TEEKAY LNG PARTNERS' THIRD QUARTER 2017 EARNINGS

Company: Teekay LNG Partners L.P.
Moderator: Emily Yee
Date: Thursday, 9 November 2017

Operator: Welcome to the Teekay LNG Partners' Third Quarter 2017 Earnings results conference call. During the call all participants will be in a listen-only mode. Afterwards you will be invited to participate in a question-and-answer session. At that time, if you have a question, participants will be asked to press star one to register for a question. For assistance during the call, please press star zero on your touchtone phone. And as a reminder, this call is being recorded. Now for opening remarks and introductions, I would like to turn the call over to Mr Mark Kremin, Teekay LNG Partners' President and Chief Executive Officer. Please go ahead, sir.

Emily Yee: Before Mark begins, I would like to direct all participants to our website at www.teekay.com, where you will find a copy of the third quarter 2017 earnings presentation. Mark Kremin and Brody Speers will review this presentation during today's conference call. Please allow me to remind you that our discussion today contains forward-looking statements. Actual results may differ materially from results projected by those forward-looking statements. Additional information concerning factors that could cause actual results to materially differ from those in the forward-looking statements is contained in the third quarter 2017 earnings release and earnings presentation available on our website. I will now turn the call over to Mark to begin.

Mark Kremin: Thank you Emily. Good morning everyone and thank you for joining us on the third quarter of 2017 investor conference call for Teekay LNG Partners. I'm joined today by Brody Speers, Teekay Gas Group's CFO. Turning to slide three of the presentation, I will review some of Teekay LNG's recent highlights.

For the third quarter of 2017, the partnership generated distributable cash flow, or DCF, of $40 million, and cash flow from vessel operations, or CFVO, of $107 million. We continued to generate stable cash flows that were in line with our expectations. However, the partnership's results for the quarter were again impacted by collection issues related to our six LPG carriers chartered to IM Skaugen. We were actively pursuing alternatives for these vessels to improve their earnings potential, including potentially bringing the commercial management of the vessels in-house to Teekay and focusing our efforts on capitalising on small-scale LNG opportunities that exist in the market.

During the quarter, the partnership generated DCF per limited common unit of 50 cents per unit, resulting in a strong distribution coverage ratio of 3.5 times. I'm pleased to report that in October and November, the partnership took delivery of three new-build LNG carriers, all of which immediately commenced charter contracts with Shell, ranging between six and 20 years. This included two wholly owned MEGI LNG carriers and a 30% owned TFDE LNG carrier, which I will touch on in more detail on the next slide.

We continue to execute on financing our new-build projects, and have recently completed $327 million in new debt financings related to a floating storage unit, or FSU, for the Bahrain regasification project, and one MEGI LNG carrier new-build for BP. I will touch on these financings in more detail later in the presentation, and I would also like to refer you to our appendix, where we have provided full details on the status of our new building financings and our 2018 debt maturities.

Lastly, we have once again demonstrated access to capital markets and further strengthened our balance sheets through our recent $170 million preferred equity offering, completed in October 2017, including $20 million sold pursuant to the exercise of the underwriters' over-allotment option.

Turning to slide four, I will highlight the partnership's recent LNG vessel deliveries, which occurred in October and November and immediately commenced charter contracts with Shell. Two of the vessels, the wholly owned Macoma and Murex, commenced six- and seven-year firm period, plus option period, charter contracts upon delivery. The remaining vessel, the 30% owned Pan Asia, commenced its 20-year charter contract with Shell upon delivery. We expect these vessels to positively contribute to the partnership's cash flows, starting in the fourth quarter of 2017. The two wholly owned MEGI LNG carriers will trade as part of Shell's global shipping portfolio, while the Pan Asia will service the Queensland Curtis LNG project in Australia.

Turning to slide five, we have provided an update on the Yamal LNG project. As a reminder, the partnership owns a 50% interest in six Arc LNG – Arc7 LNG carriers, and wholly owns one conventional MEGI LNG carrier, all chartered to the Yamal LNG project under long-term charters. The Yamal LNG plant continues to move ahead according to schedule, and the commissioning for the first train is now under way. The project sponsors have announced they expect to lift the first LNG cargo on the Sovcomflot-owned Christophe de Margerie this month, and remain ahead of schedule for bringing online the second and third trains, which will result in a total production of 16.5 million tons per annum.

Teekay LNG's first Arc7 vessel is scheduled to deliver in January 2018, and has now successfully completed sea trials and gas trials. Our second Arc7 vessel, scheduled to deliver in November 2018, has been launched, and together the two were officially named last month in Korea. Overall, we're pleased with how the construction of the how these – of these specialised vessels is going, and how the overall project is coming together.

Lastly, on the financing side, together with our joint venture partner, China LNG Shipping, or CLNG, we continue to make progress on the debt financing of our six Arc7 vessels and are nearing completion of this facility.

Turning to slide six, we look at the developments in the LNG shipping market. After growing by 7.5% in 2016, global LNG export growth has been even stronger this year, increasing by approximately 11% in the first nine months of 2017, compared to the same time last year. The increase in global LNG exports continues to be driven by new export projects in the United States and Australia. In total, the increase in LNG exports this year will be the second largest annual growth on record in the LNG industry. Furthermore, we expect export growth will remain strong through year-end and into 2018. In total, more than 30 million tons per annum of new LNG export capacity is scheduled to come online from the fourth quarter of 2017 through the end of 2018. This includes the recent start-up of the Wheatstone project in Australia and the fourth train at the Sabine Pass project in the United States. These projects will soon be joined by the start of exports from Cove Point in the US and Yamal LNG in northern Russia.

Turning our attention to demand, approximately 80% of the net increase in LNG supply this year has been consumed in Asia. This robust growth in Asian LNG exports demonstrates that global LNG demand is keeping pace with supply. Import growth in China has been particularly strong, with Chinese LNG imports increasing by approximately 40% per year in both 2016 and 2017. China's import growth is expected to continue, and the EIA projects that china will surpass South Korea next year, to become the world’s second largest LNG importer.

Import growth in other emerging LNG markets in Asia, such as Pakistan and Thailand, has also been robust. The combination of an increase in global LNG exports and some arbitrage opportunities due to higher LNG prices, particularly in Asia due to gas shortages, has supported short-term LNG shipping rates. As of November, brokers were reporting short-term charter rates which were at their highest levels in almost three years. We are encouraged by these recent trends, and see it as another sign of an improving LNG market that will benefit Teekay LNG in both the short and medium terms.

Turning to slide seven, we take a look at the medium-term market fundamentals. We continue to expect that annual LNG trade will increase faster than fleet supply from 2017 onwards. Orders for new-build conventional LNG carriers remain low, with only 13 firm new-build orders being placed since the start of 2016. With LNG shipyards now booked through 2019, this provides good visibility of declining LNG fleet growth in the medium term. In contrast, we expect global LNG exports will continue to increase strongly. Ten new LNG export projects are currently in construction, and are scheduled to start, or have recently started, between the fourth quarter of 2017 and the end of 2020. In total, we expect global LNG exports will increase more than 30% above 2016 levels by 2020. As a result, we expect that higher fleet utilisation will drive an ongoing recovery in LNG shipping rates.

In summary, we are encouraged by the recent uptick in LNG shipping rates as new export capacity comes online. In the medium term, we continue to expect that LNG trade will increase faster than fleet supply, leading to an ongoing improvement in the LNG shipping market and LNG vessel earnings.

Turning to slide eight, we have provided an overview of the partnership's industry-leading portfolio of new-build LNG vessels, all of which will commence charter contracts averaging 18 years in duration upon their duration – excuse me, upon their delivery between now and 2020. Including the first three of these vessels, which recently delivered and commenced their charter contracts with Shell, the partnership has a total of 11 LNG carriers delivering by the end of 2018, and 18 by 2020, plus a 30% interest in the Bahrain regasification terminal. With our recent deliveries, the partnership has now commenced a period of high growth as we take delivery of 11 LNG vessels by November 2018 and expect these vessels to contribute approximately $160 million in annual run rate CFVO. Adding to this our expect – adding to this our expected vessel deliveries in 2019 and 2020, we expect our entire committed order book to contribute approximately $250 million in annual run rate CFVO growth. As illustrated on the right hand of the slide, we continue to progress the debt financings for our new-build vessels, and have recently completed $327 million in new financings to fund the FSU for the – for the Bahrain regasification facility, and one MEGI LNG carrier chartered to BP. Again, full details of the status of our new-build financings, as well as an update on our 2018 maturities, can be found in the appendix to this presentation.

Finally, the partnership is focused on increasing distributions to unitholders at the appropriate time and in a sustainable manner. In this regard, our current thought process has not changed from prior quarters, where we continue to focus on achieving key milestones, including completing all the long-term debt financing of our new-build vessels, while obtaining sufficient comfort on refinancing our 2018 loan maturities. We expect to provide more guidance on distributions around the second half of 2018 and, in the meantime, focus on completing our financings and executing on our new-building growth projects.

In summary, we continue to progress our new-build financings, and are beginning to transition from project execution to operations on our committed new-build vessels. We believe Teekay LNG's near-term visible cash flow growth and portfolio of long-term charter contracts places the partnership in a market-leading position in the LNG shipping sector. Thank you all for joining us on the call today. Operator, we are now available to take questions.

Operator: Thank you. If you would like to ask a question, please signal by pressing star one on your telephone keypad. And if you're using a speakerphone, please make sure your mute function is turned off to allow your signal to reach our equipment. Again, press star one to ask your question, and we'll pause for just a moment to allow everyone an opportunity to signal for questions.

We'll go ahead with our first question from Michael Webber of Wells Fargo. Please go ahead.

Michael Webber: Good morning, guys, how are you?

Mark Kremin: Good morning, Mike.

Michael Webber: Just wanted to start off on rates, just considering how topical it is. I know you don't have a ton of exposure to the market, but it certainly seems like we're firming at a level that we haven't seen in three or four years. And I'm just curious, when you think about the next year to 18 months, do you think – do you think that this level of tightness or something kind of – call it, you know, at or around industry-wide breakeven, if you kind of put that at 50k, do you think that's sustainable from here on out? Or do you think we're in a scenario where it's kind of a similar pattern to last year – maybe a bit more amplified and a real sustained multiyear recovery in spot rates would be more of a Q4 '18 event? And I realise, again, you don't have a ton of leverage to it, but it's a liquid proxy for [inaudible] risk – a rollover risk, really – so hence the interest.

Mark Kremin: Thanks Mike. As you say, we don't have a lot of exposure, but we have enough to, I think, understand what's happening in the market. So with our joint venture particularly with Marubeni and the

50/50 we call MALT, we do have exposure through those four ships, and I must say, for the first time in – well, they're all – our entire fleet, in fact, is fully utilised at this point. And we're definitely seeing some good things. For instance, for the first time in a very long time, our TCEs have actually been exceeding our charter rates, meaning we're actually – the utilization – we're moving from one charter faster than we expect – to another faster than we expected. So things are good. As you know, the brokers are reporting rates in the 60s or so, and to your question whether this is going to continue and whether we're going to see a real uptick in Q4 now or later, at this point we don't see any reason for the rates really to soften. I think we've been a little bit more conservative than most in our forecast, and in saying how fast they're going to rise. But we've always been saying that they will continuously rise through 2018 or so, and as the market rebalances. So I don't think right now we're at the point of a long-term charter rate balance, but I can see us getting there in certainly the first half of this year, so I – what I mean at 2018, and hopefully we'll have, indeed, good rates in 2018. But right now things are certainly much better than they were even a quarter ago.

Michael Webber: Got you. That's helpful. Just in terms of – I guess, in terms of your balance sheet and kind of juggling, you know, the refinancing that you guys are looking to finish off and kind of the – certainly a pretty conservative posture when it comes to redistributing cash flow, I'm just curious how you balance that with additional growth. You know, it certainly seems like the tender market is picking up, and if you're looking to address your cash commitments when it comes to distribution in the back half of '18, which again you've been pointing to for a while, I would certainly expect the tender environment to be firm through that period to the point where you're probably looking at redeploying or deploying new capital on new term business, hopefully by some point over the next year. I'm just curious, when you think about that target of the back half of next year to address this, is that inclusive of the idea of actually spending new money on new period tonnage?

Brody Speers: Hi, Mike. Yeah, I think to your question, we've certainly been seeing more activity in the tender market. And as we said in past quarters, we're kind of selectively looking at participating in some of that. So when we look at our balance sheet and the actions we're taking, we're certainly considering some possible participation in future tenders and some of the ways to finance those. Obviously we have a strong liquidity position now, we've shown access to the preferred capital or preferred equity market, and also through preferential financing terms from yards that are available. So we think it's manageable to continue on with our plan and also selectively participate in future tenders.

Michael Webber: Right, to do both. So it's not mutually exclusive?

Brody Speers: Right.

Michael Webber: So, around that, Brody, one more and I'll turn it over. Just kind of – just thinking about hurdles for you guys getting comfortable from a cash perspective. You guys have been laying out your commitments and your refinancing targets for a couple of quarters now, and I think it's on slide 11, which is helpful. But I'm just curious, on the previous slide, your existing financing and what's been drawn and what hasn't been drawn – how much of that remaining undrawn capacity can only be drawn upon delivery? And I guess what I'm getting at is in terms of any over-equitising assets up to delivery kind of on the broader release of the financing. Is there a bigger cash commitment there than what would otherwise be implied by simply looking at what you have financed today? I guess, a bigger short-term cash commitment?

Brody Speers: No. In terms of your question, no. It's – pretty much all of the undrawn financings we show there are available to be drawn for yard instalments as well as delivery, so we don't really –

Michael Webber: So it's all in lockstep?

Brody Speers: Yeah.

Michael Webber: Okay. That's helpful. All right, I will stop there and turn it over. Thanks guys.

Mark Kremin: Thanks, Mike.

Operator: Your next question will come from the line of Spiro Dounis of UBS securities, please go ahead.

Spiro Dounis: Good morning, Mark; good morning, Brody.

Mark Kremin: Hi, Spiro.

Spiro Dounis: Just wanted to start off on deleveraging. Just trying to get a sense of if there's a specific goal or strategy at this point to de-lever the balance sheet. It sounds like some of the preferred proceeds maybe were used to help in that process. So I guess I was trying to get a sense of is there a plan to do more of that, or is the plan really to just de-lever over time as the cash flows ramp up?

Brody Speers: Hi, Spiros. Yeah, basically the recent preferred equity was a big step towards de-levering the balance sheet, and directionally speaking that is our intent – is to de-lever over the next few years. And that's mainly driven by – we have a very large order book, and that puts some leverage stress on the balance sheet, but what we see is, as these vessels start to deliver in cash flow, there will be a significant natural de-levering process that will occur between kind of now and 2020 when all the ships hit the water. So we see our leverage kind of naturally declining over time, and the other factor is, on our existing vessels, there's a few cash flow drags that we've mentioned in terms of Skaugen, and we're also seeing some increases in the short-term LNG market. And so those – as those things normalise over the next years, we think that will also help the natural de-levering process between now and 2020.

Spiro Dounis: Got it, and then just follow up on one of Mike's questions around the tenders. I guess we've seen an overall move towards more flexibility in the LNG space, and also shorter terms. And just wandering sort of what you've seen or looking to participate in. Are you seeing, on the LNG tender side, just more flexibility being asked on the – from the counterparty or any sort of shortening in the tender that you've normally seen?

Mark Kremin: We are, Spiros. We're seeing a fair amount of one-, two-, three-year types of tenders right now. This is actually different from even earlier in the year where we were just seeing voyage charters. So things have picked up, but we do see a lot of relatively short-term time charters. Some of these we've actually been passing on because they have forward starts and people are trying to understand the market and where it's going to be in a forward place, just as Mike mentioned. Where is it going to be in Q4 2018? But there's certainly a little bit more optionality that charters are seeking now, and whether or not folks give those is still to be determined. But there is flexibility that we're – that's being desired by charters, more than we've seen previously. And when I say previously, I mean a few years ago. As I said, we've improved from voyage charters to term charters, but now they have a little bit more optionality than they used to.

Spiro Dounis: Got it. That's it for me. Appreciate the call. Thanks, guys.

Operator: Your next question will come from the line of Fotis Giannakoulis of Morgan Stanley, please go ahead.

Fotis Giannakoulis: Yes, hi, guys, and thank you. I would like to ask your estimate about the upcoming refinancings over the vessels in 2018. Obviously the Spanish vessels, they have very long-term contracts, but would you be able to give us an estimate if how much of this amount can be refinanced, if all of it can be refinanced? And also expand on the older vessels, the Arctic Polar and – the Arctic and the Polar, and comment about the Skaugen vessels – if these vessels could be potentially candidates for selling or scrapping when the debt comes due.

Brody Speers: Hi, Fotis. In terms of our refinancings, we have been progressing those in the background over the last few months or so, and one thing to point out just in terms of our 2017 maturities is we're fully committed now on our unsecured corporate revolver. That matures this month, so we expect to complete that refinancing in the next few days. In terms of 2018 refinancing, we've been working on the – the first one is the two Spanish LNG carriers, and that one's progressed quite a bit over the last quarter. So we do expect to complete that refinancing later this year or early in 2018, and that one would be rolled over at its balloon amount. The other long-term Spanish LNG carrier we've had some initial discussions on, but we would expect to be able to provide a better update next quarter on that one. And then in terms of the –

Fotis Giannakoulis: [Inaudible].

Brody Speers: In terms of the Arctic/Polar and Skaugen ships. The Arctic/Polar loan matures in April of next year, and we've started having discussions on that, and obviously it's partially linked to the contract status of those ships. But at this stage we do expect to be able to roll over the majority of the balloon amount, but we're still in early discussions on that. And then in terms of the Skaugen vessels, those mature later in 2018, in September, and that will obviously be dependent again on kind of the contract structure that's in place for those. As Mark mentioned in the prepared remarks, we're currently looking at alternatives for those ships.

Fotis Giannakoulis: Okay. Thank you, that's very helpful. Can you also comment about the changes in the market, and especially the increase in oil price – if this has changed the macro environment for LNG producers and especially for the US producers, if you think that with oil close to – Brent close to 65, we might see more [inaudible] and that would lead to additional long-term contracts and demand for new-buildings.

Mark Kremin: Hi Fortis, it's Mark. Just a couple more questions on Skaugen – or comments, I should say, before I get into your oil increasing question. We're certainly not looking to sell or scrap the ships at this point. They have an average age of under 10 years at this point, and we are at a low part of the cycle, but we still have optimism and maybe even bullishness for the market improving, not just for the ethylene that these ships are capable of, but also two of the ships are LNG – small-scale LNG capable. And so what we've been seeing in general in the market is that whereas it used to be OECD countries would export – sorry, non-OECD countries would export to OECD countries, that's actually reversed, and we have the small Bangladeshes and the islands and the other smaller importers of the world that could be very much users of small-scale LNG in the future. So we think the ships have a good future, it's just a tight spot for the moment, and we have no intention to sell or scrap the ships.

Fotis Giannakoulis: Thank you, that's very helpful. I didn't imply that these vessels would be candidates for scrapping. That was my mistake.

Mark Kremin: That's no problem. So on to your question about oil pricing. Things are – do seem to be going lockstep to some extent, in a good way. There have been, as you know, very few FIDs on LNG since 2015 or so. We've seen any – the additional tanker train, but I do think that it gives a lot of – I'll use this term 'green shoots' for new FIDs being taken in LNG next year. Whether that's Golden Pass or Mozambique Anadarko or additional out of Qatar or PNG, I'm not – or Tellurian. There's a number of them. I'm not sure what exactly is going to happen, but yes, we do think that the additional demand that we're seeing for – from China in particular, in Asia, and matched with the oil prices, should prompt more FIDs next year than certainly we've had in previous ones.

Fotis Giannakoulis: Okay, guys, thank you. That's very helpful.

Operator: Your next question will come from the line of Espen Landmark of Fearnley, please go ahead.

Espen Landmark: Yeah, hi. Good morning, guys. I wanted to ask about kind of the cash flow potential in the JVs as new vessels are delivered. So, I mean, not the EBITDA or the CFVO, but the cash flow after financing. Because it's a bit tricky for us to judge, you need to make certain assumption with regards to interest costs and amor. So, I mean, if I were to start with the cash flow statement, you have equity income of 22 million year to date, and if I were to add the dividends it gives me around about 50 million. Is that kind of a fair statement for the actual cash flow from the JVs this year? And if I were to now add the vessels coming next year, and maybe also maybe the third ones out of Yemen, what could that number look like for next year, do you think?

Brody Speers: Yeah, hi, Espen. Yeah, in terms of the cash flows from our JVs, we typically have a policy and agreement with all the partners that we'll distribute any available cash that we can, and that's what we technically do. There are obviously some timing differences, so just looking at one particular quarter or even a few quarters in a row, it's hard to kind of see, because some of the cash flows will be lumped more into one quarter and then there'll be a quarter without any, for example. So there are some timing considerations, but overall the interest costs, for your modelling purposes, I guess, are in line with what we typically see in about 5% all in on the debt. And going forward, obviously we're expecting some significant growth to our distributions coming from our joint venture partners as the Bahrain regasification project comes online, as all of our Shell long-term 20-year charters start, as well as the Yamal LNG project, which is 50% owned and recorded off-balance-sheet.

Espen Landmark: Yeah, and just to dig a bit more into it, I mean, if I were to judge on the fully delivered basis, you guys maybe have 800 million of CFVO and maybe 300-plus of that will be in the JVs, but it's a bit hard for us to really judge how much of that can actually be distributed up into TGP[?].

Brody Speers: Yeah, well, I think you just have to take – you're right, roughly 30%, 40% of that number is – are in the JVs, and those JVs typically have debt profiles of 20 years, and I've mentioned the interest costs. So you should be able to back into kind of the net amount coming out.

Espen Landmark: Okay that's fair. And as a final one, do you foresee any capital calls in the JVs, I guess, beyond the Skaugen? I know there was a refi earlier this year that actually released some cash.

Brody Speers: Yes. In terms of capital calls for injections into the JVs for existing projects, no, we don't foresee any. We did have one in our Marubeni joint venture earlier in the year, as we did that refinancing, but looking forward, everything is appropriately levered and we don't expect anything.

Espen Landmark: All right. Thank you very much.

Operator: We'll take our next question from Jerry Zhou of Citi. Please go ahead.

Jerry Zhou: Hey guys, good morning. Most of my questions have been answered, but I just had two other quick ones. I think if we kind of go back to the big picture about the growing demand, I think specifically out of China, have you guys sort of seen a change or a more fundamental shift in the market, from sort of the Chinese buyers? And how sustainable do you guys think that is moving forward?

Mark Kremin: There's been a big shift. Obviously, I think year to date China is up 45%. We're delivering a fair amount of cargo ourselves to there, both conventionally and through the sub-charter we have. Teekay has two ships doing exclusive China trades right now on the smaller Arctic Spirit and the Polar Spirit. So yes, the short answer is China has been a factor and will continue to be.

Jerry Zhou: Got it, awesome. And then the second question, I just, I think if you turn to slide ten, just about the – any more colour around the – sort of the Yamal LNG Arc7 [inaudible]? I know you guys commented on that in the past. It's still sort of ongoing. Is there any sort of update on your end in terms of how discussions are going?

Brody Speers: Yeah, hi, Jerry. In terms of our new-building financing, so, you know, we just – we announced the 327 million completion for the Bahrain FSU and the BP MEGI LNG carrier, so we're happy with that closing. In terms of the Yamal ships, our focus right now is on the Arc7s, obviously, because our first ship delivery is in January of next year. And we've made significant progress on that financing over the last quarter, and we're getting very close. It's nearing completion, and we expect it to be completed later this year or at the latest by January of next year.

Jerry Zhou: Got it. So, later this year or – got it. Awesome. Thanks, guys, appreciate it.

Operator: Your next question will come from the line of Ben Brownlow of Raymond James, please go ahead.

Ben Brownlow: Hey, thanks for taking the question. You answered part of my question earlier on, but these six LPG carriers – you had some preliminary comments that you touched on the kind of small-scale employment opportunity, and you alluded to taking the commercial management in house. Could you just expand on that change in approach to the market and kind of the timing? Is it largely an opportunity for an LNG conversion, or is it just better capitalising on the LPG market?

Mark Kremin: Well, we actually have seven ships. Six are currently on [inaudible] but one is already in a pool. I think we're – we haven't made the decision yet, but obviously with the lack of revenues we've been receiving from the Norgas pool, it's something we have to consider. I think it's something we have to probably consider in the relatively near term. In terms of – I do think if we ultimately – we do have a good platform for small-scale LNG, and we hopefully can capitalise on that. I can't give you too many comments, but it is – I think it's probably a Q4 event that we need to take a very serious look at it about how we manage the ships going forward.

Ben Brownlow: Great. Thank you.

Operator: And your next question will come from the line of Randy Giveans from Jefferies, please go ahead.

Randy Giveans: Hey guys, thank you. Most of my questions have been already answered as well. Just looking at the preferred offering, just kind of getting some colour on your mindset around issuing that as opposed to issuing common units?

Brody Speers: Hi, Randy. Yeah, the preferred market is one that we've accessed in the past as well, back in Q4 of 2016, and it's the market that we've continued to follow. And our recent issuance primarily was to de-lever and strengthen the balance sheet, but we did like the terms in the market at the time. We thought it was competitively priced, you know, permanent capital. So in terms of comparing that to common, you know, just the preferred offering was, in the long term, the more efficient cost of capital for the company.

Randy Giveans: Okay. And then, I guess lastly, any updated guidance on distribution growth or ramping in the next 12 to 24 months?

Mark Kremin: No, we don't have anything to add to our narratives. We'll be unlikely to do anything in the first half of 2018, for the reasons we stated in the narrative.

Randy Giveans: Fair enough. Thanks so much.

Operator: There are no further questions at this time. Mr Kremin, I'd like to hand it back over to you for closing remarks.

Mark Kremin: Before we say goodbye, we will recap a few points from our call today. First, we are the leading, or a leading owner and operator of LNG carriers with a total of 50 LNG vessels, which includes our 15 LNG carriers currently under construction. Second, our large and diverse portfolio of long-term LNG charters totals over $11 billion of forward revenues and has a weighted average remaining duration of 13 years. Third, LNG shipping rates are well on the road to recovery, which is good for the overall LNG shipping market and will lead to charterers fixing vessels for term charters. And finally, the partnership is focused on increasing distributions to unitholders at the appropriate time and in a sustainable manner. As we said, we'll provide more guidance on that in the second half of 2018. With that said, we thank everyone for the support, and we wish you a pleasant goodbye. Thanks.

Operator: And this concludes today's call. Thank you for your participation, you may now disconnect your lines and have a wonderful day.