# Tourlite's Opinion on GasLog Partners (GLOP)

*May 15th, 2023*

TOURLITE
CAPITAL MANAGEMENT

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# Contents

# Tourlite's New Letter to GasLog

May 15th, 2023

The Board of Directors
GasLog Partners LP
69 Akti Miaouli
18537 Piraeus
Greece

Dear Members of the Board and Conflicts Committee:

We are writing on behalf of Tourlite Capital Management, LP and our affiliates ("Tourlite" or "we"), shareholders of GasLog Partners LP (GLOP).

Since our initial letter, we have analyzed new proxy materials and an analysis performed by Evercore. We disagree with several points that have a substantial impact on valuation. In addition, without a condition that requires a majority of the unaffiliated units, it allows the General Partner to exert significant power over minority shareholders.

We ask BlackRock's Investment Stewardship Committee to review the offer. Contrary to what BlackRock usually stands for as a vocal proponent of corporate governance, we believe the current situation takes advantage of minority shareholders they often claim to support. We are confident that many shareholders have a similar view.

**Considering the new materials, Tourlite estimates fair value of ~$12 per share, an ~39% premium to the current offer. We urge the Board of Directors and the Board's Conflicts Committee to reconsider the current price offered for GasLog, which significantly underestimates the fair value of the assets.**

**Tourlite plans to vote AGAINST the current bid and urges fellow shareholders to do the same.**

Tourlite appreciates the Board's time in considering our analysis. We believe reconsidering the current offer is in the best interest of shareholders. Tourlite owns shares of GLOP and GasLog Preferred.

Best Regards,

Jeffrey G. Cherkin
Managing Partner

Source: Tourlite

# Executive Summary & Situation Overview

# Executive Summary

Tourlite continues to believe the current offer for GasLog Partners LP (GLOP) significantly undervalues the business.

- Evercore's initial recommendation was a price of $10 per share and proposed it to be conditioned upon approval of the majority of the minority shareholders (GLOP affiliates would remove themselves from vote)
- In our view, the current proposed offer of $8.65 per share undervalues GLOP and falls short on a net-asset-value (NAV), EV/EBITDA, and discounted-cash-flow (DCF) basis
- $3.28 of the consideration (38%) is payable as a dividend using cash on the balance sheet and generated by the business before the transaction closes. Therefore, this cash is already ownership of current shareholders and should be adjusted for during valuation analysis
- The current proposed offer further undervalues GLOP when we consider GLOP's latest Q1'23 financial results of strong cash flow and improved balance sheet
- GLOP has been consistent with annual cash distribution per common unit prior to Covid. A reinstatement of FY19 cash distribution implies a 26% yield on management's proposed offer of $8.65
- **Based on our detailed analysis, we believe GasLog shareholders deserve $12 per share**

# Our April 19th Letter to GasLog

April 19th, 2023

The Board of Directors
GasLog Partners LP
69 Akti Miaouli
18537 Piraeus
Greece

Dear Members of the Board and Conflicts Committee:

We are writing on behalf of Tourlite Capital Management, LP and our affiliates ("Tourlite" or "we"). Tourlite is a shareholder of GasLog Partners LP (the "Company" or "GLOP"). We have deep conviction in the extraordinary value of GasLog and its assets.

**We urge the Board of Directors and the Board's Conflicts Committee to reconsider the current price offered for GasLog, which significantly underestimates the fair value of the assets.** We believe the current offer of $8.65 per share is a disservice to shareholders.

**Tourlite estimates a fair value between $10.00 - $12.00 per share, a ~16% - 39% premium to the current offer. We urge shareholders to vote against the current offer.**

There are multiple reasons shareholders should not consider a bid for less than $10 per share:

1. In February 2021, Evercore prepared materials for the Special Committee of the Board of Directors. These materials commented on projections and valuation metrics related to the acquisition by Blackrock. Referring to this third-party analysis, it supports our view that the current offer is substantially below fair value.[1]

   At the time, the low end of the peer group multiple was over 8x EBITDA. Since then, 2022 and 2023e EBITDA is >25% higher than prior projections. A conservative estimate for normalized 2025 EBITDA of $213 million, an 8x multiple, and 8% discount rate would imply a share price of approximately $10 per share.

2. GasLog has been effectively reducing its net leverage over the past few years. This is highly accretive to the Company's valuation. An additional $100 million decrease in net debt adds an incremental $1.89 per share to GLOP's equity value. This represents over 20% of the current share price.

3. The stated "Special Distribution" of $3.28 is misleading as the Company supported a regular dividend around $2 per share prior to Covid. GasLog traded around $20 per share in 2019. A normalized $2 dividend on its current share price represents a yield of ~23%.

**Based on our detailed analysis and our estimate of fair value, Tourlite plans to vote AGAINST the current bid of $8.65 and urge fellow shareholders to do the same.**

As a next step, we look forward to discussing our recommendations with you over the next several weeks. Our goal is to align the interests of all parties, and Tourlite would welcome the opportunity to engage closely with the Board of Directors and management throughout this process.

Tourlite greatly appreciates the Board's time in considering our thoughts and analysis. We strongly believe reconsidering the current offer is in the best interest of the Company's shareholders. For full disclosure, Tourlite and its affiliates own shares of GasLog (GLOP) and GasLog Preferred (GLOP 8 ¾) and stand to benefit if the share price increases.

Best Regards,

Jeffrey G. Cherkin
Managing Partner

[1] SEC filings (February 19, 2021)

Source: Press release

# Timeline of Proposal

Evercore's initial recommendation was $10 per unit with a "majority of the minority" condition.

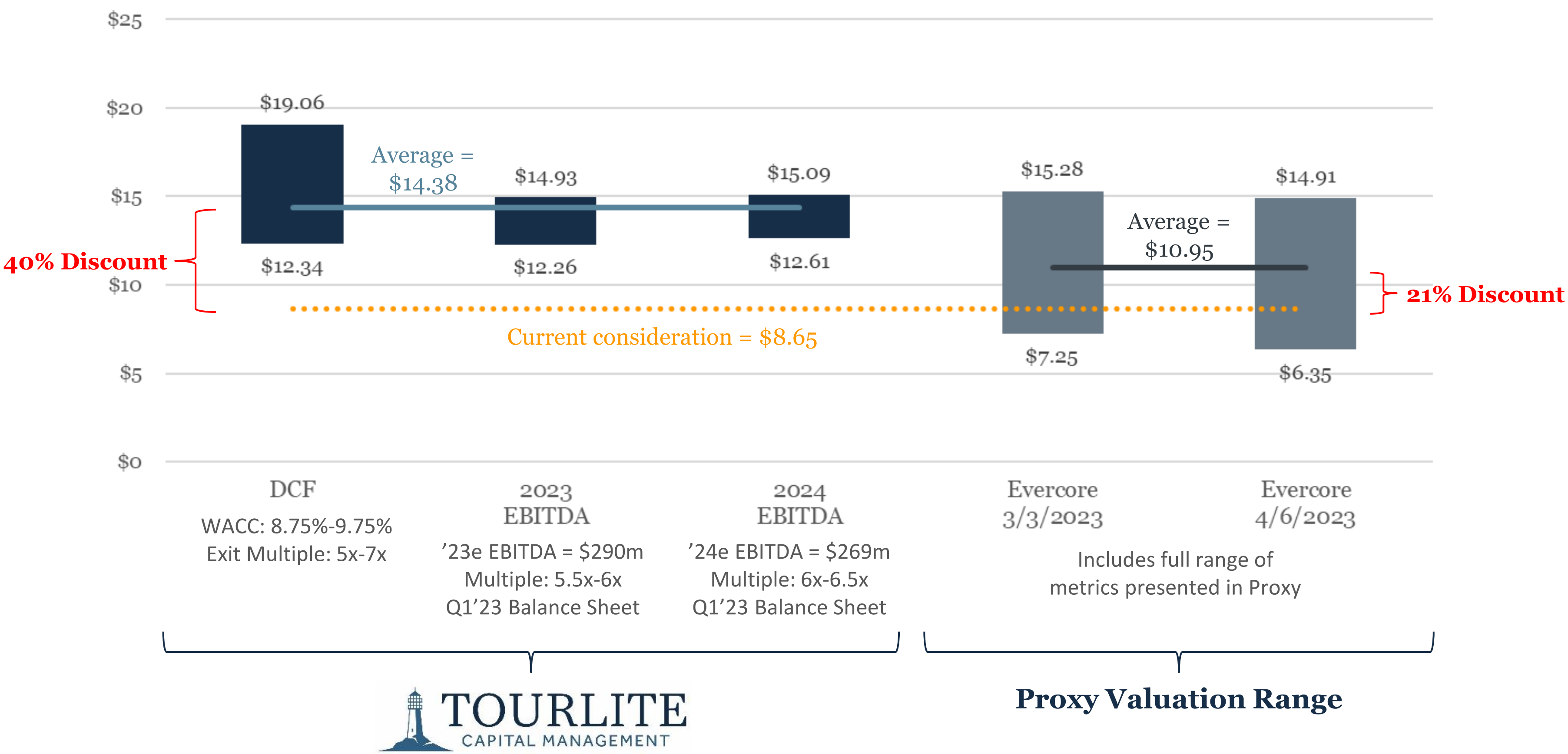
| | |
|---|---|
| **March 3rd** | Conflicts Committee directed Evercore to contact Parent and propose that Unaffiliated Unitholders receive overall value of **$10.00 per common unit**. Evercore also proposed it be conditioned upon receiving the **approval of holders of a majority of the common units held by unaffiliated unitholders** (majority of minority). |
| **March 10th** | Parent rejected the March 3rd counterproposal and proposed $8.02 per common unit. Parent rejected majority of minority condition. |
| **March 14th** | Conflicts Committee and Evercore proposed $9.85 per common unit, conditioned on majority of minority provision. |
| **March 17th** | Parent rejected and proposed $8.10 per common unit and continued its insistence on no majority of the minority provision. |
| **March 19th** | Conflicts Committee and Evercore proposed $9.10 per common unit, conditioned on majority of minority provision. |
| **March 29th** | Parent countered $8.38 per common unit and rejected majority approval of unaffiliated unitholders. Parent also indicated this proposal, March 29, expire on March 31, 2023. |
| **March 30th** | Conflicts Committee proposed $9 per share without majority of minority provision. |
| **March 31st** | Parent proposed "best and final offer" of $8.52. |
| **April 1st** | Conflicts Committee proposed $8.75, without majority of minority provision. |
| **April 3rd** | Parent proposed $8.65, consisting part of special distribution by partnership of $3.28 and remaining $5.37 to be paid by parent. Conflicts Committee accepted offer. |

Source: Company proxy

# Valuation Analysis

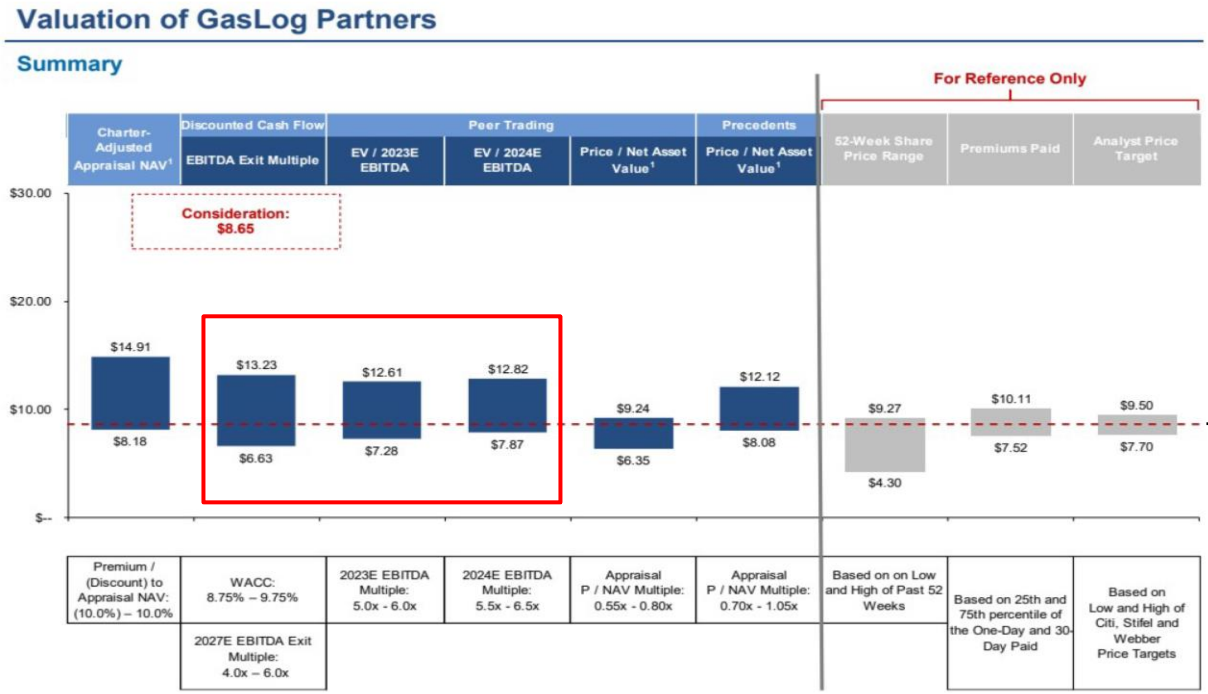
# Current Offer Undervalues GLOP on Multiple Valuation Metrics

## Comparison of Multiple Valuation Frameworks




Source: Company proxy, Tourlite analysis

# Proposed $8.65 Falls Short of Evercore's Valuation




- On a depressed exit terminal multiple of 5.0x, GLOP's $8.65 consideration per common unit is ~13% below Evercore's midpoint DCF valuation
- $8.65 per common unit consideration is further below Evercore's midpoint valuation range when we consider peer trading multiples

| | Charter-Adj. Appraisal NAV | DCF | Peers Trading | | | Precedents |
|---|---|---|---|---|---|---|
| | | | EV / 2023E EBITDA | EV / 2024E EBITDA | Price / Net Asset Value | Price / Net Asset Value |
| 50% of Valuation Range | $11.55 | $9.93 | $9.95 | $10.35 | $7.80 | $10.10 |
| 25% of Valuation Range | $9.86 | $8.28 | $8.61 | $9.11 | $7.07 | $9.09 |
| **Offer Price from 50% Value Range** | **(25.1%)** | **(12.9%)** | **(13.0%)** | **(16.4%)** | **11.0%** | **(14.4%)** |

**A consideration of $10 per common unit is <u>only</u> approximately Evercore's midpoint DCF valuation**

Source: Company proxy

# $2.29 Impact of Out-of-Date Balance Sheet

Evercore's analysis is flawed in that it uses outdated balance sheet data from the fourth quarter of 2022, lowering the implied valuation of GasLog by $2.29 per unit.

| | Balance Sheet Date | | Impact of Change (b-a) |
|---|---|---|---|
| | Q4 2022 (a) | Q1 2023 (b) | |
| Less: Total Debt | ($985) | ($920) | $65 |
| Plus: Cash and Cash Equivalents | $223 | $283 | $60 |
| **Net Cash / (Net Debt)** | **($762)** | **($638)** | **$124** |
| | | / Total Units | 54.324 |
| | | = Dollar Impact per Unit | **$2.29** |
| | | Percentage Impact per Unit | **26%** |

Source: Company financials, Tourlite analysis

# Inconsistent Valuation – Big Discrepancy of Exit Multiple Used

Per Evercore's February 2021 valuation of GasLog, an exit multiple of 9.0x was used on 2025E terminal value. In April 2023, Evercore's used a 5.0x multiple.

February 2021

## Preliminary Valuation of GasLog

### Discounted Cash Flow of GasLog Partners

*($ in millions, except per unit data)*

| | For the Years Ending December 31, 2021E | 2022E | 2023E | 2024E | 2025E | EBITDA Multiple | | Perpetuity Growth |
|---|---|---|---|---|---|---|---|---|
| EBITDA | $199.7 | $210.1 | $218.7 | $219.1 | $214.2 | $214.2 | | $214.2 |
| Less: Capital Expenditures | (28.8) | (14.3) | (17.1) | (8.7) | (16.8) | | | (111.9) |
| Less: Change in Working Capital | (14.4) | 0.8 | 0.1 | (0.0) | 0.0 | | | – |
| Plus / (Less): Other Items | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | | | – |
| Unlevered Free Cash Flow | $156.8 | $196.9 | $202.0 | $210.6 | $197.7 | | | $102.2 |
| Terminal Value Exit EBITDA Multiple / Perpetuity Growth Rate | | | | | | 9.0x | | 2.0% |
| Terminal Value | | | | | | $1,927.5 | | $1,489.8 |
| PV of Terminal Value at 9.0% Discount Rate | | | | | | 1,252.7 | | 968.3 |
| Plus: PV of Unlevered Free Cash Flow at 9.0% Discount Rate | | | | | | | 776.0 | |
| **Implied Enterprise Value** | | | | | | **$2,028.8** | **–** | **$1,744.3** |
| Less: Total Debt Outstanding as of January 1, 2021[1] | | | | | | | (1,306.3) | |
| Plus: Cash and Cash Equivalents as of January 1, 2021 | | | | | | | 103.7 | |
| Less: Preferred Equity[2] | | | | | | | (358.8) | |
| **Implied Equity Value (100% Interest)** | | | | | | **$467.4** | **–** | **$183.0** |
| Total Units as of January 1, 2021[3] | | | | | | | 50.6 | |
| **Implied Price per Unit** | | | | | | **$9.23** | **–** | **$3.61** |
| Total Units Owned by GasLog[3] | | | | | | | 18.3 | |
| **Implied GasLog Partners Value to GasLog** | | | | | | **$168.8** | | **$66.1** |

**Significantly Lower Exit Multiple**
**2021: 9.0x 2023: 5.0x**

**A terminal value multiple should be based on a *"normalized level"* and therefore should not be impacted by the current business cycle**

**Net Debt declined by $441.2m**

April 2023

## Valuation of GasLog Partners

### Discounted Cash Flow of GasLog Partners

*($ in millions, except per unit data)*

| | For the Years Ending December 31, 2023E | 2024E | 2025E | 2026E | 2027E | EBITDA Multiple |
|---|---|---|---|---|---|---|
| EBITDA | $289.5 | $269.0 | $225.7 | $222.2 | $238.3 | $238.3 |
| (–) Capital Expenditures | (38.2) | (54.6) | (90.8) | (28.0) | - | |
| (–) Change in Working Capital | (15.3) | (1.1) | (0.7) | (0.2) | (0.0) | |
| (±) Other Items | - | - | - | - | - | |
| **Unlevered Free Cash Flow** | **$236.0** | **$213.3** | **$134.2** | **$194.1** | **$238.3** | |
| Terminal Value Exit EBITDA Multiple | | | | | | 5.00x |
| Terminal Value | | | | | | $1,191.5 |
| PV of Terminal Value at 9.25% Discount Rate | | | | | | 765.6 |
| (+) PV of Unlevered Free Cash Flow at 9.25% Discount Rate | | | | | | 822.6 |
| **Implied Enterprise Value** | | | | | | **$1,588.2** |
| (–) Total Debt Outstanding as of January 1, 2023[1] | | | | | | (984.5) |
| (+) Cash and Cash Equivalents as of January 1, 2023 | | | | | | 223.1 |
| (–) Preferred Equity[2] | | | | | | (291.1) |
| **Implied Equity Value** | | | | | | **$535.7** |
| Total Units as of January 1, 2023[3] | | | | | | 54.324 |
| **Implied Value per Unit** | | | | | | **$9.86** |

**Evercore's analysis shows Implied Value per Unit has only marginally increased by 6.8% since 2021's valuation despite significant improvement in balance sheet and earnings power**

Source: Form SC 12E3

# Grounds for Exit Multiple Used Underestimates GLOP's Value

Per Evercore's latest valuation of GasLog Partners, justification for exit EV/EBITDA multiple based on 'Fleet Age and Type' has huge discrepancy from historical trading multiple of GasLog Partners and its peers.

April 2023

## Valuation of GasLog Partners

### Discounted Cash Flow of GasLog Partners

*($ in millions, except per unit data)*

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| **Implied Value per Unit** | | | | | | **$9.86** |

**Exit EV/EBITDA Multiple Considerations Based on Fleet Age and Type**

But comparing GasLog Partners and its peers, Dynagas Partners and Flex LNG, **none have traded** below 6.5x EV/EBITDA

LTM EBITDA Multiple

| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | LTM 5/5/23 | Mean | Median | Lowest (exclude LTM) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| GasLog Partners | 10.6x | 9.0x | 9.7x | 10.0x | 9.8x | 7.0x | 7.5x | 6.7x | 5.5x | 8.8x | 9.4x | 6.7x |
| Dynagas Partners | 12.4x | 10.0x | 10.2x | 11.1x | 9.9x | 9.5x | 8.4x | 8.1x | 9.0x | 9.9x | 9.9x | 8.1x |
| Flex LNG | n/a | n/a | n/a | 70.7x | 27.9x | 11.8x | 14.4x | 11.6x | 11.8x | 27.3x | 14.4x | 11.6x |

NTM EBITDA Multiple

| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | NTM 5/5/23 | Mean | Median | Lowest (exclude LTM) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| GasLog Partners | 8.0x | 8.3x | 8.5x | 9.2x | 8.7x | 7.8x | 7.8x | 6.7x | 5.5x | 8.1x | 8.2x | 6.7x |
| Dynagas Partners | 8.8x | 9.1x | 11.0x | 10.4x | 8.9x | 9.3x | 8.7x | 8.5x | 7.6x | 9.3x | 9.0x | 8.5x |
| Flex LNG | n/a | n/a | n/a | 15.9x | 9.3x | 6.8x | 8.9x | 9.9x | 10.7x | 10.2x | 9.3x | 6.8x |

Source: Company financials, CapIQ

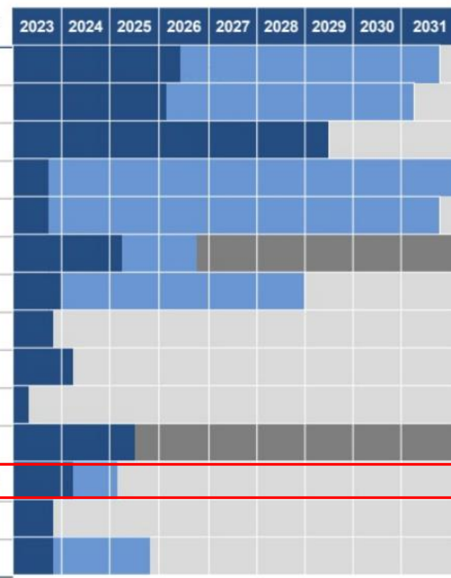
# Charter Overview Excludes Operation for Venice Project

- Venice Energy has agreed with GasLog Ltd. to negotiate a charterparty for supply of a 150,000-cu m floating storage and regasification unit (FSRU) as part of Venice's proposed new LNG import terminal project in Outer Harbor, Port Adelaide, South Australia
- Incremental capital expenditures in Evercore's DCF projection reflects conversion of Methane Jane Elizabeth carrier to FSRU for Venice Energy's project. This is also GLOP's first asset growth

**Charter Overview** *($ in millions, except per day data)*

GasLog Partners has a revenue-weighted average charter duration of 1.7 years

| | Propulsion | Built | Capacity | Charter Free Appraisal[1] | Gross Charter Rate | Charterer |
|---|---|---|---|---|---|---|
| GasLog Glasgow | TFDE | 2016 | 174,000 | $190 | $85,926 | |
| GasLog Greece | TFDE | 2016 | 174,000 | 189 | 85,926 | |
| Methane Becki Anne | TFDE | 2010 | 170,000 | 154 | 82,500 | |
| GasLog Gibraltar | TFDE | 2016 | 174,000 | 191 | 81,000 | |
| GasLog Geneva | TFDE | 2016 | 174,000 | 191 | 81,000 | |
| GasLog Shanghai | TFDE | 2013 | 155,000 | SLB | 86,000 | |
| GasLog Santiago | TFDE | 2013 | 155,000 | 153 | 67,000 | |
| Solaris | TFDE | 2014 | 155,000 | 157 | 149,750 | |
| GasLog Seattle | TFDE | 2013 | 155,000 | 151 | 141,500 | |
| GasLog Sydney | TFDE | 2013 | 155,000 | 153 | 97,000 | |
| Methane Heather Sally | Steam | 2007 | 145,000 | SLB | 52,000 | |
| Methane Jane Elizabeth | Steam | 2006 | 145,000 | 58 | 32,600 | CHENIERE |
| Methane Rita Andrea | Steam | 2006 | 145,000 | 58 | 66,000 | |
| Methane Alison Victoria | Steam | 2007 | 145,000 | 62 | 29,500 | |




Firm Period | Optional Period | Available | Out of fleet

Source: GasLog Partners management
1. Represents average of Fearnley's and Braemar appraised values as of December 31, 2022

**Did not account for Methan Jane Elizabeth's Venice LNG project operation**

- Agreement is 10 years
- Operation expected to begin in 2026

"The Methane Jane Elizabeth begins operations as an FSRU for Venice Project in January 2026"
-- Evercore's Financial Assumption
*Why is this not reflected?*

**Charter rate projected to be $116,800/day, 3x greater than Gross Charter Rate of $32,600/day**

Source: Form SC 12E3

# Proposed Depressed Value of GasLog

1. On March 17, 2023, Sponsor of GasLog Ltd attempted to justify its lower offer:
   - Provided a charter-adjusted NAV based on their internally-developed charter adjustment with a negative mark-to-market value of ~$117m on the fleet's current charters
   - Presented an analysis of six recent S&P transactions occurring at a discount to internally-generated estimated broker values for the assets with an implied 23% discount to the gross values of the broker-supplied appraisals

## 1 Comparison of Net Asset Value Calculations

*($ in millions, except per unit data)*

- Strong contracted cash flow in 1H 2023 will increase NAV through discussions / closing
- As a result of de minimis distributions, substantially all of the cash flow generation increases NAV

| | GLOP Internally Adjusted Broker Values (Feb-23) | | Unadjusted Broker Values (Feb-23) | | |
|---|---|---|---|---|---|
| | Charter-Adj. | 23% S&P Discount | | | |
| | Dec-22 B/S | Dec-22 B/S | Dec-22 B/S | Mar-23 B/S | Jun-23 B/S |
| Steams 145cbm | $177.8 | $136.9 | $177.8 | $177.8 | $177.8 |
| Steams 145cbm SLB[1] | 28.4 | 28.4 | 28.4 | 28.4 | 28.4 |
| TFDEs 155cbm | 625.0 | 481.3 | 625.0 | 625.0 | 625.0 |
| TFDEs 155cbm SLB[1] | 64.7 | 64.7 | 64.7 | 64.7 | 64.7 |
| TFDEs 170cbm | 156.8 | 120.7 | 156.8 | 156.8 | 156.8 |
| TFDEs 174cbm | 779.0 | 599.8 | 774.0[2] | 774.0[2] | 774.0[2] |
| **Gross Asset Value** | **$1,831.6** | **$1,431.8** | **$1,826.6** | **$1,826.6** | **$1,826.6** |

Proxy shows no information on the six S&P transactions occurring at substantial 23% discount. ***Is this selection bias?***

"On March 30, 2023, GasLog Partners completed the sale and lease-back of the GasLog Sydney, a 155,000 cubic meter ("cbm") TFDE LNG carrier, built in 2013, with CDBL." -- April 27, 2023 press release

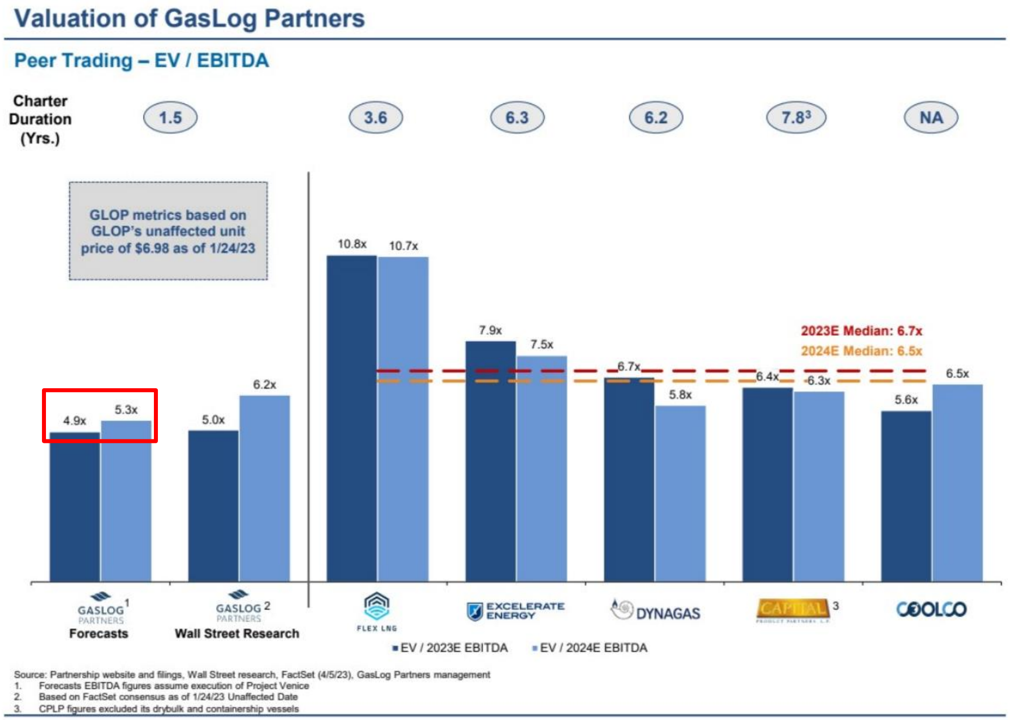
| | GasLog Sydney |
|---|---|
| Charter Fee Broker's Appraisal as of 2/28/23 | $155 |
| Sale price to CDBL | $140 |
| Discount to Appraisal | 9.7% |
| Average Sponsor TFDE 155cbm Discount | 23% |
| Discrepancy | **13.3%** |

GasLog Sydney was sold for ~10% below appraisal price, 13.3% above Sponsor's average discount on TFDE 155cbm assets. Moreover, age of this asset is ~10 years

Source: Form SC 12E3

# Proposed Depressed Value of GasLog (continued)

2. On March 17, 2023, Sponsor of GasLog Ltd attempted to justify their lowball offer:
   - Initially highlighted CoolCo as a relevant comparable, then presented new materials arguing that GasLog Partner should be valued at a discount to CoolCo. The Sponsor fails to present the 'new materials' in the proxy
   - Even though GLOP is an MLP and, on average, has older fleets (by 3.7 years), GLOP still has lower spot exposure than CoolCo and a significantly stronger capital structure




Despite lower spot exposure and a significantly stronger balance sheet, GasLog multiple lags CoolCo. The disparity is bigger considering GasLog Partner's Q1'23 financials

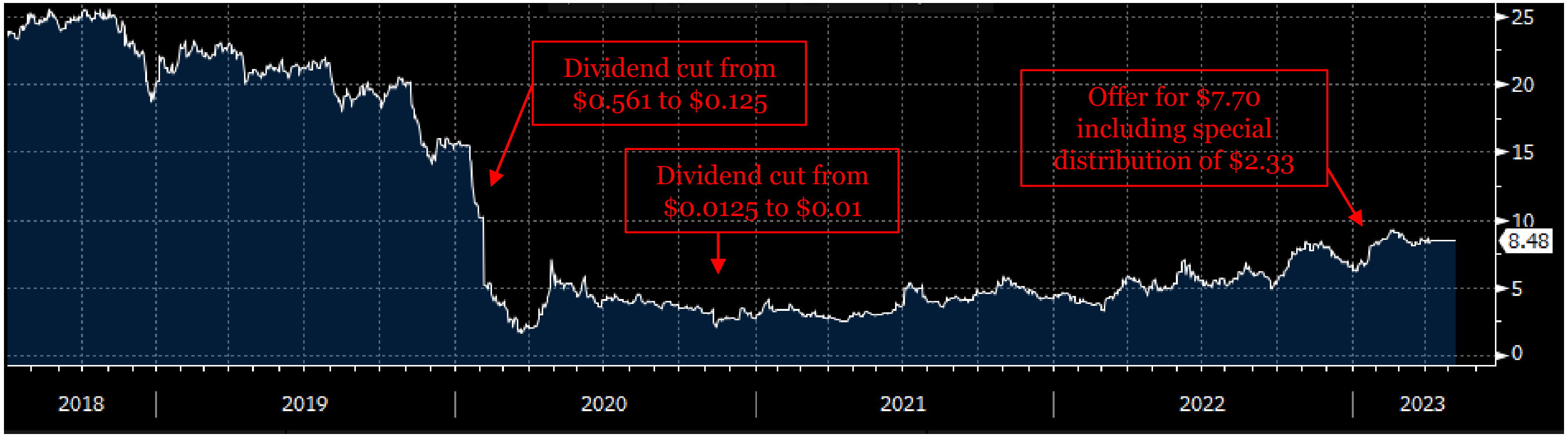
| FY 2022 | GLOP | CoolCo | Flex LNG | Dynagas |
|---|---|---|---|---|
| Net Debt/EBITDA | 2.8x | 6.9x | 5.2x | 5.5x |
| Interest Coverage | 7.3x | 4.1x | 20.5x | 3.0x |

Source: Form SC 12E3, Company financials, CapIQ

# “Special Distribution”

# History of Dividend Distributions

Historically, GasLog offered investors substantial cash distributions. Today, GasLog is in a much stronger position to increase its cash distribution per common unit. The “Special Distribution” masks the true value of GasLog.




| | FY18 | FY19 | FY20 | FY21 | FY22 |
|---|---|---|---|---|---|
| Annual Cash Distribution per Common Unit | $2.14 | $2.28 | $0.83 | $0.04 | $0.04 |
| Distribution Yield | 10.7% | 13.7% | 30.2% | 0.9% | 0.6% |
| | | | | | |
| EBITDA | $293 | $284 | $240 | $237 | $274 |
| Unlevered FCF | $240 | $298 | $203 | $221 | $275 |
| Levered FCF | $158 | $205 | $131 | $160 | $207 |
| | | | | | |
| Trading EV/NTM EBITDA Multiple | 9.2x | 8.7x | 7.8x | 7.8x | 6.7x |

**Stronger Balance Sheet + Stronger FCF from Lower Leverage**

**A reinstatement of the 2019 $2.28 cash distribution would imply a distribution yield of 26% at the $8.65 takeout price**

Historic Strong Distribution Yield

Source: Company financials, Bloomberg

# “Special Distribution” Masks the True Value of GasLog

The $8.65 consideration from GasLog includes a $3.28 “special distribution.” In our view, this should be adjusted to the valuation analysis as the cash used is already on the balance sheet and generated by the business before the transaction closes, and therefore, should be considered the ownership of current shareholders.

| | Current Consideration | Adjustments | | Tourlite Adjusted Metrics |
|---|---|---|---|---|
| | | March 31 Balance Sheet | Special Distribution | |
| Unit Value | $8.65 | -- | ($3.28) | $5.37 |
| Total Units Outstanding | 54.324 | -- | -- | 54.324 |
| Implied Equity Value | $470 | -- | -- | $292 |
| Plus: Total Debt | $985 | ($65) | -- | $920 |
| Less: Cash and Cash Equivalents | ($223) | ($60) | $178 | ($104) |
| Plus: Preferred Equity | $291 | -- | -- | $291 |
| Implied Enterprise Value | $1,522 | ($125) | $178 | $1,399 |
| | | *Impact on Valuation Multiple* | | |
| 2022A EBITDA ($274m) | 5.5x | *(7%)* | | **5.1x** |
| 2023E EBITDA – Forecast ($290m) | 5.3x | *(9%)* | | **4.8x** |
| 2024E EBITDA – Forecast ($269m) | 5.7x | *(8%)* | | **5.2x** |

Source: Company financials and proxy

TOURLITE

CAPITAL MANAGEMENT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