

**DYNAGAS LNG PARTNERS LP REPORTS RESULTS FOR THE THREE MONTHS
ENDED MARCH 31, 2017**

MONACO – June 8, 2017 - Dynagas LNG Partners LP (NYSE: DLNG) (“Dynagas Partners” or the “Partnership”), an owner and operator of liquefied natural gas (“LNG”) carriers, today announced its results for the three months ended March 31, 2017.

Highlights:

- 🔊 Announced the refinancing of all of the Partnership’s existing secured bank debt with a new \$480.0 million institutional senior secured Term Loan B that is expected to increase its net cash flow and that extends the maturity of its secured debt to 2023;
- 🔊 Net income of \$12.9 million and Earnings per common unit ⁽¹⁾ of \$0.32 for the three months ended March 31, 2017;
- 🔊 Distributable Cash Flow ⁽²⁾ of \$18.6 million during the three months ended March 31, 2017;
- 🔊 Adjusted Net Income ⁽²⁾ of \$14.7 million, Adjusted Earnings per common unit ^{(1) (2)} of \$0.37 and Adjusted EBITDA⁽²⁾ of \$31.3 million for the three months ended March 31, 2017;
- 🔊 \$75.9 million of cash and \$105.9 million of available liquidity as of March 31, 2017;
- 🔊 Quarterly cash distribution of \$0.4225 per common unit and \$0.5625 per preferred unit.

⁽¹⁾ Earnings per common unit and Adjusted Earnings per common unit presentation eliminate the effect of the Series A Preferred Units interest on the Partnership’s net income for the periods presented.

⁽²⁾ Distributable Cash Flow, Adjusted EBITDA, Adjusted Net Income and Adjusted Earnings per common unit are not recognized measures under U.S. GAAP. Please refer to the definitions and reconciliation of these measures to the most directly comparable financial measures calculated and presented in accordance with U.S. GAAP in Appendix B.

Recent Developments:

Quarterly Common Unit Cash Distribution: On April 12, 2017, the Partnership’s Board of Directors announced a quarterly cash distribution of \$0.4225 per common unit in respect of the first quarter of 2017. This cash distribution was paid on April 28, 2017, to all common unitholders of record as of April 21, 2017.

Series A Preferred Units Cash Distribution: On April 21, 2017, the Partnership’s Board of Directors also announced a cash distribution of \$0.5625 per unit of its Series A Preferred Units (NYSE: DLNG PR A) for the period from February 12, 2017 to May 11, 2017, which was paid on May 12, 2017, to all unitholders of record as of May 5, 2017.

\$480.0 million Term Loan B: On May 18, 2017, the Partnership refinanced its existing secured commercial bank facilities with a new \$480.0 million institutional senior secured term loan B due in 2023 (the “Term Loan B”). The Term Loan B provides for 0.25% quarterly amortization on principal

and a bullet payment at maturity. The Term Loan B is secured by, among other things, the six LNG carriers in the Partnership's fleet.

CEO Commentary:

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

“We are pleased to report our earnings for the financial quarter ended March 31, 2017.

“The earnings for the financial quarter ended March 31, 2017 were within our expectations. Part of our strategic plan has been to enter into longer term charters for the employment of the vessels in our fleet. In general, long-term charters are priced at day rates below shorter term charters. Our average remaining contract duration is now 10.5 years and our contracted backlog estimate is \$1.52 billion, thereby providing us with significant cash flow visibility. Our revenues are derived from the employment of our vessels on fixed multi-year charter contracts. The revenues we earn under those charter contracts are earned on a fixed day rate basis and not linked in any way to commodity price fluctuations.

“Our earnings for the first quarter of 2017 were, as expected, below those of the first quarter of 2016 following our decision to reduce the charter hire on two vessels, the *Yenisei River* and the *Lena River*, in the short to medium-term, with effect from November 2016, in exchange for a long term charter on the *Clean Energy* with a term from July 2018 through March 2026. These transactions were net accretive to our contracted backlog enhancing our revenue visibility.

“On May 18, 2017, we successfully closed a \$480.0 million Term Loan B transaction. The net proceeds of the Term Loan B, which has a term of six years and is secured by, among other things, the six LNG carriers in our fleet, were used to repay in full our then outstanding secured indebtedness with our commercial bank lenders. This refinancing provides us with additional debt amortization flexibility and is expected to increase net cash flow and extends the maturity of our secured indebtedness from 2020/2021 to 2023.

“On April 28, 2017, we paid quarterly cash distribution of \$0.4225 per common unit with respect to the first quarter of 2017. Since our initial public offering in November 2013, we have paid total cash distributions of \$5.52 per common unit. Also, on May 12, 2017, we paid a cash distribution of \$0.5625 per unit on our Series A Preferred Units for the period from February 12, 2017 to May 11, 2017.

“In April 2017, *Clean Energy* became available for employment, at which time we entered into two consecutive short-term charters to employ the vessel through the end of August 2017. Following the expiration of these charters, we expect to enter into additional charters for the *Clean Energy* prior to its delivery to Gazprom in July 2018.

“With our fleet 86% contracted through 2017 and 75% contracted through each of 2018 and 2019, and with an estimated fleet-wide average remaining contract duration of 10.5 years, believe we have



significant cash flow visibility. Our intent is to seek additional contract coverage, particularly in 2017 and 2018, to manage our operating expenses and continue the safe operation of our fleet.

“We look forward to working towards meeting our goals, which we believe will continue to benefit our unitholders.”

Financial Results Overview:

	Three Months Ended	
	March 31, 2017 (unaudited)	March 31, 2016 (unaudited)
<i>(U.S. dollars in thousands, except per unit data)</i>		
Voyage Revenues	\$ 39,092	\$ 42,741
Net Income	\$ 12,912	\$ 17,135
Adjusted Net Income ⁽¹⁾	\$ 14,685	\$ 18,928
Operating Income	\$ 21,893	\$ 26,004
Adjusted EBITDA ⁽¹⁾	\$ 31,271	\$ 35,178
Earnings per common unit	\$ 0.32	\$ 0.43
Adjusted Earnings per common unit ⁽¹⁾	\$ 0.37	\$ 0.48
Distributable Cash Flow ⁽¹⁾	\$ 18,634	\$ 22,736

(1) Adjusted Net Income, Adjusted EBITDA, Adjusted Earnings per common unit and Distributable Cash Flow are not recognized measures under U.S. GAAP. Please refer to the definitions and reconciliation of these measures to the most directly comparable financial measures calculated and presented in accordance with U.S. GAAP in Appendix B.

Three Months Ended March 31, 2017 and 2016 Financial Results

Net Income for the three months ended March 31, 2017 was \$12.9 million, compared to Net Income of \$17.1 million in the corresponding period of 2016, which represents a 24.6% decrease. Adjusted Net Income for the three months ended March 31, 2017 was \$14.7 million, compared to Adjusted Net Income of \$18.9 million in the corresponding period of 2016, which represents a 22.4% decrease. The decrease in both Net Income and Adjusted Net Income was mainly attributable to charter hire reductions on the *Yenisei River* and the *Lena River*, with effect from November 2016 and to unscheduled off-hire days for the *Yenisei River* and, to a lesser extent, attributable to scheduled expenditures of technical nature for the fleet vessels that will undergo their special survey and dry-dock repairs in 2017.

Adjusted EBITDA for the three months ended March 31, 2017 decreased by 11.1% across the quarters (first quarter 2017 Adjusted EBITDA of \$31.3 million, compared to first quarter 2016 Adjusted EBITDA of \$35.2 million) and was due to the factors outlined above.

The Partnership's Distributable Cash Flow for the three-month period ended March 31, 2017 was \$18.6 million, compared to \$22.7 million in the corresponding period of 2016, which represents a decrease of \$4.1 million, or 18.0%.

For the three-month period ended March 31, 2017, the Partnership reported Earnings per common unit and Adjusted Earnings per common unit basic and diluted of \$0.32 and \$0.37, respectively, after taking into account the Series A Preferred Units interest on the Partnership's net profit. Earnings per common unit and Adjusted Earnings per common unit, basic and diluted are calculated on the basis of a weighted number of 31,660,500 units outstanding during the period (after taking into account the one-for-one basis conversion of the 14,985,000 subordinated units owned by Dynagas Holding Ltd., the Partnership's Sponsor, into common units on January 23, 2017), in the case of Adjusted Earnings per common unit after reflecting the impact of the non-cash items presented in Appendix B.

Please refer to the definitions and reconciliation of these measures to the most directly comparable financial measures calculated and presented in accordance with U.S. GAAP in Appendix B hereto.

Voyage revenues decreased to \$39.1 million for the three-month period ended March 31, 2017, from \$42.7 million for the same period of 2016. As discussed above, this decrease was primarily due to the Partnership's agreement with the charterer of the *Yenisei River* and the *Lena River* to lower, with effect from November 2016, the charter hire rates of these vessels in return for entering into an eight year contact for the *Clean Energy*, with an estimated contract backlog of \$132.7 million. This decrease was also, albeit to a lesser extent, driven by the unscheduled off-hire days for the *Yenisei River* (as opposed to no off-hire days in same quarter in 2016).

Vessel operating expenses increased to \$6.7 million in the three-month period ended March 31, 2017, from \$6.4 million for the same period of 2016. This increase is primarily attributable to technical maintenance expenditures associated with the Partnership's three steam turbine vessels that will undergo their scheduled special survey and dry-dock in 2017.

The Partnership reported average daily hire gross of commissions⁽¹⁾ of approximately \$76,700 per day per vessel in the three months ended March 31, 2017, compared to approximately \$81,300 per day per vessel in the same period of 2016. During the three-month period ended March 31, 2017, the Partnership's vessels operated at 99% utilization.

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

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

Liquidity/ Financing/ Cash Flow Coverage

As of March 31, 2017, the Partnership reported cash of \$75.9 million (including the aggregate \$25.0 million minimum cash liquidity requirements imposed by the Partnership's lenders). The Partnership's aggregate \$25.0 million liquidity restrictions elapsed in May 2017, when its existing secured loans were refinanced with the Term Loan B, as discussed above. Total indebtedness outstanding as of March 31, 2017 was \$714.4 million, which includes the Partnership's \$250.0 million senior unsecured notes due 2019.

The Partnership's liquidity profile is further enhanced by the \$30.0 million of borrowing capacity under the Partnership's revolving credit facility with its Sponsor, which is available to the Partnership at any time until November 2018 and remains available in its entirety as of the date of this release.

As of March 31, 2017, the Partnership reported working capital surplus of \$63.7 million (Q4 2016: \$7.1 million) which is the result on the strengthening of the Partnership's balance sheet following the Term Loan B refinancing that closed in May 2017, as discussed above.

During the three months ended March 31, 2017, the Partnership generated net cash from operating activities of \$18.2 million, compared to \$23.6 million in the same period of 2016. This decrease was mainly attributable to decrease in period net income, due to the factors discussed above, and other negative working capital variations between the two periods.

Vessel Employment

As of June 8, 2017, the Partnership had contracted employment ⁽²⁾ for 86% of its fleet estimated Available Days for 2017, 75% of its fleet estimated Available Days for 2018 and 75% of its fleet estimated Available Days for 2019.

As of the same date, the Partnership's contracted revenue backlog estimate ⁽³⁾ was approximately \$1.52 billion, with average remaining contract duration of 10.5 years.

⁽²⁾ Time charter coverage for the Partnership's fleet is calculated by dividing the fleet contracted days on the basis of the earliest estimated delivery and redelivery dates prescribed in the Partnership's current time charter contracts net of scheduled class survey repairs by the number of expected Available days during that period.

⁽³⁾ The Partnership calculates its contracted revenue backlog by multiplying the contractual daily hire rate by the expected number of days committed under the contracts (assuming earliest delivery and redelivery and excluding options to extend), assuming full utilization. The actual amount of revenues earned and the actual periods during which revenues are earned may differ from the amounts and periods shown in the table below due to, for example, dry-docking and/or special survey downtime, maintenance projects, off-hire downtime and other factors that result in lower revenues than the Partnership's average contract backlog per day. Certain time charter contracts that the Partnership entered into with Yamal Trade Pte. are subject to the satisfaction of important conditions, which, if not satisfied, or waived by the charterer, may result in their cancellation or amendment before or after the charter term commences and in such case the Partnership may not receive the contracted revenues thereunder.

Conference Call and Webcast: June 8, 2017

As announced, the Partnership's management team will host a conference call on Thursday, June 8, 2017 at 10:00 a.m. Eastern Time to discuss the Partnership's financial results.

Conference Call details:

Participants should dial into the call 10 minutes before the scheduled time using the following numbers: 1 (866) 819-7111 (from the US), 0(800) 953-0329 (from the UK) or (+44) (0) 1452 542 301 (Standard International Dial In). Please quote "Dynagas."

A telephonic replay of the conference call will be available until Thursday, June 15th, 2017. The United States replay number is 1 (866) 247-4222; from the UK 0(800) 953-1533; the standard international replay number is (+44) (0) 1452 550 000 and the access code required for the replay is: 59711562#.

Audio Webcast - Slides Presentation:



There will be a live and then archived audio webcast of the conference call, via the internet through the Dynagas LNG Partners website www.dynagaspartners.com. Participants to the live webcast should register on the website approximately 10 minutes prior to the start of the webcast.

The slide presentation on the first quarter ended March 31, 2017 financial results will be available in PDF format 10 minutes prior to the conference call and webcast, accessible on the company's website www.dynagaspartners.com on the webcast page. Participants to the webcast can download the PDF presentation.

About Dynagas LNG Partners LP

Dynagas LNG Partners LP (NYSE: DLNG) is a growth-oriented partnership formed by Dynagas Holding Ltd., its Sponsor, to own and operate liquefied natural gas (“LNG”) carriers employed on multi-year charters. The Partnership’s current fleet consists of six LNG carriers, with an aggregate carrying capacity of approximately 914,000 cubic meters.

Visit the Partnership’s website at www.dynagaspartners.com

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Forward-Looking Statement

Matters discussed in this press release may constitute forward-looking statements. The Private Securities Litigation Reform Act of 1995 provides safe harbor protections for forward-looking statements in order to encourage companies to provide prospective information about their business. Forward-looking statements include statements concerning plans, objectives, goals, strategies, future events or performance, and underlying assumptions and other statements, which are other than statements of historical facts.

The Partnership desires to take advantage of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 and is including this cautionary statement in connection with this



safe harbor legislation. The words “believe,” “anticipate,” “intends,” “estimate,” “forecast,” “project,” “plan,” “potential,” “may,” “should,” “expect,” “expected,” “pending,” “will” and similar expressions identify forward-looking statements.

The forward-looking statements in this press release are based upon various assumptions, many of which are based, in turn, upon further assumptions, including without limitation, examination by the Partnership’s management of historical operating trends, data contained in its records and other data available from third parties. Although the Partnership believes that these assumptions were reasonable when made, because these assumptions are inherently subject to significant uncertainties and contingencies which are difficult or impossible to predict and are beyond the Partnership’s control, the Partnership cannot assure you that it will achieve or accomplish these expectations, beliefs or projections.

In addition to these important factors, other important factors that, in the Partnership’s view, could cause actual results to differ materially from those discussed in the forward-looking statements include the strength of world economies and currencies, general market conditions, including fluctuations in charter rates and vessel values, changes in demand for Liquefied Natural Gas (LNG) shipping capacity, changes in the Partnership’s operating expenses, including bunker prices, drydocking and insurance costs, the market for the Partnership’s vessels, availability of financing and refinancing, changes in governmental rules and regulations or actions taken by regulatory authorities, potential liability from pending or future litigation, general domestic and international political conditions, potential disruption of shipping routes due to accidents or political events, vessel breakdowns and instances of off-hires and other factors. Please see the Partnership’s filings with the Securities and Exchange Commission for a more complete discussion of these and other risks and uncertainties. The information set forth herein speaks only as of the date hereof, and the Partnership disclaims any intention or obligation to update any forward-looking statements as a result of developments occurring after the date of this communication.

APPENDIX A

DYNAGAS LNG PARTNERS LP
Unaudited Condensed Consolidated Statements of Income

<i>(In thousands of U.S. dollars except units and per unit data)</i>	Three Months Ended	
	March 31,	
	2017	2016
REVENUES		
Voyage revenues	\$ 39,092	\$ 42,741
EXPENSES		
Voyage expenses (including related party)	(872)	(719)
Vessel operating expenses	(6,670)	(6,356)
Dry-docking and special survey costs	(220)	—
General and administrative expenses (including related party)	(442)	(618)
Management fees -related party	(1,519)	(1,492)
Depreciation	(7,476)	(7,552)
Operating income	21,893	26,004
Interest and finance costs, net	(8,890)	(8,698)
Other, net	(91)	(171)
Net Income	\$ 12,912	\$ 17,135
Earnings per common unit (basic and diluted)	\$ 0.32	\$ 0.43
Weighted average number of units outstanding, basic and diluted:		
Common units	31,660,500	20,505,000

DYNAGAS LNG PARTNERS LP
Consolidated Condensed Balance Sheets (unaudited)
(Expressed in thousands of U.S. Dollars—except for unit data)

	March 31, 2017	December 31, 2016
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 50,915	\$ 57,595
Restricted cash	25,000	—
Due from related party	412	878
Other current assets	7,404	1,722
Total current assets	83,731	60,195
FIXED ASSETS, NET:		
Vessels, net	1,000,141	1,007,617
Total fixed assets, net	1,000,141	1,007,617
OTHER NON CURRENT ASSETS:		
Restricted cash	—	25,000
Due from related party	1,350	1,350
Above market acquired time charters	10,727	12,514
Total assets	\$ 1,095,949	\$ 1,106,676
LIABILITIES AND PARTNERS' EQUITY		
CURRENT LIABILITIES:		
Current portion of long-term debt	\$ 3,483	\$ 31,688
Trade payables	4,133	3,058
Due to related party	205	302
Accrued liabilities	3,512	3,750
Unearned revenue	8,669	14,258
Total current liabilities	20,002	53,056
Deferred revenue	1,022	1,036
Long-term debt, net of current portion	710,892	684,748
Total non-current liabilities	711,914	685,784
PARTNERS' EQUITY		
General partner: 35,526 units issued and outstanding as at March 31, 2017 and December 31, 2016	93	97
Common unitholders: 35,490,000 units issued and outstanding as at March 31, 2017 and 20,505,000 issued and outstanding as of December 31, 2016	290,724	302,952
Series A Preferred unitholders: 3,000,000 units issued and outstanding as at March 31, 2017 and December 31, 2016	73,216	73,216
Subordinated unitholders: None issued and outstanding as of March 31, 2017 and 14,985,000 units issued and outstanding as at December 31, 2016	—	(8,429)
Total partners' equity	364,033	367,836
Total liabilities and partners' equity	\$ 1,095,949	\$ 1,106,676

DYNAGAS LNG PARTNERS LP
Consolidated Statements of Cash Flows
(Expressed in thousands of U.S. Dollars)

	Three Months Ended March 31,	
	2017	2016
Cash flows from Operating Activities:		
Net income:	\$ 12,912	\$ 17,135
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	7,476	7,552
Amortization of deferred financing fees	486	489
Amortization of fair value of acquired time charter	1,787	1,807
Deferred revenue	(14)	(14)
Changes in operating assets and liabilities:		
Trade receivables	24	(24)
Prepayments and other assets	(174)	26
Inventories	46	(70)
Due from/ to related parties	369	(489)
Trade payables	1,075	138
Accrued liabilities	(238)	128
Unearned revenue	(5,589)	(3,037)
Net cash from Operating Activities	18,160	23,641
Cash flows from Investing Activities		
Vessel Acquisitions and other additions to vessels' cost	—	(35,616)
Net cash used in Investing Activities	—	(35,616)
Cash flows from Financing Activities:		
Payment of preferred units issuance costs and other filing costs	—	(119)
Distributions declared and paid	(16,715)	(16,714)
Repayment of long-term debt	(8,125)	(8,125)
Proceeds from long-term debt	—	66,667
Payment of deferred finance fees	—	(31)
Net cash from/ (used in) Financing Activities	(24,840)	41,678
Net increase/(decrease) in cash and cash equivalents	(6,680)	29,703
Cash and cash equivalents at beginning of the period	57,595	24,293
Cash and cash equivalents at end of the period	\$ 50,915	\$ 53,996

APPENDIX B
Fleet statistics

<i>(expressed in United states dollars except for operational data)</i>	Three Months Ended March 31,	
	2017	2016
Number of vessels at the end of period	6	6
Average number of vessels in the period (1)	6.0	6.0
Calendar Days (2)	540.0	546.0
Available Days (3)	540.0	546.0
Revenue earning days (5)	532.3	546.0
Time Charter Equivalent (4)	\$ 70,778	\$ 76,963
Fleet Utilization (5)	99%	100%
Vessel daily operating expenses (6)	\$ 12,352	\$ 11,641

- (1) Represents the number of vessels that constituted the Partnership's fleet for the relevant period, as measured by the sum of the number of days each vessel was a part of its fleet during the period divided by the number of Calendar Days in the period.
- (2) Calendar Days are the total days the Partnership possessed the vessels in its fleet for the relevant period.
- (3) Available Days are the total number of Calendar Days the Partnership's vessels were in its possession during a period, less the total number of scheduled off-hire days during the period associated with major repairs, or dry-dockings.
- (4) Time charter equivalent rate, or TCE rate, is a measure of the average daily revenue performance of a vessel. For time charters, this is calculated by dividing total voyage revenues, less any voyage expenses, by the number of Available Days during that period. Under a time charter, the charterer pays substantially all vessel voyage related expenses. However, the Partnership may incur voyage related expenses when positioning or repositioning vessels before or after the period of a time charter, during periods of commercial waiting time or while off-hire during dry-docking or due to other unforeseen circumstances. The TCE rate is not a measure of financial performance under U.S. GAAP (non-GAAP measure), and should not be considered as an alternative to voyage revenues, the most directly comparable GAAP measure, or any other measure of financial performance presented in accordance with U.S. GAAP. However, TCE rate is a standard shipping industry performance measure used primarily to compare period-to-period changes in a company's performance and assists the Partnership's management in making decisions regarding the deployment and use of the Partnership's vessels and evaluating their financial performance. The Partnership's calculation of TCE rates may not be comparable to that reported by other companies. The following table reflects the calculation of the Partnership's TCE rates for the three months ended March 31, 2017 and 2016 (amounts in thousands of U.S. dollars, except for TCE rates, which are expressed in U.S. dollars, and Available Days):

	Three Months Ended March 31,	
	2017	2016
<i>(In thousands of U.S. dollars, except for Available Days and TCE rate)</i>		
Voyage revenues	\$ 39,092	\$ 42,741
Voyage Expenses (7)	(872)	(719)
Time Charter equivalent revenues	\$ 38,220	\$ 42,022
Available Days (3)	540	546
Time charter equivalent (TCE) rate	\$ 70,778	\$ 76,963

- (5) The Partnership calculates fleet utilization by dividing the number of its Revenue earning days, which are the total number of Available Days of the Partnership's vessels net of unscheduled off-hire days during a period, by the number of Available Days during that period. The shipping industry uses fleet utilization to measure a company's efficiency in finding employment for its vessels and minimizing the amount of days that its vessels are off-hire for reasons such as unscheduled repairs but excluding scheduled off-hires for vessel upgrades, dry-dockings or special or intermediate surveys.
- (6) Daily vessel operating expenses, which include crew costs, provisions, deck and engine stores, lubricating oil, insurance, spares and repairs and flag taxes, are calculated by dividing vessel operating expenses by fleet Calendar Days for the relevant time period.
- (7) Voyage expenses include commissions of 1.25% paid to Dynagas Ltd., the Partnership's Manager, and third party ship brokers, when defined in the charter parties, bunkers, port expenses and other minor voyage expenses.

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

Reconciliation of Net Income to Adjusted EBITDA

	Three Months Ended March 31,	
	2017	2016
<i>(In thousands of U.S. dollars)</i>		
<i>Reconciliation to Net Income</i>		
Net Income	\$ 12,912	\$ 17,135
Net interest and finance costs ⁽¹⁾	8,890	8,698
Depreciation	7,476	7,552
Class survey costs	220	—
Amortization of fair value of acquired time charter	1,787	1,807
Charter hire amortization	(14)	(14)
Adjusted EBITDA	\$ 31,271	\$ 35,178

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

The Partnership defines Adjusted EBITDA as earnings before interest and finance costs, net of interest income (if any), gains/losses on derivative financial instruments (if any), taxes (when incurred), depreciation and amortization (when incurred), class survey costs and significant non-recurring items (if any). Adjusted EBITDA is used as a supplemental financial measure by

management and external users of financial statements, such as investors, to assess the Partnership's operating performance.

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

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

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

	Three Months Ended March 31,	
	2017	2016
<i>(In thousands of U.S. dollars except for units and per unit data)</i>		
Net Income	\$ 12,912	\$ 17,135
Charter hire amortization	(14)	(14)
Amortization of fair value of acquired time charter	1,787	1,807
Adjusted Net Income	\$ 14,685	\$ 18,928
Less: Adjusted Net Income attributable to subordinated, preferred unitholders and general partner	(3,117)	(8,987)
Common unitholders' interest in Adjusted Net Income	\$ 11,568	\$ 9,941
Weighted average number of common units outstanding, basic and diluted:	31,660,500	20,505,000

Adjusted Earnings per common unit, basic and diluted

	\$	0.37	\$	0.48
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Adjusted Net Income represents net income before non-recurring expenses (if any), charter hire amortization related to time charters with escalating time charter rates and amortization of fair value of acquired time charters, all of which are significant non-cash items. Adjusted Net

Income available to common unitholders represents the common unitholders interest in Adjusted Net Income for each period presented. Adjusted Earnings per common unit represents Adjusted Net Income attributable to common unitholders divided by the weighted average common units outstanding during each period presented.

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

Distributable Cash Flow Reconciliation

	Three Months Ended March 31,	
<i>(In thousands of U.S. dollars)</i>	2017	2016
Net Income	\$ 12,912	\$ 17,135
Depreciation	7,476	7,552
Amortization of deferred finance fees	486	489
Net interest and finance costs, excluding amortization ⁽¹⁾	8,404	8,209
Class survey costs	220	—
Amortization of fair value of acquired time charters	1,787	1,807
Charter hire amortization	(14)	(14)
Adjusted EBITDA	\$ 31,271	\$ 35,178
Net interest and finance costs, excluding amortization ⁽¹⁾	(8,404)	(8,209)

Maintenance capital expenditure reserves	(1,038)	(1,038)
Replacement capital expenditure reserves	(3,195)	(3,195)
Distributable Cash Flow	\$ 18,634	\$ 22,736

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

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