

Dynagas LNG Partners LP  
Form F-1/A  
August 27, 2014  
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As filed with the Securities and Exchange Commission on August 27, 2014

Registration No. 333-197915

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

**Amendment No. 2**

**to**

**Form F-1**

**REGISTRATION STATEMENT**

***UNDER***

***THE SECURITIES ACT OF 1933***

**DYNAGAS LNG PARTNERS LP**

**DYNAGAS FINANCE INC.**

**(Exact name of registrant as specified in its charter)**

<b>Marshall Islands (State or other jurisdiction of incorporation or organization)</b>	<b>4400 (Primary Standard Industrial Classification Code Number)</b>	<b>N/A (I.R.S. Employer Identification Number)</b>
<b>Dynagas LNG Partners LP 97 Poseidonos Avenue &amp; 2 Foivis Street Glyfada, 16674, Greece 011 30 210 8917 260</b>		<b>Seward &amp; Kissel LLP Attention: Gary J. Wolfe, Esq. One Battery Park Plaza New York, New York 10004 (212) 574-1200</b>
<b>(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)</b>		<b>(Name, address and telephone number of agent for service)</b>

*Copies to:*

<b>Gary J. Wolfe, Esq.</b>	<b>Sean T. Wheeler</b>
<b>Robert E. Lustrin, Esq.</b>	<b>Latham &amp; Watkins LLP</b>
<b>Seward &amp; Kissel LLP</b>	<b>811 Main Street, Suite 3700</b>
<b>One Battery Park Plaza</b>	<b>Houston, Texas 77002</b>
<b>New York, New York 10004</b>	<b>(713) 546-5400 (telephone number)</b>
<b>(212) 574-1200 (telephone number)</b>	<b>(713) 546-5401 (facsimile number)</b>
<b>(212) 480-8421 (facsimile number)</b>	

**Approximate date of commencement of proposed sale to the public:**

**As soon as practicable after this Registration Statement becomes effective.**

## Edgar Filing: Dynagas LNG Partners LP - Form F-1/A

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

<b>Title of Each Class of Securities to be Registered</b>	<b>Proposed Maximum Aggregate Offering Price(1)(2)</b>	<b>Amount of Registration Fee(3)</b>
% Senior Notes due 2019	\$265,000,000	\$34,132

- (1) Includes an additional \$15,000,000 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 amount of the registration fee is \$34,132, of which \$32,200 was paid in connection with the initial filing of Form F-1 on August 6, 2014, and the remaining amount of \$1,932 was paid in connection with the filing of this Amendment No. 2 to Form F-1.

**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.**



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**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 27, 2014**

**PRELIMINARY PROSPECTUS**

**\$250,000,000**

**Dynagas LNG Partners LP**

**Dynagas Finance Inc.**

**% Senior Notes due 2019**

We are offering \$250.0 million 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 \$15.0 million 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.

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 25 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 \$15.0 million 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.

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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 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.**

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**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.**

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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 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.

We are currently in negotiations with our Sponsor to acquire one of three recently built Optional Vessels owned by our Sponsor, the *Yenisei River*, the *Lena River* and the *Clean Ocean*, together with its respective charter contract. We refer to this transaction as the Optional Vessel Acquisition. Please see Business The Optional Vessels and Business Rights to Purchase Optional Vessels.



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We intend to use the net proceeds of this offering to finance the majority of the purchase price in respect of the Optional Vessel Acquisition. We expect the balance of the purchase price to be funded with cash on hand. If we are unable to complete the Optional Vessel Acquisition, we will use the net proceeds of this offering for general partnership purposes, including working capital. The closing of the Optional Vessel Acquisition is subject to, among other things, (i) the identification of the vessel to be acquired; (ii) agreement on the purchase price; (iii) approval of the Optional Vessel Acquisition and the purchase price by our conflicts committee; and (iv) the negotiation and execution of definitive documentation. We can provide no assurance that we will be able to complete the Optional Vessel Acquisition.

**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 average remaining charter term of approximately 5.9 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 26, 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	Statoil	August 2013	July 2018	Renewal Options(5)
Islands									

\* 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.

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- (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 26, 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 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.



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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.

***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

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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 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.



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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 are currently in negotiations with our Sponsor for the Optional Vessel Acquisition. We intend to use the net proceeds of this offering to finance the majority of the purchase price of the Optional Vessel Acquisition. We expect the balance of the purchase price to be funded with cash on hand. 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, 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 26, 2014, are expected to provide us with total contracted revenue of \$619.1 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,

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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.

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



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**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.



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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;

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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.

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### **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](http://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 26, 2014, assuming no early expiration or termination, the Gazprom charter increased our (i) average remaining charter term to approximately 5.9 years from an average of approximately 3.0 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 that was paid on August 8 and August 13, 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.





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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)**

	<b>Six month period ended June 30</b>	
	<b>2014</b>	<b>2013</b>
<b>REVENUES:</b>		
Voyage revenues	\$ 41,872	\$ 42,444
<b>EXPENSES:</b>		
Voyage expenses	(364)	(340)
Voyage expenses-related party	(539)	(492)
Vessel operating expenses		