



**OFFSHORE**

ENERGY. COMMITTED.

ANNUAL REPORT 2020

## 4 CORPORATE STATEMENTS 2020

Subsequent to the impairment, the Company decided in September 2020 to acquire the remaining 75% ownership in OS Installer Limited. As a result, the installation vessel was added to property, plant and equipment and the fully impaired right-of-use asset was derecognized.

### Office leases

The other significant contracts relate to the lease of offices. The contract periods of the Company's office rentals vary between one to ten years and most of the contracts include extension options between three to fifteen years. The extension options have been taken into account in the measurement of lease liabilities when the Company is reasonably certain to exercise these options. The lease agreements do not impose any covenants.

### OPERATING LEASES AS A LESSOR

The category 'Vessels and floating equipment' mainly relates to facilities leased to third parties under various operating lease agreements which terminate between 2022 and 2030. Leased facilities included in the 'Vessels and floating equipment' amount to:

Leased facilities included in the vessels and floating equipment

	31 December 2020	31 December 2019
Cost	2,683	3,257
Accumulated depreciation and impairment	(2,317)	(2,481)
<b>Book value at 31 December</b>	<b>367</b>	<b>777</b>

In December 2020, the Company entered into a new contract with the client on the *FPSO Espirito Santo* and agreed new terms and conditions including the extension of the contract from the year 2023 to 2028 and additional annual extension options up to 2033. As a result, this new contract has been classified as a finance lease as per IFRS 16 instead of an operating lease. Further, The Deep Panuke MOPU, located offshore Nova Scotia, Canada, was safely redelivered by the client to the Company in July 2020. As such, the Deep Panuke MOPU is not a leased facility anymore as of December 31, 2020. As a result, the book value of the leased facilities included in the vessels and floating equipment has decreased by US\$410 million.

The nominal values of the future expected bareboat receipts (undiscounted lease payments) in respect of the remaining operating lease contracts are:

Nominal values of the future expected bareboat receipts

	31 December 2020	31 December 2019
Within 1 year	277	319
2 years	145	297
3 years	95	134
4 years	94	121
5 years	92	94
After 5 years	399	508
<b>Total</b>	<b>1,103</b>	<b>1,473</b>

A number of agreements have extension options, which have not been included in the above table.

### Purchase and termination options in operating lease contracts

The operating lease contract of semi-submersible *Thunder Hawk* includes a call option for the client to purchase the underlying asset. The exercise of this call option would have resulted in a gain for the Company as of December 31, 2020.