Dynagas LNG Partners LP
Form 424B4
November 14, 2013
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Registration No. 333-191653

PROSPECTUS

Dynagas LNG Partners LP

12,500,000 Common Units

Representing Limited Partner Interests

$18.00 per common unit

We are selling 8,250,000 of our common units and our Sponsor, Dynagas Holding Ltd., is selling 4,250,000 of our common units. Prior to this offering, there has been no public market for our common units. Although we are organized as a partnership, we have elected to be treated as a corporation solely for U.S. federal income tax purposes. We have applied to list our common units on the Nasdaq Global Select Market under the symbol DLNG.

The underwriters have an option to purchase a maximum of 1,875,000 additional common units from our Sponsor to cover over-allotments.

We are an emerging growth company as that term is used in the Jumpstart Our Business Startups Act (the JOBS Act).

Investing in our common units involves risks. See Risk Factors beginning on page 30. These risks include the following:

- We may not be able to pay the minimum quarterly distribution on our common units and subordinated units.

- Our Initial Fleet consists of only three 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.

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

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

- 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.

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

Unitholders have limited voting rights, and our Partnership Agreement restricts the voting rights of our unitholders that own more than 4.9% of our common units.

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

There is no existing market for our common units, and a trading market that will provide you with adequate liquidity may not develop. The price of our common units may fluctuate significantly, and you could lose all or part of your investment.

You will incur immediate and substantial dilution of $10.16 per common unit.

U.S. tax authorities could treat us as a passive foreign investment company, which would have adverse U.S. federal income tax consequences to U.S. unitholders.

If at any time our General Partner and its affiliates own more than 80% of the outstanding common units, our General Partner has the right, but not the obligation, to purchase all, but not less than all, of the remaining common units, as provided in the Partnership Agreement. Please see The Partnership Agreement Limited Call Right.

	Price per Common Unit	**Total**
Public offering price	$18.00	$225,000,000
Underwriting discounts(1)	$ 1.08	$ 13,500,000
Proceeds to Dynagas Holding Ltd. (before expenses)(2)	$16.92	$ 71,910,000
Proceeds to Dynagas LNG Partners LP (before expenses)	$16.92	$139,590,000

(1) See Underwriting for additional information regarding underwriting compensation.

(2) Dynagas Holding Ltd., our Sponsor, is selling 4,250,000 of our common units. In addition, the underwriters have an option to purchase a maximum of 1,875,000 additional common units from our Sponsor to cover over-allotments. We will not receive any of the proceeds from the sale of these units.

Delivery of the common units will be made on or about November 18, 2013.

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.

Credit Suisse

BofA Merrill Lynch

Morgan Stanley

Barclays

Deutsche Bank Securities

ABN AMRO **Credit Agricole CIB**

The date of this prospectus is November 12, 2013.

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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.

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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 our common units or (2) our common units 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.

Through and including December 8, 2013 (the 25th day after the date of this prospectus), federal securities law may require all dealers that effect transactions in these securities, whether or not participating in this offering, to deliver a prospectus. This requirement is in addition to the dealers obligation to deliver a prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.

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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 Company, we, our and us or similar terms refer to Dynagas LNG Partners LP and its wholly-owned subsidiaries, including Dynagas Operating LP, unless the context otherwise indicates. Dynagas Operating LP will own, directly or indirectly, a 100% interest in the entities that own the Clean Energy, the Ob River and the Clean Force, collectively, our Initial Fleet. References in this prospectus to our General Partner refer to Dynagas GP LLC, the general partner of Dynagas LNG Partners LP.

All references in this prospectus to us when used in a historical context refer to our predecessor companies and their subsidiaries, which are subsidiaries of our Sponsor that have interests in the vessels in our Initial Fleet, or the Sponsor Controlled Companies, and when used in the present tense or prospectively refer to us and our subsidiaries, collectively, or individually, as the context may require. We own (i) a 100% limited partner interest in Dynagas Operating LP, (ii) the non-economic general partner interest in Dynagas Operating LP through our 100% ownership of its general partner, Dynagas Operating GP LLC and (iii) 100% of Dynagas Equity Holding Ltd. and its subsidiaries. References to our Sponsor are to Dynagas Holding Ltd. and its subsidiaries other than us or our subsidiaries. References in this prospectus to the Prokopiou Family are to our Chairman, Mr. George Prokopiou, and members of his family.

References in this prospectus to BG Group, Gazprom, Statoil, and Cheniere refer to BG Group Plc, Gazprom Global LNG Limited, Statoil ASA and Cheniere Energy, Inc., 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 over-allotment option 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 and Gazprom, providing us with the benefits of stable cash flows and high utilization rates (as defined under Summary Historical Consolidated Financial and Operating Data). 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 Sponsor entered the LNG sector in 2004 by ordering the construction of three LNG carriers, the *Clean Energy*, the *Ob River*, and the *Clean Force*, from Hyundai Heavy Industries Co. Ltd. or HHI, one of the world s leading shipbuilders of LNG carriers. On October 29, 2013, we acquired from our Sponsor these vessels, which

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we refer to as our Initial Fleet, in exchange for 6,735,000 of our common units and all of our subordinated units. The LNG carriers that comprise our Initial Fleet have an average age of 6.3 years and are under time charters with an average remaining term of 3.5 years, as of October 28, 2013.

We believe that we will have the opportunity to grow our per unit distributions by making acquisitions of LNG carriers from our Sponsor or from third parties. Our Sponsor took delivery of two newbuilding LNG carriers in July 2013 and one in October 2013 from HHI, and has contracts for the construction of an additional four LNG carriers with HHI, scheduled to be delivered to our Sponsor in 2014 and 2015. We will receive the right to purchase these seven vessels, which we refer to as the Optional Vessels, at a purchase price to be determined pursuant to the terms and conditions of the Omnibus Agreement within 24 months of their delivery to our Sponsor.

Our Initial Fleet

Our Initial Fleet consists of three LNG carriers currently operating under multi-year charters with BG Group and Gazprom. The *Clean Force* and the *Ob River* 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, an independent consulting and research company, the *Clean Force* and the *Ob River* are two of only five LNG carriers in the global LNG fleet that are currently in operation which have been assigned an Ice Class designation or equivalent rating. This means that only 1.4% of the LNG vessels in the global LNG fleet have this designation, and 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.

We believe that the key characteristics of each of our vessels in our Initial Fleet include the following:

- optimal sizing with a carrying capacity of approximately 150,000 cbm (which is a medium- to large-size class of LNG carrier) that maximizes operational flexibility as such vessel is compatible with most existing LNG terminals around the world;

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each vessel is a sister vessel, which are vessels built at the same shipyard, HHI, that shares (i) a near-identical hull and superstructure layout, (ii) similar displacement, and (iii) roughly comparable features and equipment;

utilization of a membrane containment system that uses insulation built directly into the hull of the vessel with a membrane covering inside the tanks designed to maintain integrity and that uses the vessel s hull to directly support the pressure of the LNG cargo (see The International Liquefied Natural Gas (LNG) Shipping Industry The LNG Fleet for a description of the types of LNG containment systems);

double-hull construction, based on the current LNG shipping industry standard; and

a 99.5% utilization rate over 2012 and 2011.

According to Drewry, there are only 39 LNG carriers currently in operation, including the vessels in our Initial Fleet, with a carrying capacity of between 149,000 and 155,000 cbm and a membrane containment system, representing 9.0% of the global LNG fleet and a total of 113 LNG carriers on order of which eight are being constructed with these specifications.

The following table sets forth additional information about our Initial Fleet as of September 30, 2013:

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
Clean Energy	HHI	2007	149,700	No	Marshall Islands	BG Group	February 2012	April 2017	August 2020(2)
Ob River(1)	HHI	2007	149,700	Yes	Marshall Islands	Gazprom	September 2012	September 2017	May 2018(3)
Clean Force	HHI	2008	149,700	Yes	Marshall Islands	BG Group	October 2010	September 2016	January 2020(4)

(1) Formerly named *Clean Power*.
(2) 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.
(3) Gazprom has the option to extend the duration of the charter until May 2018 on identical terms, upon notice to us before March 2017.
(4) 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. BG Group has the option to extend the duration of the charter by an additional three-year term at a further escalated daily rate, which would commence on October 5, 2016, upon notice to us before January 5, 2016. The latest expiration date upon the exercise of all options is January 2020.

The Optional Vessels

The Optional Vessels consist of seven fully winterized newbuilding LNG carriers, four of which have been contracted to operate under multi-year charters with Gazprom, Statoil and Cheniere. Each of the seven newbuilds has or is expected to have upon their delivery the Ice Class designation, or its equivalent, for hull and machinery. Three of these vessels were delivered to our Sponsor in July 2013 and October 2013, and the remaining four vessels are scheduled to be delivered to our Sponsor, as follows: two in 2014 and two in 2015. The three vessels delivered in 2013 are sister-vessels, each with a carrying capacity of 155,000 cbm and the four remaining vessels with expected deliveries in 2014 and 2015 are sister-vessels, each with a carrying capacity of 162,000 cbm. In the event we acquire the Optional Vessels in the future, we believe the staggered delivery dates of these newbuilding LNG carriers will facilitate a smooth integration of the vessels into our fleet, contributing to our annual fleet growth through 2017.

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The Optional Vessels are compatible with a wide range of LNG terminals, providing charterers with the flexibility to trade the vessels worldwide. Each vessel is equipped with a membrane containment system. The compact and efficient utilization of the hull structure reduces the required principal dimensions of the vessel compared to earlier LNG designs and results in higher fuel efficiency and smaller quantities of LNG required for cooling down vessels tanks. In addition, the Optional Vessels will be equipped with a tri-fuel diesel electric propulsion system, which is expected to reduce both fuel costs and emissions.

The following table provides certain information about the Optional Vessels as of September 30, 2013.

Vessel Name / Hull Number	Shipyard	Delivery Date / Expected Delivery Date	Capacity Cbm	Ice Class	Sister Vessels	Charter Commencement	Charterer	Earliest Charter Expiration	Latest Charter Expiration
Yenisei River[(1)]	HHI	Q3-2013	155,000	Yes	B	Q3 2013	Gazprom	Q3 2018	Q3 2018
Arctic Aurora[(1)]	HHI	Q3-2013	155,000	Yes	B	Q3 2013	Statoil	Q3 2018	Renewal Options[(2)]
Lena River[(1)]	HHI	Q4-2013	155,000	Yes	B	Q4 2013	Gazprom	Q4 2018	Q4 2018
Clean Ocean	HHI	Q1-2014	162,000	Yes	C	Q2 2015	Cheniere	Q2 2020	Q3 2022
Clean Planet	HHI	Q3-2014	162,000	Yes	C				
Hull 2566	HHI	Q1-2015	162,000	Yes	C				
Hull 2567	HHI	Q2-2015	162,000	Yes	C				

(1) In July 2013, our Sponsor took delivery of the *Yenisei River* and the *Arctic Aurora*, which were subsequently delivered to their charterers. In October 2013, our Sponsor took delivery of the *Lena River*, which was subsequently delivered to its charterer.

(2) Statoil has revolving consecutive one-year renewal options following the initial five year period.

Rights to Purchase Optional Vessels

We will receive the right to purchase the Optional Vessels from our Sponsor at a purchase price to be determined pursuant to the terms and conditions of the Omnibus Agreement, which we intend to enter into with our Sponsor and our General Partner at the closing of this offering. These purchase rights will expire 24 months following the respective delivery of each Optional Vessel from the shipyard. If we are unable to agree with our Sponsor on the purchase price of any of the Optional Vessels, the respective purchase price will be determined by an independent appraiser, such as an investment banking firm, broker or firm generally recognized in the shipping industry as qualified to perform the tasks for which such firm has been engaged, and we will have the right, but not the obligation, to purchase each vessel at such price. The independent appraiser will be mutually appointed by our Sponsor and a committee comprised of certain of our independent directors, or the conflicts committee. Please see Certain Relationships and Related Party Transactions Agreements Governing the Transactions Omnibus Agreement Rights to Purchase Optional Vessels for information on how the purchase price is calculated.

The purchase price of the Optional Vessels, as finally determined by an independent appraiser, may be an amount that is greater than what we are able or willing to pay or we may be unwilling to proceed to purchase such vessel if such acquisition would not be in our best interests. We will not be obligated to purchase the Optional Vessels at the determined price and, accordingly, we may not complete the purchase of such vessels, which may have an adverse effect on our expected plans for growth. In addition, our ability to purchase the Optional Vessels, should we exercise our right to purchase such vessels, is dependent on our ability to obtain additional financing to fund all or a portion of the acquisition costs of these vessels. As of the date of this prospectus, we have not secured any financing in connection with the potential acquisition of the Optional Vessels, other than amounts that may be available under our New Senior Secured Revolving Credit Facility

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following the application of the proceeds from such facility as described in Use of Proceeds, since it is uncertain if and when such purchase options will be exercised. Our Sponsor has entered into loan agreements in connection with the seven 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. Please see Risk Factors 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 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 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 September 30, 2013, our Sponsor s LNG carrier fleet consisted of three LNG carriers and four newbuildings on order, excluding the vessels in our Initial Fleet. 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 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 which we will enter into with our Sponsor and our General Partner at the closing of this offering. Our General Partner, which is wholly-owned by our Sponsor, owns 100% of the 30,000 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, global demand for LNG is forecasted to increase by approximately 146 million tonnes (7 trillion cubic feet), an increase of 44%, during the period from 2012 to 2018. We can provide no assurance that such growth will occur. Natural gas accounted for 24% of the world s primary energy consumption in 2012, and is expected to increase to 25% 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 32% of overall cross-border trade of natural gas in 2012, 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 29% by 2016. 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 August 2013, global liquefaction capacity was 290.6 million tonnes, and an additional 84.0 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 1.2% in 2012 primarily due to delays at many liquefaction plants under construction and lower production as a result of planned and unplanned outages at various LNG facilities and weakness in the world economy. Based 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 33.9% of current LNG carrier fleet carrying capacity. During the period from 2002 to 2012, the newbuilding orderbook of LNG carriers represented on average approximately 47.1% of the LNG carrier fleet carrying capacity. As of August 2013, 113 LNG carriers, with an aggregate carrying capacity of 18.3 million cbm, were on order for delivery for the period between 2013 to 2017, while the existing fleet consisted of 363 vessels with an aggregate capacity of 53.9 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.

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 August 2013, 64% of the LNG fleet was owned by independent shipping companies, 21% was owned by LNG producers and 8% 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.

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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 Company. 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. Furthermore, one of the vessels in our Initial 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, that is a shipping lane from the Atlantic Ocean to the Pacific Ocean entirely in Arctic waters, which demonstrated 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 will provide the technical and commercial management of our Initial Fleet and any other vessels we may acquire in the future. We believe that our Manager, through comprehensive preventive maintenance programs and by retaining and training qualified crew members, will be able to manage our vessels efficiently, safely and at a competitive cost.

Demonstrated access to financing. Our Sponsor funded the construction of 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 seven 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 minimum quarterly distribution to our unitholders. In addition, upon the completion of this offering, our Sponsor has agreed to provide us with a $30.0 million revolving credit facility to be used for general partnership purposes, including working capital. This revolving credit facility will have a term of five years and will bear interest at LIBOR plus a margin. As of October 28, 2013, we had outstanding borrowings under our secured loan facilities of $346.1 million.

Fleet

Modern and high specification fleet. Two of the three vessels in our Initial Fleet, the *Clean Force* and the *Ob River*, 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 are being and have been 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, the *Clean Force* and the *Ob River* are two of only five LNG carriers in the global LNG fleet that are currently in operation which have been assigned an Ice Class designation, or its equivalent, and we are the only company in the world that is currently transiting the Northern Sea Route with LNG carriers. This means that only 1.4% of the LNG vessels in the global LNG fleet have this designation. 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 seven Optional Vessels consist of two series of sister vessels, vessels of the same type and specification, and our Initial Fleet of three LNG carriers are also 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. In addition to our Initial Fleet, we will have the right to purchase the Optional Vessels from our Sponsor. We believe the staggered delivery dates of the seven Optional Vessels will facilitate a smooth integration of these vessels into our fleet if we purchase and take delivery of the vessels. Additionally, we will 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. However, we can make no assurances regarding our ability to acquire these 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, we have not secured any financing in connection with the potential acquisition of the Optional Vessels or other vessels, other than amounts that may be available under our New Senior Secured Revolving Credit Facility following the application of the proceeds from such facility as described in Use of Proceeds, since it is uncertain if and when such purchase options will be exercised. Please see 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 Initial Fleet are currently time chartered on multi-year contracts, which should result in 100% of our calendar days being under charter coverage in 2013, 2014 and 2015 and as of October 28, 2013, are expected to provide us with total contracted revenue in excess of $297 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 Initial Fleet have, in the past, been chartered to numerous major international energy companies and conglomerates, in addition to our current charterers, BG Group and Gazprom. We expect that BG Group and Gazprom 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 and Gazprom 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.

Borrowing Activities

For a complete description of our credit facilities and the financial and restrictive covenants contained therein, please see Management s Discussion and Analysis of Financial Condition and Results of Operations Our Borrowing Activities.

On October 25, 2013, we entered into a binding commitment letter with one of our lenders, an affiliate of Credit Suisse Securities (USA) LLC, or Credit Suisse, for a new $262.13 million senior secured credit facility, which we refer to as the New Senior Secured Revolving Credit Facility. A portion of the proceeds of the New Senior Secured Revolving Credit Facility, together with the net proceeds of this offering, will be used to repay all of our outstanding indebtedness under our existing credit facilities, certain of which contain provisions that prohibit us from paying distributions to our unitholders, effective upon the closing of this offering. The material terms of this new credit facility will permit, among other things, distributions to our unitholders and the other transactions contemplated herein and are more fully set forth under the heading Management s Discussion and Analysis of Financial Condition and Results of Operations Liquidity and Capital Resources Our Borrowing Activities New Senior Secured Revolving Credit Facility.

We have guaranteed three credit agreements of our Sponsor, with outstanding borrowings of an aggregate of up to $795.9 million, which are secured by five of the Optional Vessels, the *Yenisei River*, the *Lena River*, the *Clean Ocean*, the *Clean Planet* and the *Arctic Aurora*. The guarantees have been provided through certain of our subsidiaries, including the subsidiaries that own the vessels comprising our Initial Fleet. On October 31, 2013 and November 1, 2013, our Sponsor entered into binding commitments with its lenders to amend these three credit agreements at or prior to the closing of this offering to, among other things, release us from our obligations as guarantor effective upon the closing of this offering. As a result of the amendment to these three credit agreements, effective as of the closing of this offering, we will be released from our obligations as guarantor under the loan agreements and will no longer guarantee any of our Sponsor s debt. Please see Management s Discussion and Analysis of Financial Condition and Results of Operations Liquidity and Capital Resources Our Sponsor s Credit Agreements.

The consummation of this offering is contingent upon our entry into the definitive facility agreement and related security documents for the New Senior Secured Revolving Credit Facility and the amendment of our Sponsor s three credit agreements to release us from the guarantees described above.

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As of June 30, 2013, we were in breach of the minimum liquidity requirement relating to our $193 Million Ob River Credit Facility, which requires us to maintain minimum liquidity of $30 million, while we maintained $2.8 million in cash and cash equivalents. We were in compliance with the remaining financial and liquidity covenants in our loan agreements but we were not in compliance with certain restrictive covenants relating to our credit agreements, which are described u