Guyana Deep Water III UK Limited

Annual Report and Financial Statements

For the year ended 31 December 2021

7 Albermaie Street
London, W1S 4HQ
Company Number 11942947
Subscribed capital: 100 USD

Guyana Deep Water III UK Limited
For the year ended 31 December 2021

Content

Directors' report

Directors' report for the year ended 31 December 2021

The directors present their report and the audited financial statements of the company for the year ended 31 December 2021.

Future developments

The principal activity of Guyana Deep Water III UK Limited is to charter the Floating Production Storage and Offloading system (FPSO) Liza Prosperity to ESSO E&P Guyana Ltd. The Final Investment Decision (Phase 2) has been released in October 2020.

The charter contract for the Liza Prosperity will start when production commences from the associated oil and gas fields. It is expected that the certificate of production will be issued by our client ESSO E&P Guyana Ltd in summer 2023.

Going Concern

The directors have formed a judgement at the time of approving the financial statements that the group has appropriate resources to continue in existence for the foreseeable future. In forming this judgement, the directors have considered sensitivities to the group's approved business plan and latest reforecast. The company has received confirmation from the parent company of continued support for at least the next 12 months from the date of signing these financial statements. Accordingly, the company continues to adopt the going concern basis in preparing the financial statements.

Dividends

During the year, no dividend was paid, and no dividend is proposed for 2021 (2020: Nil).

Financial Risk Management objectives and policies

The Company's activities expose it to a variety of financial risks, market risk (mainly interest rate risk), credit risk and liquidity risk. The company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

The Company's principal financial instruments comprise trade and other receivables/payables and cash and cash equivalents. The main risks arising from the Company's financial instruments are market risk, credit risk and liquidity risk.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's other financial assets, trade and other receivables (including committed transactions) and cash and cash equivalents.

For trade debtors the credit quality of the company's unique customer Esso Exploration and Production Guyana Limited "ESSO E&P Guyana Ltd" is assessed, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal analysis or external ratings in accordance with limits approved by the Management Board. At the statement of financial position date there is no customer that has an overdue balance of receivables.

Market risk

Market risk is the risk that changes in market prices, such as interest rates will affect the Company's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Directors' report

Financial Risk Management objectives and policies (continued)

Interest rate risk

The Company's exposure to risk for changes in market interest rates relates primarily to the group of which the company forms a part long-term debt obligation with a floating interest rate. In respect of managing interest rate risk, the floating interest rates of long-term loans are hedged within the group by fixed rate swaps for the entire maturity period.

Interest rate benchmark reform

The reform and replacement of benchmark interest rates such as USD LIBOR 3M and other interbank offered rates ('IBORs') has become a priority for global regulators. On 5 March 2021, LIBOR's administrator (IBA) set out clear end-dates for new use of USD LIBOR and its cessation as a representative rate:
■ December 31, 2021: Cessation of USD LIBOR 1W and 2M tenors; deadline for most of new contract to use USD LIBOR as sole reference,
■ June 30, 2023: Cessation of remaining USD LIBOR tenors.

To transition existing contracts and agreements that reference USD LIBOR to Secured Overnight Financing Rate ('SOFR') as the benchmark for US$ denominated derivatives and loans, adjustments for term differences and credit differences might need to be applied to SOFR, to enable the two benchmark rates to be economically equivalent on transition. The Company's Treasury department is managing SBM Offshore's IBOR transition plan with the support of the Company's
Legal department. The greatest change will be amendments to the contractual terms of the USD LIBOR-referenced floating rate debt and the associated interest rate swaps and the corresponding update of the hedge designation. However, the changed reference rate may also affect other systems, processes, risk and valuation models.
Any contract referring to USD LIBOR 1W and 2M tenors has been successfully amended by the Company prior to December 31, 2021 in order to no longer use these LIBOR settings.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and abnormal conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Liquidity is monitored using rolling forecasts of the Company's liquidity reserves on the basis of expected cash flows.

Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Principal risks and uncertainties

Impact of COVID-19 pandemic

The COVID-19 pandemic has emerged in 2020 and impacted the global economy and the demand for energy. During 2021, the challenges for and impact on many areas of the global economy due to the pandemic have persisted. Despite this, the Company has been able to continue to manage these challenges.

Directors' report

Principal risks and uncertainties (continued)

Brexit

On 23 June 2016 the United Kingdom voted to leave the European Union and has stopped being a member of the EU on January 31, 2020. There were no financial and economic consequences for the Company as the result of the UK leaving the EU.

Directors

The directors of the company who were in office during the year and up to the date of signing the financial statements were:

Morel d'Arleux, O. (appointed 12th April 2019)
Leyen, G. G. (appointed 4th November 2020)

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual report and financial statements and the financial statements in accordance with applicable law and regulation.
Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).
Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Directors' confirmations

In the case of each director in office at the date the directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Directors' report

Section 172 statement

During the 2021 financial year the Directors have acted, and they continue to act, in good faith to ensure the success of the Company for the benefit of its shareholder, and for the benefit of a wide range of stakeholders. These stakeholders include:

Suppliers
The Company relies on its suppliers to provide quality goods and services in order to maintain the highest standards of operation, safety and reliability in meeting the needs of its customers. The Company is committed to having professional and ethical relationships with its suppliers and the Company clearly articulates its stance on anti-corruption, anti-bribery, and modern slavery with all of its suppliers, and requires that the highest standards of ethics are met. The Company has a fair process with respect to tendering of contracts and engaging with new suppliers.

Customers
The Company works to maintain a professional and ethical relationship with all of its customers and is again clear on its stance against corruption, bribery and modern slavery. There is regular communication between the Company and its customers through both formal and informal channels, and the Company carries out regular reviews of customer satisfaction feedback.

The local community
The Company has a corporate social responsibility to operate safely and effectively within the local community. The Company operates a local charitable fund known as 'Smile' which supports local charities through various fundraising events which are organised by employees of other member companies of the group or similar, and the proceeds of which are match funded by the Company up to a pre-set maximum. The Company is committed to minimising its environmental impact and uses targets to measure performance in this field and to continually drive improvements.

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware; and each director has taken all steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Independent auditors

A resolution to reappoint PricewaterhouseCoopers LLP as auditors will be put to the members at the Annual General Meeting.

On behalf of the board on the 31 May 2022.

The Director
Morel d'Arleux, O.

Independent auditors' report to the members of Guyana Deep Water III UK Limited

Report on the audit of the financial statements

Opinion

In our opinion, Guyana Deep Water III UK Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Statement of Financial Position as at 31 December 2021; the Income Statement and the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

Independent auditors' report to the members of Guyana Deep Water III UK Limited (Continued)

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' report for the year ended 31 December 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Independent auditors' report to the members of Guyana Deep Water III UK Limited (Continued)

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to UK Tax law, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting of inappropriate journal entries. Audit procedures performed by the engagement team included:

- enquiries of management including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- reviewing relevant meeting minutes, including those of the Board; and
- identifying and testing journal entries, in particular any journal entries posted with unexpected account combinations, post-close entries and entries posted by unexpected users where any such journal entries were identified.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to: take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.

Jason Clarke (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Cardiff
1 June 2022

Guyana Deep Water III UK Limited
For the year ended 31 December 2021

Income Statement

For the year ended 31 December 2021

In US$	*Note*	31 December 2021	31 December 2020
Administrative expenses	3	(47,542)	(49,267)
Operating loss		**(47,542)**	**(49,267)**
Finance expense	4	(7,084)	(533)
Net finance costs		**(7,084)**	**(533)**
Loss before Income Tax		**(54,626)**	**(49,800)**
Income tax expense	6	-	-
Loss for the financial year		**(54,626)**	**(49,800)**

All amounts relate to continuing operations

There is no other comprehensive income for the year and therefore no separate statement of comprehensive income has been prepared.

Guyana Deep Water III UK Limited
For the year ended 31 December 2021

Statement of Financial Position

As at 31 December 2021

in US$	*Note*	31 December 2021	31 December 2020
ASSETS			
Inventories	8	817,194,120	-
Trade and other receivables	7	100	100
Tax receivables	7	78,826	9,059
Cash and cash equivalents		1,668,346	-
Total current assets		**818,941,392**	**9,159**
LIABILITIES			
Creditors: Amount falling due within one year	12	(3,138,843)	(102,615)
Total current liabilities		**(3,138,843)**	**(102,615)**
Loans and borrowings	11	(815,950,631)	-
Total non-current liabilities		**(815,950,631)**	-
Net current asset/(liabilities)		**815,802,549**	**(93,456)**
Net (liabilities)		**(148,082)**	**(93,456)**
EQUITY			
Called up share capital	9	100	100
Accumulated losses		(148,182)	(93,556)
Total Equity		**(148,082)**	**(93,456)**

The notes on pages 11 to 21 are an integral part of these financial statements.

The financial statements on pages 8 to 21 were authorised for issue by the board of directors on 31 May 2022 and were signed on its behalf by

Morel d'Arleux, O.
Director

Guyana Deep Water III UK Limited
Company no 11942947

Statement of Changes in Equity

For the year ended 31 December 2021

in US$	Called up Share capital	Accumulated losses	Total
At 01 January 2021	**100**	**(93,556)**	**(93,456)**
Loss for the financial year	-	(54,626)	(54,626)
Total comprehensive expense for the year	**-**	**(54,626)**	**(54,626)**
At 31 December 2021	**100**	**(148,182)**	**(148,082)**

in US$	Called up Share capital	Accumulated losses	Total
At 01 January 2020	**100**	**(43,756)**	**(43,656)**
Loss for the financial year	-	(49,800)	(49,800)
Total comprehensive expense for the year	**-**	**(49,800)**	**(49,800)**
At 31 December 2020	**100**	**(93,556)**	**(93,456)**

The notes on pages 11 to 21 are an integral part of these financial statements.

Notes to the financial statements

1 - General information

The activity of the company is to charter the Floating Production Storage and Offloading system (FPSO) Liza Prosperity to ESSO E&P Guyana Ltd. The contract to charter the FPSO Liza Prosperity has an initial finance lease period of up to 2 years. The Final Investment Decision (Phase 2) has been released October 2020. The charter contract for the FPSO Liza Prosperity will start when production commences on the associated oil and gas fields. It is expected that the certificate of production will be issued by our client ESSO E&P Guyana Ltd in summer 2023, as such, the company has not yet commenced its commercial operations

The company is a private company, limited by shares which was incorporated on the 12th April 2019 and is domiciled in England, United Kingdom. The company is owned by SBM FPS Holding Inc S.A., a company incorporated in Switzerland, which is 100% owned by the ultimate parent company, SBM Offshore N.V., domiciled in Rotterdam, the Netherlands.

SBM Offshore N.V. head offices are at Evert van de Beefstraat 1-77, 1118 CL Amsterdam, the Netherlands. The consolidated financial statements are deposited at the Chamber of Commerce in Rotterdam and are available on the website www.sbmoffshore.com.

2 - Significant accounting policies

The principle accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the period presented unless otherwise stated.

Basis of preparation

The financial statements of Guyana Deep Water Operations III UK Limited have been prepared in accordance with The Companies Act 2006 as applicable to companies using FRS 101 (Reduced Disclosure Framework). The financial statements have been prepared under the historical cost convention.

The Company is a qualifying entity for the purposes of FRS 101. The following notes give details of the Company's ultimate parent and from where consolidated financial statements prepared in accordance with IFRS may be obtained.

The application of FRS 101 has enabled the Company to take advantage of certain disclosure exemptions that would have been required had the Company adopted International Financial Reporting Standards in full. The only such exemptions that the directors consider to be significant are:

a) The requirements of IFRS 7 Financial Instruments: Disclosures
b) The requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of;
   - Paragraph 79 (a)(iv) of IAS 1;
   - Paragraph 73(e) of IAS 16 Property, Plant and Equipment;
   - Paragraph 118(e) of IAS 38 Intangible Assets;
c) The requirements of IAS 7 Statement of Cash Flows;
d) The requirements of IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.
e) The requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors in relation to standards not yet effective; and
f) Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation).

The Company has notified its shareholder about, and the shareholder does not object to, the use of the disclosure exemptions used by the Company in these financial statements. Where required, equivalent disclosures are given in the group financial statements of SBM Offshore N.V..

Notes to the financial statements
2 - Significant accounting policies

The Company has adopted the following new standards as of January 1, 2021:

- Amendments to IFRS 7, IFRS 9 and IAS 39 – 'Interest Rate Benchmark Reform Phase 2
- Amendment to IFRS 16 Leases – 'COVID-19-Related Rent Concessions' including 'IFRS 16 and COVID-19 beyond 30 June 2021'
- IFRIC Interpretation of IAS 19 Employee Benefits – 'Attributing Benefit to Periods of Service'

IFRS 7, IFRS 9 and IAS 39 – Interest Rate Benchmark Reform Phase 2
The Phase 2 amendments that were published in August 2020 address issues that arise during the reform of an interest rate benchmark when the replacement of IBOR with an alternative one is necessary. The key reliefs provided by the Phase 2 amendments are as follows:
- When changing the reference rate used to determine contractual cash flows for financial assets and liabilities (including lease liabilities), the relief has the effect that changes in the reference rate will not result in immediate gains and losses in the income statement.
- The hedge accounting reliefs will allow most hedge relationships that are directly affected by the reform to continue. However, additional hedge ineffectiveness could possibly arise.

The adoption of the amendments did not have a material accounting impact on the financial statements for the year ended December 31, 2021.

IFRS 16 - COVID-19-Related Rent Concessions
The amendment to IFRS 16 permits lessees, as a practical expedient, not to assess whether particular rent concessions occurring as a direct consequence of the COVID-19 pandemic are lease modifications and instead to account for those rent concessions as if they are not lease modifications. The amendment does not affect lessors.
This amendment had no impact on the consolidated financial statements for the year ended December 31, 2021.

IAS 19 Employee Benefits – 'Attributing Benefit to Periods of Service'
During May 2021 the IFRIC received a request to clarify the accounting treatment of attributing the defined benefit cost in relation to the periods of service. The request focused on the attribution of defined benefit cost when (i) employees are entitled to a lump sum payment when they reach a specified retirement age provided they are employed by the entity when they reach that retirement age, and (ii) the amount of the retirement benefit to which an employee is entitled depends on the length of employee service with the entity before the retirement age and is capped at a specified number of consecutive years of service.
The Committee concluded that the current standard provides sufficient guidance regarding the appropriate treatment. This clarification did not have a material impact on the consolidated financial statements for the year ended December 31, 2021.

Notes to the financial statements
2 - Significant accounting policies

Going Concern

As at December 31, 2021 the Company's current liabilities exceeded current assets and had a negative net equity. As the company is not currently generating revenue it meets its day to day working capital requirements through cash resources from the parent company.

The directors have formed a judgement at the time of approving the financial statements that the group has appropriate resources to continue in existence for the foreseeable future. In forming this judgement the directors have considered sensitivities to the group's approved business plan and latest reforecast. The company has received confirmation from the parent company of continued support for at least the next 12 months. Accordingly, the company continues to adopt the going concern basis in preparing the financial statements.

Foreign currency translation

Functional and presentation currency
Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates (the "functional currency"). The functional currency of the offshore oil and gas industry is the US Dollar, which is the functional and presentation currency of the Company.

Transaction and balances
Foreign currency transactions are translated into the functional currency, the US dollar, at the exchange rate applicable on the transaction date. At the closing date, monetary assets and liabilities stated in foreign currencies are translated into the functional currency at the exchange rate prevailing on that date. Resulting exchange gains or losses are directly recorded in the income statement. At the closing date, non-monetary assets and liabilities stated in foreign currency remain translated into the functional currency using the exchange rate at the date of the transaction.

Notes to the financial statements
2 - Significant accounting policies (continued)

IFRS 16 - leases

IFRS 16 provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases, unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17.

Leases: Accounting by lessor

A lease is an agreement whereby the lessor conveys to the lessee in return for a payment, or series of payments, the right to use an asset for an agreed period of time.

Leases of property, plant and equipment where the Company has transferred substantially the risks and rewards of ownership are classified as finance lease. When assets are leased out under a finance lease, the present value of the lease payments is recognized as a financial asset. The difference between the gross receivable and the present value of the receivable is recognized as unearned finance income. Lease income is, as of the commencement date of the lease contract, recognized over the term of the lease using the net investment method, which reflects a constant periodic rate of return.

During the construction phase of the facility, the contract is accounted for as a construction contract.

In the future the company will hold a lease contract.

Issued share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Provision
A provision is recognized in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount has been reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows at a pretax rate that reflects current market assessments of the time value of money and, when appropriate, the risk specific to the liability. Subsequently, the interest accrued on discounted provisions will be recognized as financial expenses.

Trade and other payables
Trade and other payables are stated at fair value and subsequently measured at amortised cost.

Dividend distribution
Dividend distribution to the Company's shareholders is recognized as a liability in the period in which dividends are approved by the Company's shareholders.

Financial Assets and Liabilities

IFRS 9 includes requirements for the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets.

Notes to the financial statements
2 - Significant accounting policies

Financial Assets and Liabilities (continued)

Classification and measurement

IFRS 9 includes amended guidance for the classification and measurement of financial assets. IFRS 9 classifies financial assets in the following measurement categories: i) those to be measured subsequently at fair value (either through Other Comprehensive Income ("OCI"), or through profit or loss), and ii) those to be measured at amortized cost. The classification under IFRS 9 for financial assets is driven by the entity's business model for managing financial assets and their contractual cash flow characteristics. The Company's financial assets consists of trade receivables. The Company has assessed the business models that apply to its financial assets and concluded that the adoption of IFRS 9 has no impact on the classification and initial measurement of the existence.

Furthermore, IFRS 9 did not introduce any changes for the classification and measurement of financial liabilities.

Impairment of financial assets

IFRS 9 introduces an impairment model based on "expected credit losses" (ECL), using forward looking information, whereas its predecessor IAS 39 referred to incurred losses. The Company has the following types of assets that are subject to IFRS 9's new expected credit loss model:

- Trade receivables;
- Construction work-in-progress;
- Finance lease receivables;
- Other financial assets.

The Company was required to revise its impairment methodology under IFRS 9 for each of these classes of assets.

Construction work-in-progress and trade receivables

The Company applies the simplified approach in measuring expected credit losses for construction work-in-progress and trade receivables. Construction work-in-progress relates to unbilled work-in-progress and has substantially the same risk characteristics as the trade receivables for the same types of contracts. The Company has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for construction work-in-progress.

To measure the expected credit losses for significant construction work-in-progress balances and trade receivable balances, the Company uses the credit risk of individual debtors and days past due. Furthermore, the Company used historical credit loss experience to determine a 1% expected credit loss rate on individually insignificant construction work-in progress and trade receivable balances.

Construction work-in-progress balances and trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to make contractual payments in line with an agreed-upon repayment plan or the failure to engage in a repayment plan with the Company at all.

Inventory

IFRS 15 specifies how and when an IFRS reporter recognizes revenue and requires such entities to provide users of financial statements with more informative, relevant disclosures. The standard provides a single, principle-based five-step model, to be applied to contracts with customers to provide goods or services in the ordinary course of business. This standard is mandatory as of January 1, 2018.

Lease and Operate contracts
The Company provides to its customers possibilities to lease the units under charter contracts. The charter contracts are multi-year contracts and most of them contain options to extend the term of the lease or terminate the lease earlier. Some of the contracts contain also purchase options that are exercisable throughout the lease term.

Notes to the financial statements
2 - Significant accounting policies
Inventory (continued)

Contract costs
The incremental costs of obtaining a contract with a customer (for example sales commissions) are recognized as an asset. The Company uses a practical expedient that permits to expense the costs to obtain a contract as incurred when the expected amortization period is one year or less. Costs of obtaining a contract that are not incremental are expensed as incurred unless those costs are explicitly chargeable to the customer. Bid, proposal, and selling and marketing costs, as well as legal costs incurred in connection with the pursuit of the contract, are not incremental, as the Company would have incurred those costs even if it did not obtain the contact. If the costs incurred in fulfilling a contract with a customer are not within the scope of another Standard (for example, IAS 2 Inventories, IAS 16 Property, Plant and Equipment or IAS 38 Intangible Assets), the Company recognizes an asset for the costs incurred to fulfil a contract only if those costs meet all of the following criteria:

- The costs relate directly to a contract or to an anticipated contract that the Company can specifically identify for example, costs relating to services to be provided under renewal of an existing contract or costs of designing an asset to be transferred under a specific contract that has not yet been approved);
- The costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and
- The costs are expected to be recovered.

An asset recognized for contract costs is amortized on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates.

Critical Accounting Estimates and Judgements
When preparing the financial statements, it is necessary for the Management of the Company to make estimates and certain assumptions that can influence the valuation of the assets and liabilities and the outcome of the income statement. The actual outcome may differ from these estimates and assumptions, due to changes in facts and circumstances. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable.

Estimates
Significant areas of estimation and uncertainty in applying accounting policies that have the most significant impact on amounts recognized in the financial statements are:

The Company's exposure to litigation with third parties and non-compliance:
The Company identifies and provides analysis on a regular basis of current litigation and measures, when necessary, provisions on the basis of its best estimate of the expenditure required to settle the obligations, taking into account information available and different possible outcomes at the reporting period.

Notes to the financial statements
2 - Significant accounting policies

Judgments
In addition to the above estimates, the Management exercises the following judgements:

In the future the company will hold a finance lease contract, from this time a key judgment will be a lease classification.

Lease classification as Lessor:
When the Company enters into a new lease arrangement, the terms and conditions of the contract are analyzed in order to assess whether or not the Company retains the significant risks and rewards of ownership of the asset subject of the lease contract. To identify whether risks and rewards are retained, the Company systematically considers, amongst others, all the examples and indicators listed by IFRS 16.63 on a contract by contract basis. By performing such analysis, the Company makes significant judgement to determine whether the arrangement results in a finance lease or an operating lease. This judgement can have a significant effect on the amounts recognized in the consolidated financial statements and its recognition of profits in the future.

3 Administrative expenses

The administrative expenses which were not directly attributable to the construction costs are allocated to the operating result until first oil.

There were no employees during the year (2020: nil).

Administrative expenses can be broken down as follows:

in US$	**2021**	**2020**
Audit fees	42,300	42,300
Legal expenses	5,242	6,967
Total	**47,542**	**49,267**

4 Finance expenses

Finance expenses can be broken down as follows:

in US$	**2021**	**2020**
Interest	(807)	-
Currency variance	(3,105)	65
Interest on loan on affiliated company	-	(133)
Other finance costs	(3,172)	(465)
Total finance expenses	**(7,084)**	**(598)**

5 Remuneration of the directors

The Board of Directors of the Company did not receive any remuneration during the year ended 31 December 2021 (2020: None).

Notes to the financial statements (continued)

6 Income tax expense

The company has no taxable income and as a result there is no income tax charge recognized in the financial statements for the year ended 31 December 2021 (2020: None).
The rate of corporation tax in the UK during the year was 19% (2020: 19%).
As indicated in Note 1 The activities of the company have not yet started and the Company has no taxable income at year end. Consequently, no income tax charge is recognized in the financial statements for the year ended 31 December 2021.

On 3 March 2021, the UK Budget 2021 announcements included measures to support economic recovery as a result of the ongoing COVID-19 pandemic. These included an increase to the UK's main corporation tax rate to 25.0%, which is due to be effective from 1 April 2023. As not substantively enacted at the balance sheet date, the effects are not recognised in these accounts. The impact is not expected to be material.

7 Trade and other receivables and tax receivables

Trade and other receivables can be specified as follows:

in US$	2021	2020
Receivables from SBM FPS Holding SA	100	100
Trade and other receivables	100	100
Tax receivables	**78,826**	**9,059**
Total	**78,926**	**9,159**

Tax receivables
The Tax receivables relates to the VAT to claim to the HMRC

8 Inventories

Inventories are not recognised as an expense during the year ended 31 December 2021.

in US$	2021	2020
Inventory	817,196,007	-
Impairment on contract assets	(1,887)	-
Total	**817,194,120**	-

The inventory is the cost related to the construction of the vessel and will be recognised at cost at 1st oil under a finance lease contract.

9 Called up share capital

The share capital of the Company consists of 100 shares (2020: 100 shares), with a nominal value of USD 1 each(2020: USD 1). The Company was incorporated on April 12th, 2019 with a share capital of USD 100. The Company did not acquire any of its own shares over the financial year ended 31 December 2021 (2020: None).

Notes to the financial statements (continued)

10 Loans and borrowings

The loan and borrowings can be displayed as below:

- Bank loan:

in US$	2021	2020
Non-current portion	-	-
Add: current portion	-	-
Remaining principal at 1 January	-	-
Additions drawdown	627,275,084	-
Additions Interests	5,266,631	-
Redemptions	-	-
Transaction and amortised costs	(17,681,734)	-
Movements	614,859,981	-
Remaining principal at year-end	614,859,981	-
Less: current portion	-	-
Non-current portion	**614,859,981**	-

The loan is a project financing for a total of US$1.05 billion and was secured by a consortium of eleven international banks.
The Prosperity Project finance facility maturity date is August 31, 2025.
Its drawdowns will be phased over the construction period of the FPSO Prosperity. The project loan will carry a variable interest cost of LIBOR plus 1.90% prior to the Parent Company Guarantee date and 1.60% after.

- Current loan with SBM Holding Inc S.A.:

in US$	2021	2020
Remaining principal at 1 January	-	-
Additions drawdown with SBM FPS Holding Inc	742,435,000	-
Additions Interests	1,220,650	-
Redemptions	(542,565,000)	-
Transaction and amortised costs	-	-
Movements	**201,090,650**	-
Remaining principal at year-end	**201,090,650**	-
Less: current portion	-	-
Non-current portion	**201,090,650**	-

This is a shareholder loan subordinated to the project financing.
The interest rate on the Loan will be 1.25% per annum in 2021 and will be subject to yearly revision pursuant to the annual release by the Swiss Federal Tax Administration of the circular about safe harbour interest rates on Intra Group loans.

Notes to the financial statements (continued)

11 Creditors: Amounts falling due within one year

Trade and other payables can be specified as follows:

In US$	31 December 2021	31 December 2020
Payable to affiliates		
Payables loan to SBM Holding Inc S.A.	-	31,246
Payables to SBM Holding Inc S.A.	-	23,544
Payables to SBM Inc	5,098	5,523
Accrued interest to SBM FPS Holding Inc S.A.	6,982	-
Accrued expenses to SBM Holding Inc S.A.	-	2
Total Payable to affiliates	**12,080**	**60,315**
Payable to third party		
Trade payables	47,402	-
Bank loan accrued interests	3,037,061	-
Accrued professional fees	42,300	42,300
Total Payable to third party	**3,126,763**	**42,300**
Total Creditors: Amount falling due within one year	**3,138,843**	**102,615**

12 Related party transactions

The application of FRS 101 has enabled the Company to take advantage of certain disclosure exemptions like the Related Party Disclosures if the related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

Notes to the financial statements (continued)

13 Subsequent events

In February 2022 Ukraine and Russia entered into an armed conflict. The company does not have activity in Ukraine nor Russia, nor have relationships with Russian or Ukrainian groups. However, over time, the conflict could have direct and indirect economic and financial consequences, notably in the supply chain from rising prices and/or shortage of certain materials, goods and services and delays and increased costs in logistics. Furthermore, the conflict may disrupt the overall global economy and growth.

The company is closely monitoring its exposure, including the uncertainties and risks associated with the crisis, but at this point it is too early to assess any impacts. Therefore, at the date of these financial statements, there is no identified financial impact related to this conflict on the company's Statement of Financial Position.

14 Ultimate parent company and parent undertaking

The Company's ultimate parent company and ultimate controlling party is SBM Offshore N.V. which is incorporated in The Netherlands. Its immediate parent company is SBM FPS Holding S.A. incorporated in Switzerland.

The largest group in which the results of the Company are consolidated is that headed by SBM Offshore N.V. The smallest group in which they are consolidated is that headed by SBM FPS Holding S.A.. The consolidated financial statements of the group are available to the public and may be obtained from Karel Doormanweg 66, 3115 JD Schiedam, The Netherlands.