash flows. Further, the loss of any of our charterers, charters or vessels, or a decline in charter hire under any of our charters, could have a material adverse effect on our business, results of operations, financial condition and ability to pay minimum quarterly distributions to our unitholders and interest on the Notes to our noteholders.

We are subject to certain risks with respect to our contractual counterparties, and failure of such counterparties to perform their obligations under such contracts could cause us to sustain significant losses, which could have a material adverse effect on our business, financial condition, results of operations and cash flows.

We have entered into, and may enter in the future, contracts, charters, conversion contracts with shipyards, credit facilities with banks, interest rate swaps, foreign currency swaps and equity swaps. Such agreements subject us to counterparty risks. The ability of each of our counterparties to perform its obligations under a contract with us will depend on a number of factors that are beyond our control and may include, among other things, general economic conditions and the overall financial condition of the counterparty. Should a counterparty fail to honor its obligations under agreements with us, we could sustain significant losses, which could have a material adverse effect on our business, financial condition, results of operations and cash flows.

We may not have sufficient cash from operations following the establishment of cash reserves and payment of fees and expenses to enable us to pay the minimum quarterly distribution on our common units, subordinated units and General Partner units and principal and interest on the Notes to noteholders.

We may not have sufficient cash from operations to pay the minimum quarterly distribution on our common units, subordinated units and General Partner units and principal and interest payments on the Notes to noteholders. The amount of cash we can distribute on our units principally depends upon the amount of cash we generate from our operations, which may fluctuate from quarter to quarter based on the risks described in this section, including, among other things:

the rates we obtain from our charters;

the level of our operating costs, such as the cost of crews and insurance;

the continued availability of natural gas production;

demand for LNG;

supply of LNG carriers;

prevailing global and regional economic and political conditions;

currency exchange rate fluctuations; and

the effect of governmental regulations and maritime self-regulatory organization standards on the conduct of our business.

In addition, the actual amount of cash available for distribution to our unitholders will depend on other factors, including:

the level of capital expenditures we make, including for maintaining or replacing vessels, building new vessels, acquiring secondhand vessels and complying with regulations;

the number of unscheduled off-hire days for our fleet and the timing of, and number of days required for, scheduled drydocking of our vessels;

Table of Contents

our debt service requirements and restrictions on distributions contained in our debt instruments;

the level of debt we will incur to fund future acquisitions, including if we exercise our option to purchase any or all of the remaining six Optional Vessels that we have the right to purchase pursuant to the terms and subject to the conditions of the Omnibus Agreement. See Certain Relationships and Related Party Transactions Omnibus Agreement ;

fluctuations in interest rates;

fluctuations in our working capital needs;

variable tax rates;

our ability to make, and the level of, working capital borrowings; and

the amount of any cash reserves established by our Board of Directors.

The amount of cash we generate from our operations may differ materially from our profit or loss for the period, which will be affected by non-cash items. As a result of this and the other factors mentioned above, we may make cash distributions during periods when we record losses and may not make cash distributions during periods when we record net income.

Our future growth depends on our ability to expand relationships with existing charterers, establish relationships with new customers and obtain new time charter contracts, for which we will face substantial competition from established companies with significant resources and potential new entrants.

We will seek to enter into additional multi-year time charter contracts upon the expiration or early termination of our existing charter arrangements, and we may also seek to enter into additional multi-year time charter contracts in connection with an expansion of our Fleet. The process of obtaining multi-year charters for LNG carriers is highly competitive and generally involves an intensive screening procedure and competitive bids, which often extends for several months. We believe LNG carrier time charters are awarded based upon a variety of factors relating to the ship and the ship operator, including:

size, age, technical specifications and condition of the ship;

efficiency of ship operation;

LNG shipping experience and quality of ship operations;

shipping industry relationships and reputation for customer service;

technical ability and reputation for operation of highly specialized ships;

quality and experience of officers and crew;

safety record;

the ability to finance ships at competitive rates and financial stability generally;

relationships with shipyards and the ability to get suitable berths;

construction management experience, including the ability to obtain on-time delivery of new ships according to customer specifications; and

competitiveness of the bid in terms of overall price.

We expect substantial competition for providing marine transportation services for potential LNG projects from a number of experienced companies, including other independent ship owners as well as state-sponsored entities and major energy companies that own and operate LNG carriers and may compete with independent owners by using their fleets to carry LNG for third parties. Some of these competitors have significantly greater financial resources and larger fleets than we have. A number of marine transportation companies including

Table of Contents

companies with strong reputations and extensive resources and experience have entered the LNG transportation market in recent years, and there are other ship owners and managers who may also attempt to participate in the LNG market in the future. This increased competition may cause greater price competition for time charters. As a result of these factors, we may be unable to expand our relationships with existing charterers or to obtain new customers on a profitable basis, if at all, which could have a material adverse effect on our business, financial condition, results of operations and cash flows, including cash available for distributions to our unitholders.

We will be required to make substantial capital expenditures to expand the size of our Fleet. Depending on whether we finance our expenditures through cash from operations or by issuing debt or equity securities, our ability to make cash distributions or pay principal and interest on the Notes may be diminished, our financial leverage could increase or our unitholders could be diluted.

We will be required to make substantial capital expenditures to expand the size of our Fleet. We may be required to make significant installment payments for retrofitting of LNG carriers and acquisitions of LNG carriers. If we choose to purchase any other LNG carriers, we plan to finance the cost either through cash from operations, borrowings or debt or equity financings.

Use of cash from operations to expand our Fleet will reduce cash available for distribution to unitholders. Our ability to obtain bank financing or to access the capital markets may be limited by our financial condition at the time of any such financing or offering as well as by adverse market conditions resulting from, among other things, general economic conditions, changes in the LNG industry and contingencies and uncertainties that are beyond our control. Our failure to obtain the funds for future capital expenditures could have a material adverse effect on our business, results of operations and financial condition and on our ability to make cash distributions or pay principal and interest on the Notes. Even if we are successful in obtaining necessary funds, the terms of any debt financings could limit our ability to pay cash distributions to unitholders. In addition, incurring additional debt may significantly increase our interest expense and financial leverage, and issuing additional equity securities may result in significant unitholder dilution and would increase the aggregate amount of cash required to pay the minimum quarterly distribution to unitholders and interest payments on the Notes to our noteholders, which could have a material adverse effect on our ability to make cash distributions or pay principal and interest on the Notes.

We may be unable to make or realize expected benefits from acquisitions, which could have an adverse effect on our expected plans for growth.

Any acquisition of a vessel or business may not be profitable to us at or after the time we acquire it and may not generate cash flow sufficient to justify our investment. In addition, our acquisition growth strategy exposes us to risks that may harm our business, financial condition and operating results, including risks that we may:

fail to realize anticipated benefits, such as new customer relationships, cost-savings or cash flow enhancements;

be unable to hire, train or retain qualified shore and seafaring personnel to manage and operate our growing business and fleet;

decrease our liquidity by using a significant portion of our available cash or borrowing capacity to finance acquisitions;

significantly increase our interest expense or financial leverage if we incur additional debt to finance acquisitions;

incur or assume unanticipated liabilities, losses or costs associated with the business or vessels acquired; or

incur other significant charges, such as impairment of goodwill or other intangible assets, asset devaluation or restructuring charges.

Table of Contents

If we acquire secondhand vessels, as opposed to newbuildings, we may be exposed to additional risks. Unlike newbuildings, secondhand vessels typically do not carry warranties as to their condition. While we generally inspect secondhand vessels prior to purchase, such an inspection would normally not provide us with as much knowledge of a vessel's condition as we would possess if it had been built for us and operated by us during its life. Repairs and maintenance costs for secondhand vessels are difficult to predict and may be substantially higher than for vessels we have operated since they were built. These costs could decrease our cash flow and reduce our liquidity and could have an adverse effect on our expected plans for growth.

Our Sponsor may be unable to service its debt requirements and comply with the provisions contained in the credit agreements secured by the Optional Vessels. If our Sponsor fails to perform its obligations under its loan agreements, our business and expected plans for growth may be materially affected.

Our Sponsor may be unable to service its debt requirements and comply with the provisions contained in the credit agreements secured by the Optional Vessels. Failure on behalf of our Sponsor to perform its obligations under its credit agreements, including paying scheduled installments and complying with certain covenants, may constitute an event of default under these secured loan agreements. If an event of default occurs under these loan agreements, our Sponsor's lenders could accelerate the outstanding loans and declare all amounts borrowed due and payable. In this case, if our Sponsor is unable to obtain a waiver or amendment or does not otherwise have enough cash on hand to repay the outstanding borrowings, its lenders may, among other things, foreclose their liens on the Optional Vessels. In this case, we may not be able to exercise our rights under the Omnibus Agreement to acquire the Optional Vessels, which would likely have a material adverse effect on our business and our expected plans for growth.

In addition, since our Sponsor is a private company and there is little or no publicly available information about it, we or an investor could have little advance warning of potential financial or other problems that might affect our Sponsor that could have a material adverse effect on us.

We are dependent on our affiliated Manager for the management of our Fleet.

We have entered into the Management Agreements with our affiliated Manager for the commercial and technical management of our Fleet, including crewing, maintenance and repair. The loss of our Manager's services or its failure to perform its obligations to us could materially and adversely affect the results of our operations. In addition, our Manager provides us with significant management, administrative, financial and other support services. Our operational success and ability to execute our growth strategy will depend significantly upon the satisfactory performance of these services. Our business will be harmed if our Manager fails to perform these services satisfactorily, if they cancel their agreements with us or if they stop providing these services to us.

Our Sponsor, our General Partner and their respective affiliates own a controlling interest in us and have conflicts of interest and limited duties to us and our common unitholders, which may permit them to favor their own interests to your detriment.

Members of the Prokopiou Family control our Sponsor, our Manager and our General Partner. Our Sponsor currently owns 610,000 of our common units and all of our subordinated units, representing approximately 43.9% of the outstanding common and subordinated units in aggregate, and our General Partner owns a 0.1% General Partner interest in us and 100% of our incentive distribution rights and therefore may have considerable influence over our actions. The interests of our Sponsor and the members of the Prokopiou family may be different from your interests and the relationships described above could create conflicts of interest. We cannot assure you that any conflicts of interest will be resolved in your favor.

Conflicts of interest may arise between our Sponsor and its affiliates on the one hand, and us and our unitholders, on the other hand. As a result of these conflicts, our Sponsor and its affiliates may favor their own interests over the interests of our unitholders. Although a majority of our directors will over time be elected by

Table of Contents

our common unitholders, our General Partner will have influence on decisions made by our Board of Directors. Our Board of Directors has a conflicts committee comprised of independent directors. Our Board of Directors may, but is not obligated to, seek approval of the conflicts committee for resolutions of conflicts of interest that may arise as a result of the relationships between our Sponsor and its affiliates, on the one hand, and us and our unaffiliated limited partners, on the other. There can be no assurance that a conflict of interest will be resolved in favor of us.

These conflicts include, among others, the following situations:

neither our Partnership Agreement nor any other agreement requires our Sponsor or our General Partner or their respective affiliates to pursue a business strategy that favors us or utilizes our assets, and their officers and directors have a fiduciary duty to make decisions in the best interests of their respective unitholders, which may be contrary to our interests;

our Partnership Agreement provides that our General Partner may make determinations or take or decline to take actions without regard to our or our unitholders' interests. Specifically, our General Partner may exercise its call right, pre-emptive rights, registration rights or right to make a determination to receive common units in exchange for resetting the target distribution levels related to the incentive distribution rights, consent or withhold consent to any merger or consolidation of the company, appoint any directors or vote for the election of any director, vote or refrain from voting on amendments to our Partnership Agreement that require a vote of the outstanding units, voluntarily withdraw from the Partnership, transfer (to the extent permitted under our Partnership Agreement) or refrain from transferring its units, the General Partner interest or incentive distribution rights or vote upon the dissolution of the Partnership;

our General Partner and our directors and officers have limited their liabilities and any fiduciary duties they may have under the laws of the Marshall Islands, while also restricting the remedies available to our unitholders, and, as a result of purchasing common units, unitholders are treated as having agreed to the modified standard of fiduciary duties and to certain actions that may be taken by the General Partner and our directors and officers, all as set forth in the Partnership Agreement;

our General Partner and our Manager are entitled to reimbursement of all reasonable costs incurred by them and their respective affiliates for our benefit; our Partnership Agreement does not restrict us from paying our General Partner and our Manager or their respective affiliates for any services rendered to us on terms that are fair and reasonable or entering into additional contractual arrangements with any of these entities on our behalf;

our General Partner may exercise its right to call and purchase our common units if it and its affiliates own more than 80% of our common units; and is not obligated to obtain a fairness opinion regarding the value of the common units to be repurchased by it upon the exercise of its limited call right.

Although a majority of our directors will over time be elected by common unitholders, our General Partner will likely have substantial influence on decisions made by our Board of Directors.

The control of our General Partner may be transferred to a third party without unitholder consent.

Our General Partner may transfer its General Partner interest to a third party in a merger or in a sale of all or substantially all of its assets without the consent of the unitholders. In addition, our Partnership Agreement does not restrict the ability of the members of our General Partner from transferring their respective membership interests in our General Partner to a third party.

Our Sponsor and its affiliates may compete with us.

Pursuant to the Omnibus Agreement with our Sponsor and our General Partner, our Sponsor and its affiliates (other than us, and our subsidiaries) generally have agreed not to acquire, own, operate or contract for any LNG carriers acquired or placed under contracts with an initial term of four or more years. The Omnibus

Table of Contents

Agreement, however, contains significant exceptions that may allow our Sponsor or any of its affiliates to compete with us, which could harm our business. Our Sponsor and its affiliates may compete with us, subject to the restrictions contained in the Omnibus Agreement, and could own and operate LNG carriers under charters of four years or more that may compete with our vessels if we do not acquire such vessels when they are offered to us pursuant to the terms of the Omnibus Agreement. See **Certain Relationships and Related Party Transactions** **Agreements Governing the Transactions** **Omnibus Agreement** **Noncompetition**.

Mr. Tony Lauritzen, our Chief Executive Officer, Mr. Michael Gregos, our Chief Financial Officer, and certain other officers will not devote all of their time to our business, which may hinder our ability to operate successfully.

Mr. Tony Lauritzen, our Chief Executive Officer, Mr. Michael Gregos, our Chief Financial Officer and certain other officers, will be involved in other business activities with our Sponsor and its affiliates, which may result in their spending less time than is appropriate or necessary to manage our business successfully. Based solely on the anticipated relative sizes of our Fleet and the fleet owned by our Sponsor and its affiliates over the next twelve months, we estimate that Mr. Lauritzen, Mr. Gregos, and certain other officers may spend a substantial portion of their monthly business time on our business activities and their remaining time on the business of our Sponsor and its affiliates. However, the actual allocation of time could vary significantly from time to time depending on various circumstances and needs of the businesses, such as the relative levels of strategic activities of the businesses. This could have a material adverse effect on our business, financial condition, results of operations and cash flows.

Fees and cost reimbursements, which our Manager will determine for services provided to us, will be substantial, will be payable regardless of our profitability and will reduce our cash available to repay debt.

Our Manager which is wholly-owned by Mr. George Prokopiou, is responsible for the commercial and technical management of the vessels in our Fleet pursuant to the Management Agreements. We currently pay our Manager a fee of \$2,575 per day for each vessel for providing our ship owning subsidiaries with technical, commercial, insurance, accounting, financing, provisions, crewing, bunkering services and general administrative services. In addition, we pay our Manager a commercial management fee equal to 1.25% of the gross charter hire and the ballast bonus, which is the amount paid to the shipowner as compensation for all or part of the cost of positioning the vessel to the port where the vessel will be delivered to the charterer. We paid an aggregate of approximately \$3.7 million to our Manager in connection with the management of our Initial Fleet for the year ended December 31, 2013. Pursuant to the Management Agreement, our Manager also provides us with certain administrative and support services.

The management fee increases by 3% annually unless otherwise agreed, between us, with approval of our conflicts committee, and our Manager. In addition we will pay Dynagas Ltd. a commercial management fee equal to 1.25% of the gross freight, demurrage and charter hire collected from the employment of our vessels. The management fees payable for the vessels may be further increased if our Manager has incurred material unforeseen costs 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.

For a description of our Management Agreements, see **Certain Relationships and Related Party Transactions** **Vessel Management Agreements**. The fees and expenses payable pursuant to the management agreement will be payable without regard to our financial condition or results of operations. The payment of fees to could adversely affect our ability to pay cash distributions to you.

We can borrow money to pay distributions, which would reduce the amount of credit available to operate our business.

Our Partnership Agreement allows us to make working capital borrowings to pay distributions. Accordingly, if we have available borrowing capacity, we can make distributions on all our units even though cash generated

Table of Contents

by our operations may not be sufficient to pay such distributions. Any working capital borrowings by us to make distributions will reduce the amount of working capital borrowings we can make for operating our business. For more information, see Description of Other Indebtedness.

We depend on our Manager to assist us in operating and expanding our business.

We subcontract the commercial and technical management of our Fleet, including crewing, maintenance and repair, to our Manager; the loss of our Manager's services or its failure to perform its obligations to us could materially and adversely affect the results of our operations.

Our operational success and ability to execute our growth strategy will depend significantly upon the satisfactory performance of these services. Our business will be harmed if our service providers fail to perform these services satisfactorily, if they cancel their agreements with us or if they stop providing these services to us.

Our ability to enter into new charters and expand our customer relationships will depend largely on our ability to leverage our relationship with our Manager and its reputation and relationships in the shipping industry. If our Manager suffers material damage to its reputation or relationships, it may harm our ability to:

renew existing charters upon their expiration;

obtain new charters;

successfully interact with shipyards;

obtain financing on commercially acceptable terms;

maintain access to capital under the Sponsor credit facility; or

maintain satisfactory relationships with suppliers and other third parties.

Our current time charters and our \$340.0 Million Senior Secured Revolving Credit Facility prevent us from changing our Manager.

Our ability to change our Manager with another affiliated or third-party Manager, is prohibited by provisions in our current time charters with BG Group, Gazprom, and Statoil and our \$340.0 Million Senior Secured Revolving Credit Facility, without the prior consent of BG Group, Gazprom, Statoil and our lenders. In addition, we cannot assure you that future debt agreements or time charter contracts with our existing or new lenders or charterers, respectively, will not contain similar provisions.

Since our Manager is a privately held company and there is little or no publicly available information about it, an investor could have little advance warning of potential financial and other problems that might affect our Manager that could have a material adverse effect on us.

The ability of our Manager to continue providing services for our benefit will depend in part on its own financial strength. Circumstances beyond our control could impair our Manager's financial strength, and because it is privately held, it is unlikely that information about its financial strength would become public unless our Manager began to default on its obligations. As a result, an investor in our common units might have little advance warning of problems affecting our Manager, even though these problems could have a material adverse effect on us.

We may be unable to attract and retain key management personnel in the LNG industry, which may negatively impact the effectiveness of our management and our results of operation.

Our success depends to a significant extent upon the abilities and the efforts of our senior executives. While we believe that we have an experienced management team, the loss or unavailability of one or more of our senior executives for any extended period of time could have an adverse effect on our business and results of operations.

Table of Contents

A shortage of qualified officers and crew could have an adverse effect on our business and financial condition.

LNG carriers require a technically skilled officer staff with specialized training. As the world LNG carrier fleet continues to grow, the demand for technically skilled officers and crew has been increasing, which has led to a shortfall of such personnel. Increases in our historical vessel operating expenses have been attributable primarily to the rising costs of recruiting and retaining officers for our Fleet. If we or our third-party ship Managers are unable to employ technically skilled staff and crew, we will not be able to adequately staff our vessels. A material decrease in the supply of technically skilled officers or an inability of our Manager to attract and retain such qualified officers could impair our ability to operate, or increase the cost of crewing our vessels, which would materially adversely affect our business, financial condition and results of operations and significantly reduce our ability to pay minimum quarterly distributions to our unitholders and interest payments on the Notes to our Noteholders.

The derivative contracts we may enter into, in the future, to hedge our exposure to fluctuations in interest rates could result in higher than market interest rates and charges against our income.

As of June 30, 2014, we had total outstanding long-term debt of \$335.0 million, which in its entirety is exposed to a floating interest rate. In order to manage our current or future exposure to interest rate fluctuations, we may use interest rate swaps to effectively fix a part of our floating rate debt obligations. As of June 30, 2014, we had not entered into interest rate swap agreements to fix the interest rate on our floating rate bank debt. Any future hedging strategies, however, may not be effective and we may incur substantial losses if interest rates move materially differently from our expectations.

We are a holding company, and our ability to make cash distributions to our unitholders or pay principal and interest on the Notes will be limited by the value of investments we currently hold and by the distribution of funds from our subsidiaries.

We are a holding company whose assets mainly consist of equity interests in our subsidiaries. As a result, our ability to make cash distributions to our unitholders or pay principal and interest on the Notes will depend on the performance of our operating subsidiaries. If we are not able to receive sufficient funds from our subsidiaries, we will not be able to pay distributions unless we obtain funds from other sources. We may not be able to obtain the necessary funds from other sources on terms acceptable to us.

We are an emerging growth company and we cannot be certain if the reduced disclosure requirements applicable to emerging growth companies will make our common units and Notes less attractive to investors.

We are an emerging growth company as defined in the JOBS Act. We have elected to take advantage of the reduced reporting obligations, including the extended transition period for complying with new or revised accounting standards under Section 102 of the JOBS Act, and as a result of this election, our financial statements may not be comparable to companies that comply with public company effective dates. In addition, as an emerging growth company we are exempt from having our independent auditor assess our internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act. We cannot predict if investors will find our common units and Notes less attractive because we may rely on these exemptions. If some investors find our common units and Notes less attractive as a result, there may be a less active trading market for our common units and our share price may be more volatile.

Our ability to grow and to meet our financial needs may be adversely affected by our cash distribution policy.

Our cash distribution policy, which is consistent with our Partnership Agreement, requires us to distribute all of our available cash (as defined in our Partnership Agreement) each quarter. Accordingly, our growth may not be as fast as businesses that reinvest their available cash to expand ongoing operations.

Table of Contents

In determining the amount of cash available for distribution, our Board of Directors approves the amount of cash reserves to set aside, including reserves for future maintenance and replacement capital expenditures, working capital and other matters. We also rely upon external financing sources, including commercial borrowings, to fund our capital expenditures. Accordingly, to the extent we do not have sufficient cash reserves or are unable to obtain financing, our cash distribution policy may significantly impair our ability to meet our financial needs or to grow.

If capital expenditures are financed through cash from operations or by issuing debt or equity securities, our ability to make cash distributions or pay principal and interest on the Notes may be diminished, our financial leverage could increase or our unitholders may be diluted.

Use of cash from operations to expand or maintain our fleet will reduce cash available for distribution to unitholders. Our ability to obtain bank financing or to access the capital markets for future offerings may be limited by our financial condition at the time of any such financing or offering as well as by adverse market conditions resulting from, among other things, general economic conditions and contingencies and uncertainties that are beyond our control. Our failure to obtain the funds for future capital expenditures could have a material adverse effect on our business, financial condition, results of operations and ability to make cash distributions to our unitholders or pay principal and interest on the Notes. Even if we are successful in obtaining necessary funds, the terms of such financings could limit our ability to pay cash distributions to unitholders. In addition, incurring additional debt may significantly increase our interest expense and financial leverage, and issuing additional equity securities may result in significant unitholder dilution and would increase the aggregate amount of cash required to maintain our current level of quarterly distributions to unitholders, both of which could have a material adverse effect on our ability to make cash distributions or pay principal and interest on the Notes.

Due to our lack of diversification, adverse developments in our LNG shipping business could reduce our ability to make distributions to our unitholders or pay principal and interest on the Notes.

We rely exclusively on the cash flow generated from our LNG carriers. Due to our lack of diversification, an adverse development in the LNG shipping industry could have a significantly greater impact on our financial condition and results of operations than if we maintained more diverse assets or lines of businesses.

We may experience operational problems with vessels that reduce revenue and increase costs.

LNG carriers are complex and their operation technically challenging. Marine transportation operations are subject to mechanical risks and problems. Operational problems may lead to loss of revenue or higher than anticipated operating expenses or require additional capital expenditures. Any of these results could harm our business, financial condition, results of operations and ability to make cash distributions to our unitholders or pay principal and interest on the Notes.

Upon the expiration of the subordination period, the subordinated units will convert into common units and will then participate pro rata with other common units in distributions of available cash.

During the subordination period, which we define elsewhere in this prospectus, the common units will have the right to receive distributions of available cash from operating surplus in an amount equal to the minimum quarterly distribution of \$0.365 per unit, plus any arrearages in the payment of the minimum quarterly distribution on the common units from prior quarters, before any distributions of available cash from operating surplus may be made on the subordinated units. Distribution arrearages do not accrue on the subordinated units. The purpose of the subordinated units is to increase the likelihood that during the subordination period there will be available cash from operating surplus to be distributed on the common units. Upon the expiration of the subordination period, the

subordinated units will convert into common units and will then participate pro rata with other common units in distributions of available cash. See Our Cash Distribution Policy and Restrictions on Distributions Subordination Period, Distributions of Available Cash From Operating Surplus During the Subordination Period and Distributions of Available Cash From Operating Surplus After the Subordination Period.

Table of Contents

Because the Public Company Accounting Oversight Board is not currently permitted to inspect our independent accounting firm, you may not benefit from such inspections.

Auditors of U.S. public companies are required by law to undergo periodic Public Company Accounting Oversight Board, or PCAOB, inspections that assess their compliance with U.S. law and professional standards in connection with performance of audits of financial statements filed with the SEC. Certain European Union countries, including Greece, do not currently permit the PCAOB to conduct inspections of accounting firms established and operating in such European Union countries, even if they are part of major international firms. Accordingly, unlike for most U.S. public companies, the PCAOB is prevented from evaluating our auditor's performance of audits and its quality control procedures, and, unlike shareholders of most U.S. public companies, we and our unitholders are deprived of the possible benefits of such inspections.

We may be adversely affected by the introduction of new accounting rules for leasing.

International and U.S. accounting standard-setting boards (the International Accounting Standards Board and the Financial Accounting Standards Board (FASB)) have issued new exposure drafts in their joint project that would require lessees to record most leases on their balance sheets as lease assets and liabilities. Entities would still classify leases, but classification would be based on different criteria and would serve a different purpose than it does today. Lease classification would determine how entities recognize lease-related revenue and expense, as well as what lessors record on the balance sheet. Classification would be based on the portion of the economic benefits of the underlying asset expected to be consumed by the lessee over the lease term proposed changes to the accounting for operating and finance leases. If the proposals are adopted, they would be expected generally to have the effect of bringing most off-balance sheet leases onto a lessee's balance sheet as liabilities which would also change the income and expense recognition patterns of those items. Financial statement metrics such as leverage and capital ratios, as well as EBITDA, may also be affected, even when cash flow and business activity have not changed. This may in turn affect covenant calculations under various contracts (e.g., loan agreements) unless the affected contracts are modified. The IASB's and FASB's deliberations on certain topics is expected to extend through much of 2014 and an effective date has not yet been determined to reconsider their original proposals to address concerns raised by constituents. Accordingly, the timing and ultimate effect of those proposals on the Partnership is uncertain.

We have been organized as a limited partnership under the laws of the Marshall Islands, which does not have a well-developed body of partnership law.

We are organized in the Republic of the Marshall Islands, which does not have a well-developed body of case law or bankruptcy law and, as a result, unitholders may have fewer rights and protections under Marshall Islands law than under a typical jurisdiction in the United States. Our partnership affairs are governed by our Partnership Agreement and by the Marshall Islands Act. The provisions of the Marshall Islands Act resemble the limited partnership laws of a number of states in the United States, most notably Delaware. The Marshall Islands Act also provides that it is to be applied and construed to make it uniform with the Delaware Revised Uniform Partnership Act and, so long as it does not conflict with the Marshall Islands Act or decisions of the Marshall Islands courts, interpreted according to the non-statutory law (or case law) of the State of Delaware. There have been, however, few, if any, court cases in the Marshall Islands interpreting the Marshall Islands Act, in contrast to Delaware, which has a fairly well-developed body of case law interpreting its limited partnership statute. Accordingly, we cannot predict whether Marshall Islands courts would reach the same conclusions as the courts in Delaware. For example, the rights of our unitholders and the fiduciary responsibilities of our General Partner under Marshall Islands law are not as clearly established as under judicial precedent in existence in Delaware. As a result, unitholders may have more difficulty in protecting their interests in the face of actions by our General Partner and its officers and directors than would unitholders of a similarly organized limited partnership in the United States. Further, the Republic of the Marshall Islands does not

have a well-developed body of bankruptcy law. As such, in the case of a bankruptcy of our Partnership, there may be a delay of bankruptcy proceedings and the ability of unitholders and creditors to receive recovery after a bankruptcy proceeding.

Table of Contents

We are a foreign private issuer under Nasdaq and NYSE rules, and as such we are entitled to exemption from certain corporate governance standards of Nasdaq the NYSE applicable to domestic companies, and holders of our common units and Notes may not have the same protections afforded to shareholders of companies that are subject to all of the Nasdaq and NYSE corporate governance requirements.

We are a foreign private issuer under the securities laws of the United States and the rules of Nasdaq and the NYSE. Under the securities laws of the United States, foreign private issuers are subject to different disclosure requirements than U.S. domiciled registrants, as well as different financial reporting requirements. Under Nasdaq and NYSE rules, a foreign private issuer is subject to less stringent corporate governance requirements. Subject to certain exceptions, the rules of Nasdaq and the NYSE permit a foreign private issuer to follow its home country practice in lieu of the listing requirements of Nasdaq and the NYSE.

A majority of our directors qualify as independent under the independence requirements of Nasdaq and NYSE rules. However, we cannot assure you that we will continue to maintain an independent board in the future. In addition, we may have one or more non-independent directors serving as committee members on our compensation committee. As a result, non-independent directors may among other things, participate in fixing the compensation of our management, making share and option awards and resolving governance issues regarding our Partnership.

Accordingly, in the future, holders of our common units and our Notes may not have the same protections afforded to shareholders or bondholders of companies that are subject to all of Nasdaq's and the NYSE's corporate governance requirements.

For a description of our corporate governance practices, please see Management Corporate Governance Practices.

Because we are organized under the laws of the Marshall Islands, it may be difficult to serve us with legal process or enforce judgments against us, our directors or our management.

We are organized under the laws of the Marshall Islands, and substantially all of our assets are located outside of the United States. In addition, our directors and officers generally are or will be non-residents of the United States, and all or a substantial portion of the assets of these non-residents are located outside the United States. As a result, it may be difficult or impossible for you to bring an action against us or against these individuals in the United States if you believe that your rights have been infringed under securities laws or otherwise. Even if you are successful in bringing an action of this kind, the laws of the Marshall Islands and of other jurisdictions may prevent or restrict you from enforcing a judgment against our assets or the assets of our directors or officers. For more information regarding the relevant laws of the Marshall Islands, see Service of Process and Enforcement of Civil Liabilities.

Our Partnership Agreement designates the Court of Chancery of the State of Delaware as the sole and exclusive forum, unless otherwise provided for by Marshall Islands law, for certain litigation that may be initiated by our unitholders, which could limit our unitholders' ability to obtain a favorable judicial forum for disputes with the Partnership.

Our Partnership Agreement provides that, unless otherwise provided for by Marshall Islands law, the Court of Chancery of the State of Delaware will be the sole and exclusive forum for any claims that:

arise out of or relate in any way to the Partnership Agreement (including any claims, suits or actions to interpret, apply or enforce the provisions of the Partnership Agreement or the duties, obligations or

liabilities among limited partners or of limited partners to us, or the rights or powers of, or restrictions on, the limited partners or us);

are brought in a derivative manner on our behalf;

Table of Contents

assert a claim of breach of a fiduciary duty owed by any director, officer or other employee of us or our General Partner, or owed by our General Partner, to us or the limited partners;

assert a claim arising pursuant to any provision of the Partnership Act; or

assert a claim governed by the internal affairs doctrine regardless of whether such claims, suits, actions or proceedings sound in contract, tort, fraud or otherwise, are based on common law, statutory, equitable, legal or other grounds, or are derivative or direct claims. Any person or entity purchasing or otherwise acquiring any interest in our common units shall be deemed to have notice of and to have consented to the provisions described above. This forum selection provision may limit our unitholders' ability to obtain a judicial forum that they find favorable for disputes with us or our directors, officers or other employees or unitholders.

Risks Relating to Our Industry

Our future growth and performance depends on continued growth in LNG production and demand for LNG and LNG shipping.

A complete LNG project includes production, liquefaction, storage, regasification and distribution facilities, in addition to the marine transportation of LNG. Increased infrastructure investment has led to an expansion of LNG production capacity in recent years, but material delays in the construction of new liquefaction facilities could constrain the amount of LNG available for shipping, reducing ship utilization. While global LNG demand has continued to rise, it has risen at a slower pace than previously predicted and the rate of its growth has fluctuated due to several factors, including the global economic crisis and continued economic uncertainty, fluctuations in the price of natural gas and other sources of energy, the continued acceleration in natural gas production from unconventional sources in regions such as North America and the highly complex and capital intensive nature of new or expanded LNG projects, including liquefaction projects. Continued growth in LNG production and demand for LNG and LNG shipping could be negatively affected by a number of factors, including:

increases in interest rates or other events that may affect the availability of sufficient financing for LNG projects on commercially reasonable terms;

increases in the cost of natural gas derived from LNG relative to the cost of natural gas generally;

increases in the production levels of low-cost natural gas in domestic natural gas consuming markets, which could further depress prices for natural gas in those markets and make LNG uneconomical;

increases in the production of natural gas in areas linked by pipelines to consuming areas, the extension of existing, or the development of new pipeline systems in markets we may serve, or the conversion of existing non-natural gas pipelines to natural gas pipelines in those markets;

decreases in the consumption of natural gas due to increases in its price, decreases in the price of alternative energy sources or other factors making consumption of natural gas less attractive;

any significant explosion, spill or other incident involving an LNG facility or carrier;

infrastructure constraints such as delays in the construction of liquefaction facilities, the inability of project owners or operators to obtain governmental approvals to construct or operate LNG facilities, as well as community or political action group resistance to new LNG infrastructure due to concerns about the environment, safety and terrorism;

labor or political unrest or military conflicts affecting existing or proposed areas of LNG production or regasification;

decreases in the price of LNG, which might decrease the expected returns relating to investments in LNG projects;

Table of Contents

new taxes or regulations affecting LNG production or liquefaction that make LNG production less attractive; or

negative global or regional economic or political conditions, particularly in LNG consuming regions, which could reduce energy consumption or its growth.

Reduced demand for LNG and LNG shipping or any reduction or limitation in LNG production capacity, could have a material adverse effect on our ability to secure future multi-year time charters upon expiration or early termination of our current charter arrangements, or for any new ships we acquire, which could harm our business, financial condition, results of operations and cash flows, including cash available for distribution to our unitholders.

Fluctuations in overall LNG demand growth could adversely affect our ability to secure future time charters.

Over the past three years, global LNG demand has continued to rise, but at a slower pace than previously predicted. Preliminary estimates by Drewry suggest that global LNG trade in 2013 was at a level similar to 2012, in part because of supply disruptions in Nigeria and the shutdown of one LNG production train in Qatar. Continued economic uncertainty and the continued acceleration of unconventional natural gas production could have an adverse effect on our ability to secure future term charters.

Demand for LNG shipping could be significantly affected by volatile natural gas prices and the overall demand for natural gas.

Gas prices are volatile and are affected by numerous factors beyond our control, including but not limited to the following:

worldwide demand for natural gas;

the cost of exploration, development, production, transportation and distribution of natural gas;

expectations regarding future energy prices for both natural gas and other sources of energy;

the level of worldwide LNG production and exports;

government laws and regulations, including but not limited to environmental protection laws and regulations;

local and international political, economic and weather conditions;

political and military conflicts; and

the availability and cost of alternative energy sources, including alternate sources of natural gas in gas importing and consuming countries.

Seasonality in demand, peak-load demand, and other short-term factors such as pipeline gas disruptions and maintenance schedules of utilities affect charters of less than two years and rates. In general, reduced demand for LNG, LNG carriers or LNG shipping would have a material adverse effect on our future growth and could harm our business, results of operations and financial condition.

Hire rates for LNG carriers are not generally publicly available and may fluctuate substantially. If rates are lower when we are seeking a new charter, our revenues and cash flows may decline.

Our ability from time to time to charter or re-charter any ship at attractive rates will depend on, among other things, the prevailing economic conditions in the LNG industry. Hire rates for LNG carriers are not generally publicly available and may fluctuate over time as a result of changes in the supply-demand balance relating to current and future ship capacity. This supply-demand relationship largely depends on a number of factors outside

Table of Contents

our control. The LNG charter market is connected to world natural gas prices and energy markets, which we cannot predict. A substantial or extended decline in demand for natural gas or LNG could adversely affect our ability to re-charter our vessels at acceptable rates or to acquire and profitably operate new ships. Hire rates for newbuildings are correlated with the price of newbuildings. Hire rates at a time when we may be seeking new charters may be lower than the hire rates at which our vessels are currently chartered. If hire rates are lower when we are seeking a new charter, our revenues and cash flows, including cash available for distributions to our unitholders, may decline, as we may only be able to enter into new charters at reduced or unprofitable rates or we may have to secure a charter in the spot market, where hire rates are more volatile. Prolonged periods of low charter hire rates or low ship utilization could also have a material adverse effect on the value of our assets.

Vessel values may fluctuate substantially and, if these values are lower at a time when we are attempting to dispose of vessels, we may incur a loss.

Factors that influence vessel values include:

prevailing economic conditions in the natural gas and energy markets;

a substantial or extended decline in demand for LNG;

increases in the supply of vessel capacity;

the size and age of a vessel; and

the cost of retrofitting or modifying secondhand vessels, as a result of technological advances in vessel design or equipment, changes in applicable environmental or other regulations or standards, customer requirements or otherwise.

As our vessels age, the expenses associated with maintaining and operating them are expected to increase, which could have an adverse effect on our business and operations if we do not maintain sufficient cash reserves for maintenance and replacement capital expenditures. Moreover, the cost of a replacement vessel would be significant. If a charter terminates, we may be unable to re-deploy the affected vessels at attractive rates and, rather than continue to incur costs to maintain and finance them, we may seek to dispose of them. Our inability to dispose of vessels at a reasonable value could result in a loss on their sale and adversely affect our ability to purchase a replacement vessel, results of operations and financial condition and ability to pay minimum quarterly distributions to our unitholders and interest payments on the Notes to our noteholders.

An oversupply of ships or delays or abandonment of planned projects may lead to a reduction in the charter hire rates we are able to obtain when seeking charters in the future.

Due to an increase in LNG production capacity, the market supply of LNG carriers has been increasing as a result of the construction of new ships. According to Drewry, during the period from 2007 to 2014, the global fleet of LNG carriers grew from 250 vessels to 368 vessels due to the construction and delivery of new LNG carriers and low levels of vessel demolition. Although the global newbuilding orderbook dropped steeply in 2009 and 2010, according to

Drewry, orders for 64 newbuilding LNG carriers were placed during 2012 and 2013. As of February 2014, 126 LNG carriers, with an aggregate carrying capacity of 20.6 million cbm, were on order for delivery for the period between 2014 to 2017, while the existing fleet consisted of 368 vessels with an aggregate capacity of 55.0 million cbm.

If charter hire rates are lower when we are seeking new time charters upon expiration or early termination of our current charter arrangements, or for any new vessels we acquire beyond our contracted newbuildings, our revenues and cash flows, including cash available for distributions to our unitholders, may decline.

We may have more difficulty entering into multi-year time charters in the future if an active spot LNG shipping market continues to develop.

One of our principal strategies is to enter into additional LNG carrier time charters of four years or more. Most shipping requirements for new LNG projects continue to be provided on a multi-year basis, though the

Table of Contents

level of spot voyages and time charters of less than 24 months in duration has grown in the past few years. If an active spot market continues to develop, we may have increased difficulty entering into multi-year time charters upon expiration or early termination of our current charters or for any vessels that we acquire in the future, and, as a result, our cash flow may be less stable. In addition, an active spot LNG market may require us to enter into charters based on changing market prices, as opposed to contracts based on a fixed rate, which could result in a decrease in our cash flow in periods when the market price for shipping LNG is depressed or insufficient funds are available to cover our financing costs for related vessels.

Further technological advancements and other innovations affecting LNG carriers could reduce the charter hire rates we are able to obtain when seeking new employment and this could adversely impact the value of our assets.

The charter rates, asset value and operational life of an LNG carrier are determined by a number of factors, including the ship's efficiency, operational flexibility and physical life. Efficiency includes speed and fuel economy. Flexibility includes the ability to enter harbors, utilize related docking facilities and pass through canals and straits. Physical life is related to the original design and construction, the ongoing maintenance and the impact of operational stresses on the asset. If more advanced ship designs are developed in the future and new ships are built that are more efficient or more flexible or have longer physical lives than ours, competition from these more technologically advanced LNG carriers could adversely affect the charter hire rates we will be able to secure when we seek to re-charter our vessels upon expiration or early termination of our current charter arrangements and could also reduce the resale value of our vessels. This could adversely affect our revenues and cash flows, including cash available for distributions to you.

Operating costs and capital expenses will increase as our vessels age.

In general, capital expenditures and other costs necessary for maintaining a ship in good operating condition increase as the age of the ship increases. Accordingly, it is likely that the operating costs of our vessels will increase in the future.

Reliability of suppliers may limit our ability to obtain supplies and services when needed.

We rely, and will in the future rely, on a significant supply of consumables, spare parts and equipment to operate, maintain, repair and upgrade our Fleet. Delays in delivery or unavailability of supplies could result in off-hire days due to consequent delays in the repair and maintenance of our Fleet. This would negatively impact our revenues and cash flows. Cost increases could also negatively impact our future operations.

Exposure to currency exchange rate fluctuations will result in fluctuations in our cash flows and operating results.

Historically our revenue has been generated in U.S. Dollars, but we incur capital, operating and administrative expenses in multiple currencies, including, among others, the Euro. If the U.S. Dollar weakens significantly, we would be required to convert more U.S. Dollars to other currencies to satisfy our obligations, which would cause us to have less cash available for distribution. Because we report our operating results in U.S. Dollars, changes in the value of the U.S. Dollar also result in fluctuations in our reported revenues and earnings. In addition, under U.S. GAAP, all foreign currency-denominated monetary assets and liabilities such as cash and cash equivalents, accounts receivable, restricted cash and accounts payable are revalued and reported based on the prevailing exchange rate at the end of the reporting period. This revaluation may cause us to report significant non-monetary foreign currency exchange gains and losses in certain periods.

An increase in operating expenses, dry-docking costs or bunker costs could materially and adversely affect our financial performance.

Our operating expenses and dry-dock capital expenditures depend on a variety of factors including crew costs, provisions, deck and engine stores and spares, lubricating oil, insurance, maintenance and repairs and

Table of Contents

shipyard costs, many of which are beyond our control and affect the entire shipping industry. Also, while we do not bear the cost of fuel (bunkers) under our time charters, fuel is a significant expense in our operations when our vessels are, for example, moving to or from dry-dock or when off-hire. The price and supply of fuel is unpredictable and fluctuates based on events outside our control, including geopolitical developments, supply and demand for oil and gas, actions by OPEC and other oil and gas producers, war and unrest in oil-producing countries and regions, regional production patterns and environmental concerns. These may increase vessel operating and dry-docking costs further. If costs continue to rise, they could materially and adversely affect our results of operations.

The operation of LNG carriers is inherently risky, and an incident involving significant loss of or environmental consequences involving any of our vessels could harm our reputation and business.

Our vessels and their cargoes are at risk of being damaged or lost because of events such as:

marine disasters;

piracy;

environmental accidents

bad weather;

mechanical failures;

grounding, fire, explosions and collisions;

human error; and

war and terrorism.

An accident involving any of our vessels could result in any of the following:

death or injury to persons, loss of property or environmental damage;

delays or failure in the delivery of cargo;

loss of revenues from or termination of charter contracts;

governmental fines, penalties or restrictions on conducting business;

spills, pollution and the liability associated with the same;

higher insurance rates; and

damage to our reputation and customer relationships generally.

Any of these events could result in a material adverse effect on our business, financial condition and operating results. If our vessels suffer damage, they may need to be repaired. The costs of vessel repairs are unpredictable and can be substantial. We may have to pay repair costs that our insurance policies do not cover. The loss of earnings while these vessels are being repaired, as well as the actual cost of these repairs, would decrease our results of operations. If any of our vessels is involved in an accident with the potential risk of environmental consequences, the resulting media coverage could have a material adverse effect on our business, results of operations and cash flows, which in turn could weaken our financial condition and negatively affect our ability to pay minimum quarterly distributions to our unitholders and interest payments on the Notes to our noteholders.

Our insurance may be insufficient to cover losses that may occur to our property or result from our operations.

The operation of LNG carriers is inherently risky. Although we carry protection and indemnity insurance consistent with industry standards, all risks may not be adequately insured against, and any particular claim may

Table of Contents

not be paid. Any claims covered by insurance would be subject to deductibles, and since it is possible that a large number of claims may be brought, the aggregate amount of these deductibles could be material. Certain of our insurance coverage is maintained through mutual protection and indemnity associations, and as a member of such associations we may be required to make additional payments over and above budgeted premiums if member claims exceed association reserves. We may be unable to procure adequate insurance coverage at commercially reasonable rates in the future. For example, more stringent environmental regulations have led in the past to increased costs for, and in the future may result in the lack of availability of, insurance against risks of environmental damage or pollution. A marine disaster could exceed our insurance coverage, which could harm our business, financial condition and operating results. Any uninsured or underinsured loss could harm our business and financial condition. In addition, our insurance may be voidable by the insurers as a result of certain of our actions, such as our vessels failing to maintain certification with applicable maritime self-regulatory organizations.

Changes in the insurance markets attributable to terrorist attacks may also make certain types of insurance more difficult for us to obtain. In addition, upon renewal or expiration of our current policies, the insurance that may be available to us may be significantly more expensive than our existing coverage.

Our vessels may suffer damage and we may face unexpected costs and off-hire days.

In the event of damage to our owned vessels, the damaged ship would be off-hire while it is being repaired, which would decrease our revenues and cash flows, including cash available for distributions to our unitholders. In addition, the costs of ship repairs are unpredictable and can be substantial. In the event of repair costs that are not covered by our insurance policies, we may have to pay such repair costs, which would decrease our earnings and cash flows.

The current state of global financial markets and current economic conditions may adversely impact our ability to obtain financing or refinance our future credit facilities on acceptable terms, which may hinder or prevent us from operating or expanding our business.

Global financial markets and economic conditions have been, and continue to be, volatile. These issues, along with significant write-offs in the financial services sector, the re-pricing of credit risk and the current weak economic conditions, have made, and will likely continue to make, it difficult to obtain additional financing. The current state of global financial markets and current economic conditions might adversely impact our ability to issue additional equity at prices which will not be dilutive to our existing unitholders or preclude us from issuing equity at all.

Also, as a result of concerns about the stability of financial markets generally and the solvency of counterparties specifically, the cost of obtaining money from the credit markets has increased as many lenders have increased interest rates, enacted tighter lending standards, refused to refinance existing debt at all or on terms similar to current debt and reduced, and in some cases ceased, to provide funding to borrowers. Due to these factors, we cannot be certain that financing will be available to the extent required, or that we will be able to refinance our future credit facilities, on acceptable terms or at all. If financing or refinancing is not available when needed, or is available only on unfavorable terms, we may be unable to meet our obligations as they come due or we may be unable to enhance our existing business, complete the acquisition of our newbuildings and additional vessel acquisitions or otherwise take advantage of business opportunities as they arise.

As of the date of this prospectus, we have not secured any financing in connection with the potential acquisition of the Optional Vessels, since it is uncertain if and when such purchase options will be exercised. Our Sponsor has entered into loan agreements in connection with the six Optional Vessels. In the event we acquire the Optional Vessels in the future, we may enter into agreements with our Sponsor to novate these loan agreements to us. Any such novation would be subject to each respective lender's consent.

Table of Contents

In addition, volatility and uncertainty concerning current global economic conditions may cause our customers to defer projects in response to tighter credit, decreased capital availability and declining customer confidence, which may negatively impact the demand for our vessels and services and could also result in defaults under our current charters. A tightening of the credit markets may further negatively impact our operations by affecting the solvency of our suppliers or customers which could lead to disruptions in delivery of supplies such as equipment for conversions, cost increases for supplies, accelerated payments to suppliers, customer bad debts or reduced revenues.

Compliance with safety and other requirements imposed by classification societies may be very costly and may adversely affect our business.

The hull and machinery of every commercial LNG carrier must be classed by a classification society. The classification society certifies that the ship has been built and maintained in accordance with the applicable rules and regulations of that classification society. Moreover, every ship must comply with all applicable international conventions and the regulations of the ship's flag state as verified by a classification society. Finally, each ship must successfully undergo periodic surveys, including annual, intermediate and special surveys performed under the classification society's rules.

If any ship does not maintain its class, it will lose its insurance coverage and be unable to trade, and the ship's owner will be in breach of relevant covenants under its financing arrangements. Failure to maintain the class of one or more of our vessels could have a material adverse effect on our business, financial condition, results of operations and cash flows, including cash available for distributions to our unitholders.

The LNG shipping industry is subject to substantial environmental and other regulations, which may significantly limit our operations or increase our expenses.

Our operations are materially affected by extensive and changing international, national, state and local environmental laws, regulations, treaties, conventions and standards which are in force in international waters, or in the jurisdictional waters of the countries in which our vessels operate and in the countries in which our vessels are registered. These requirements relate to equipping and operating ships, providing security and to minimizing or addressing impacts on the environment from ship operations. We have incurred, and expect to continue to incur, substantial expenses in complying with these requirements, including expenses for ship modifications and changes in operating procedures. We also could incur substantial costs, including cleanup costs, civil and criminal penalties and sanctions, the suspension or termination of operations and third-party claims as a result of violations of, or liabilities under, such laws and regulations.

In addition, these requirements can affect the resale value or useful lives of our vessels, require a reduction in cargo capacity, necessitate ship modifications or operational changes or restrictions or lead to decreased availability of insurance coverage for environmental matters. They could further result in the denial of access to certain jurisdictional waters or ports or detention in certain ports. We are required to obtain governmental approvals and permits to operate our vessels. Delays in obtaining such governmental approvals may increase our expenses, and the terms and conditions of such approvals could materially and adversely affect our operations.

Additional laws and regulations may be adopted that could limit our ability to do business or increase our operating costs, which could materially and adversely affect our business. For example, new or amended legislation relating to ship recycling, sewage systems, emission control (including emissions of greenhouse gases) as well as ballast water treatment and ballast water handling may be adopted. The United States has enacted legislation and regulations that require more stringent controls of air and water emissions from ocean-going ships. Such legislation or regulations may require additional capital expenditures or operating expenses (such as increased costs for low-sulfur fuel) in order for

us to maintain our vessels compliance with international and/or national regulations. We also may become subject to additional laws and regulations if we enter new markets or trades.

Table of Contents

We also believe that the heightened environmental, quality and security concerns of insurance underwriters, regulators and charterers will generally lead to additional regulatory requirements, including enhanced risk assessment and security requirements as well as greater inspection and safety requirements on all LNG carriers in the marine transportation market. These requirements are likely to add incremental costs to our operations, and the failure to comply with these requirements may affect the ability of our vessels to obtain and, possibly, collect on, insurance or to obtain the required certificates for entry into the different ports where we operate.

Some environmental laws and regulations, such as the U.S. Oil Pollution Act of 1990, or OPA, provide for potentially unlimited joint, several, and/or strict liability for owners, operators and demise or bareboat charterers for oil pollution and related damages. OPA applies to discharges of any oil from a ship in U.S. waters, including discharges of fuel and lubricants from an LNG carrier, even if the ships do not carry oil as cargo. In addition, many states in the United States bordering on a navigable waterway have enacted legislation providing for potentially unlimited strict liability without regard to fault for the discharge of pollutants within their waters. We also are subject to other laws and conventions outside the United States that provide for an owner or operator of LNG carriers to bear strict liability for pollution, such as the Convention on Limitation of Liability for Maritime Claims of 1976, or the London Convention.

Some of these laws and conventions, including OPA and the London Convention, may include limitations on liability. However, the limitations may not be applicable in certain circumstances, such as where a spill is caused by a ship owner's or operators' intentional or reckless conduct. In addition, in response to the Deepwater Horizon oil spill, the U.S. Congress is currently considering a number of bills that could potentially modify or eliminate the limits of liability under OPA.

Compliance with OPA and other environmental laws and regulations also may result in ship owners and operators incurring increased costs for additional maintenance and inspection requirements, the development of contingency arrangements for potential spills, obtaining mandated insurance coverage and meeting financial responsibility requirements.

Climate change and greenhouse gas restrictions may adversely impact our operations and markets.

Due to concern over the risks of climate change, a number of countries and the International Maritime Organization, or IMO, have adopted, or are considering the adoption of, regulatory frameworks to reduce greenhouse gas emission from ships. These regulatory measures may include adoption of cap and trade regimes, carbon taxes, increased efficiency standards and incentives or mandates for renewable energy. Although emissions of greenhouse gases from international shipping currently are not subject to the Kyoto Protocol to the United Nations Framework Convention on Climate Change, or the Kyoto Protocol, a new treaty may be adopted in the future that includes additional restrictions on shipping emissions to those already adopted under the International Convention for the Prevention of Marine Pollution from Ships (MARPOL), and some countries have made voluntary pledges to control the emissions of greenhouse gasses. The IMO has already approved two sets of mandatory requirements to address greenhouse gases from ships: the Energy Efficiency Design Index, or EEDI, and the Ship Energy Efficiency Management plan, or SEEMP, discussed in detail in Business Regulation of Greenhouse Gases. Compliance with future changes in laws and regulations relating to climate change could increase the costs of operating and maintaining our vessels and could require us to install new emission controls, as well as acquire allowances, pay taxes related to our greenhouse gas emissions or administer and manage a greenhouse gas emissions program. Revenue generation and strategic growth opportunities may also be adversely affected.

Adverse effects upon the oil and gas production industry relating to climate change, including growing public concern about the environmental impact of climate change, may also have an effect on demand for our services. For example, increased regulation of greenhouse gases or other concerns relating to climate change may reduce the demand for oil

and gas in the future or create greater incentives for use of alternative energy sources. Any long-term material adverse effect on the oil and gas production industry could have significant financial and operational adverse impacts on our business that we cannot predict with certainty at this time.

Table of Contents

We operate our vessels worldwide, which could expose us to political, governmental and economic instability that could harm our business.

Because we operate our vessels worldwide in the geographic areas where our customers do business, our operations may be affected by economic, political and governmental conditions in the countries where our vessels operate, where they are registered, or where our customers are located. Any disruption caused by these factors could harm our business, financial condition, results of operations and cash flows. In particular, our vessels frequent LNG terminals in countries including Egypt, Equatorial Guinea and Trinidad as well as transit through the Gulf of Aden and the Strait of Malacca. In addition, we, either directly or indirectly through our customer Gazprom, an international energy company based in Russia, may be affected by increased political tension in Europe due to Russia's recent annex of Crimea. Economic, political and governmental conditions in these and other regions have from time to time resulted in military conflicts, terrorism, attacks on ships, mining of waterways, piracy and other efforts to disrupt shipping. Future hostilities or other political instability in the geographic regions where we operate or may operate could have a material adverse effect on our business, financial condition, results of operations and cash flows, including cash available for distributions to our unitholders. In addition, our business could also be harmed by tariffs, trade embargoes and other economic sanctions by the United States or other countries against countries in the Middle East, Southeast Asia, Russia or elsewhere as a result of terrorist attacks, hostilities or diplomatic or political pressures that limit trading activities with those countries.

Failure to comply with the U.S. Foreign Corrupt Practices Act and other anti-bribery legislation in other jurisdictions could result in fines, criminal penalties, contract terminations and an adverse effect on our business.

We may operate in a number of countries throughout the world, including countries known to have a reputation for corruption. We are committed to doing business in accordance with applicable anti-corruption laws and have adopted a code of business conduct and ethics which is consistent and in full compliance with the U.S. Foreign Corrupt Practices Act of 1977. We are subject, however, to the risk that we, our affiliated entities or our or their respective officers, directors, employees and agents may take actions determined to be in violation of such anti-corruption laws, including the U.S. Foreign Corrupt Practices Act. Any such violation could result in substantial fines, sanctions, civil and/or criminal penalties, curtailment of operations in certain jurisdictions, and might adversely affect our business, results of operations or financial condition. In addition, actual or alleged violations could damage our reputation and ability to do business. Furthermore, detecting, investigating, and resolving actual or alleged violations is expensive and can consume significant time and attention of our senior management.

Terrorist attacks, international hostilities and piracy could adversely affect our business, financial condition, results of operations and cash flows.

Terrorist attacks such as the attacks on the United States on September 11, 2001 and more recent attacks in other parts of the world, as well as the continuing response of the United States and other countries to these attacks and the threat of future terrorist attacks, continue to cause uncertainty in the world financial markets and may affect our business, financial condition, results of operations and cash flows, including cash available for distributions to our unitholders. The current turmoil in Iran and the uncertainty surrounding the Strait of Hormuz, as well as tension in Afghanistan, North Korea, Russia and the Ukraine, and the continuing hostilities in the Middle East, may lead to additional acts of terrorism, further regional conflicts and other armed actions around the world, which may contribute to further instability in the global financial markets. These uncertainties could also adversely affect our ability to obtain additional financing on terms acceptable to us, or at all or impact the shipyards constructing our Sponsor's six LNG carrier newbuildings.

In the past, political conflicts have also resulted in attacks on ships, mining of waterways and other efforts to disrupt international shipping, particularly in the Arabian Gulf region. Acts of terrorism and piracy have also affected ships trading in regions such as the South China Sea and the Gulf of Aden. Since 2008, the frequency of piracy incidents against commercial shipping vessels has increased significantly, particularly in the Gulf of Aden

Table of Contents

and off the coast of Somalia. In 2012 M/T Smyrni , a vessel managed by an affiliated company, was hijacked by pirates and was released after almost one year in captivity. Any terrorist attacks targeted at our ships may in the future negatively materially affect our business, financial condition, results of operations and cash flows and could directly impact our vessels or our customers. We may not be adequately insured to cover losses from these incidents. In addition, crew costs, including those due to employing onboard security guards, could increase in such circumstances.

In addition, LNG facilities, shipyards, ships, pipelines and gas fields could be targets of future terrorist attacks or piracy. Any such attacks could lead to, among other things, bodily injury or loss of life, as well as damage to the ships or other property, increased ship operating costs, including insurance costs, reductions in the supply of LNG and the inability to transport LNG to or from certain locations. Terrorist attacks, war or other events beyond our control that adversely affect the production, storage or transportation of LNG to be shipped by us could entitle our customers to terminate our charter contracts in certain circumstances, which would harm our cash flows and our business.

Terrorist attacks, or the perception that LNG facilities and LNG carriers are potential terrorist targets, could materially and adversely affect expansion of LNG infrastructure and the continued supply of LNG. Concern that LNG facilities may be targeted for attack by terrorists has contributed significantly to local community and environmental group resistance to the construction of a number of LNG facilities, primarily in North America. If a terrorist incident involving an LNG facility or LNG carrier did occur, in addition to the possible effects identified in the previous paragraph, the incident may adversely affect the construction of additional LNG facilities and could lead to the temporary or permanent closing of various LNG facilities currently in operation.

The vessels we own or manage could be required by our charterers instructions to call on ports located in countries that are subject to restrictions imposed by the United States and other governments.

Although no vessels operated by us have called on ports located in countries subject to sanctions and embargoes imposed by the U.S. government and countries identified by the U.S. government as state sponsors of terrorism, such as Cuba, Iran, Sudan and Syria, in the future our vessels may call on ports in these countries from time to time on our charterers instructions. The U.S. sanctions and embargo laws and regulations vary in their application, as they do not all apply to the same covered persons or proscribe the same activities, and such sanctions and embargo laws and regulations may be amended or strengthened over time. In 2010, the U.S. enacted the Comprehensive Iran Sanctions Accountability and Divestment Act, or CISADA, which expanded the scope of the Iran Sanctions Act. Among other things, CISADA expands the application of the prohibitions to companies such as ours and introduces limits on the ability of companies and persons to do business or trade with Iran when such activities relate to the investment, supply or export of refined petroleum or petroleum products. In addition, in 2012, President Obama signed Executive Order 13608 which prohibits foreign persons from violating or attempting to violate, or causing a violation of any sanctions in effect against Iran or facilitating any deceptive transactions for or on behalf of any person subject to U.S. sanctions. Any persons found to be in violation of Executive Order 13608 will be deemed a foreign sanctions evader and will be banned from all contacts with the United States, including conducting business in U.S. dollars. Also in 2012, President Obama signed into law the Iran Threat Reduction and Syria Human Rights Act of 2012, or the Iran Threat Reduction Act, which created new sanctions and strengthened existing sanctions. Among other things, the Iran Threat Reduction Act intensifies existing sanctions regarding the provision of goods, services, infrastructure or technology to Iran s petroleum or petrochemical sector. The Iran Threat Reduction Act also includes a provision requiring the President of the United States to impose five or more sanctions from Section 6(a) of the Iran Sanctions Act, as amended, on a person the President determines is a controlling beneficial owner of, or otherwise owns, operates, or controls or insures a vessel that was used to transport crude oil from Iran to another country and (1) if the person is a controlling beneficial owner of the vessel, the person had actual knowledge the vessel was so used or (2) if the person otherwise owns, operates, or controls, or insures the vessel, the person knew or should have known the vessel was so used. Such a person could be subject to a variety of sanctions, including exclusion from U.S. capital markets, exclusion from

financial transactions subject to U.S. jurisdiction, and exclusion of that person's vessels from U.S. ports for up to two years.

Table of Contents

On November 24, 2013, the P5+1 (the United States, United Kingdom, Germany, France, Russia and China) entered into an interim agreement with Iran entitled the Joint Plan of Action (JPOA). Under the JPOA it was agreed that, in exchange for Iran taking certain voluntary measures to ensure that its nuclear program is used only for peaceful purposes, the U.S. and EU would voluntarily suspend certain sanctions for a period of six months. On January 20, 2014, the U.S. and E.U. indicated that they would begin implementing the temporary relief measures provided for under the JPOA. These measures include, among other things, the suspension of certain sanctions on the Iranian petrochemicals, precious metals, and automotive industries from January 20, 2014 until July 20, 2014. The U.S. has since extended the JPOA until November 24, 2014. Although it is our intention to comply with the provisions of the JPOA, there can be no assurance that we will be in compliance in the future as such regulations and U.S. sanctions may be amended over time, and the U.S. retains the authority to revoke the aforementioned relief if Iran fails to meet its commitments under the JPOA.

Although we believe that we have been in compliance with all applicable sanctions and embargo laws and regulations, and intend to maintain such compliance, there can be no assurance that we will be in compliance in the future, particularly as the scope of certain laws may be unclear and may be subject to changing interpretations. Any such violation could result in fines, penalties or other sanctions that could severely impact our ability to access U.S. capital markets and conduct our business, and could result in some investors deciding, or being required, to divest their interest, or not to invest, in us. In addition, certain institutional investors may have investment policies or restrictions that prevent them from holding securities of companies that have contracts with countries identified by the U.S. government as state sponsors of terrorism. The determination by these investors not to invest in, or to divest from, our common units may adversely affect the price at which our common units trade. Moreover, our charterers may violate applicable sanctions and embargo laws and regulations as a result of actions that do not involve us or our vessels, and those violations could in turn negatively affect our reputation. In addition, our reputation and the market for our securities may be adversely affected if we engage in certain other activities, such as entering into charters with individuals or entities in countries subject to U.S. sanctions and embargo laws that are not controlled by the governments of those countries, or engaging in operations associated with those countries pursuant to contracts with third parties that are unrelated to those countries or entities controlled by their governments. Investor perception of the value of our common units may be adversely affected by the consequences of war, the effects of terrorism, civil unrest and governmental actions in these and surrounding countries. In addition, charterers and other parties that we have previously entered into contracts with regarding our vessels may be affiliated with persons or entities that are now or may soon be the subject of sanctions imposed by the Obama administration and/or the European Union or other international bodies in 2014 in response to recent events relating to Russia, Crimea and the Ukraine. If we determine that such sanctions require us to terminate existing contracts or if we are found to be in violation of such sanctions, we may suffer reputational harm and our results of operations may be adversely affected.