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GOLAR LNG PARTNERS LP

Financial statements as of and for the years ended December 31, 2021 and 2020

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Report of Independent Auditors

To the Partner of Golar LNG Partners LP

Opinion

We have audited the consolidated financial statements of Golar LNG Partners LP (the Partnership), which comprise the consolidated balance sheet as of December 31, 2021 (Successor), and the related consolidated statements of operations, changes in partners' capital and cash flows for the period from January 1, 2021 to April 14, 2021 (Predecessor) and the period from April 15, 2021 to December 31, 2021 (Successor), and the related notes (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Partnership at December 31, 2021 (Successor), and the results of its operations and its cash flows for the period from January 1, 2021 to April 14, 2021 (Predecessor) and the period from April 15, 2021 to December 31, 2021 (Successor) in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Report of Other Auditors on 2020 Financial Statements

The financial statements of the Partnership for the year ended December 31, 2020 (Predecessor) were audited by another auditor who expressed an unmodified opinion on those financial statements on March 16, 2021.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's 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 of material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Ernst + Young LLP

April 29, 2022

GOLAR LNG PARTNERS LP

CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE PERIODS FROM JANUARY 1 TO APRIL 14, 2021 AND APRIL 15 TO DECEMBER 31, 2021 AND THE YEAR ENDED DECEMBER 31, 2020

(in thousands of $)

	Successor	Predecessor	Predecessor
	April 15, 2021 to December 31, 2021	Jan 1, 2021 to April 14, 2021	2020
Operating revenues			
Time charter revenues	201,841	78,389	284,734
Total operating revenues	**201,841**	**78,389**	**284,734**
Operating expenses			
Vessel operating expenses	(40,790)	(17,910)	(56,509)
Voyage and commission expenses	(5,461)	(2,035)	(7,986)
Administrative expenses	(2,705)	(12,910)	(15,367)
Depreciation and amortization	(45,157)	(22,627)	(79,996)
Total operating expenses	**(94,113)**	**(55,482)**	**(159,858)**
Operating income	**107,728**	**22,907**	**124,876**
Interest income	24	4,675	17,354
Interest expense	(9,632)	(19,085)	(68,855)
Gains/(losses) on derivative instruments, net	3,925	6,675	(51,922)
Other (expense)/income	(8,512)	12,164	1,661
Income before tax, income from equity method investments and non-controlling interests	**93,533**	**27,336**	**23,114**
Income taxes	(12,093)	(3,535)	(16,767)
Income from equity method investments	32,368	5,377	11,730
Net income	**113,808**	**29,178**	**18,077**
Net income/(loss) attributable to:			
Non-controlling interests	(10,059)	226	(1,119)
Golar LNG Partners LP Owners	123,867	28,952	19,196

The accompanying notes are an integral part of these consolidated financial statements.

GOLAR LNG PARTNERS LP

CONSOLIDATED BALANCE SHEETS AS OF DECEMBER 31, 2021 AND 2020

(in thousands of $)

	Successor 2021	Predecessor 2020
ASSETS		
Current assets		
Cash and cash equivalents	85,098	48,783
Restricted cash and short-term deposits	16,531	55,547
Amounts due from related parties	—	804
Current portion of investment in leased vessel, net	37,128	2,570
Inventories	2,613	1,719
Other current assets	7,515	37,398
Total current assets	**148,885**	**146,821**
Non-current assets		
Restricted cash	7,879	129,838
Equity method investment	366,504	185,562
Vessels and equipment, net	994,805	1,308,206
Vessel under finance lease, net	—	102,534
Investment in leased vessel, net	—	109,216
Intangible assets, net	79,425	41,295
Goodwill	15,938	—
Other non-current assets	4,308	4,189
Total assets	**1,617,744**	**2,027,661**
LIABILITIES AND EQUITY		
Current liabilities		
Current portion of long-term debt	61,430	702,962
Current portion of obligation under finance lease	—	2,521
Amounts due to related parties	181,599	—
Other current liabilities	86,842	126,794
Total current liabilities	**329,871**	**832,277**
Non-current liabilities		
Long-term debt	347,561	416,746
Obligation under finance lease	—	122,029
Other non-current liabilities	17,764	31,288
Total liabilities	**695,196**	**1,402,340**
Commitments and contingencies		
Equity		
Partners' capital:		
Common unitholders:	764,499	361,912
Preferred unitholders:	140,259	132,991
General partner interest:	—	48,306
Total partners' capital before non-controlling interests	904,758	543,209
Non-controlling interests	17,790	82,112
Total equity	**922,548**	**625,321**
Total liabilities and equity	**1,617,744**	**2,027,661**

The accompanying notes are an integral part of these consolidated financial statements.

GOLAR LNG PARTNERS LP

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE PERIODS FROM JANUARY 1 TO APRIL 14, 2021 AND APRIL 15 TO DECEMBER 31, 2021 AND THE YEAR ENDED DECEMBER 31, 2020

(in thousands of $)	Successor	Predecessor	Predecessor
	April 15, 2021 to December 31, 2021	Jan 1, 2021 to April 14, 2021	2020
OPERATING ACTIVITIES			
Net income	113,808	29,178	18,077
Adjustments for:			
Depreciation and amortization	45,157	22,628	79,996
Earnings of equity method investees	(32,368)	(5,377)	(11,730)
Deferred tax provision	836	539	2,114
Amortization of deferred charges and debt guarantees, net	2,762	915	3,402
Foreign exchange losses	—	163	435
Drydocking expenditure	—	(1,153)	(1,641)
Dividends received from equity method investees	21,364	4,766	11,352
Share options expense	—	16	50
Interest element included in obligations under finance leases	—	(46)	19
Gain on termination of obligation under finance lease	—	(12,099)	—
Loss on extinguishment	10,975	—	—
Sales-type lease payments received in excess of interest income	3,910	649	2,308
Provision for bad debts	—	172	(371)
Change in market value of derivatives	(11,200)	(39,226)	35,306
Change in assets and liabilities:			
Trade accounts receivable	3,056	10,283	837
Inventories	(463)	(432)	983
Prepaid expenses, accrued income and other assets	(483)	(3,403)	(12,362)
Amount due to/from related companies	173,870	4,381	(2,852)
Trade accounts payable	1,675	1,250	(990)
Accrued expenses and deferred income	(2,493)	(4,022)	2,503
Other current liabilities	7,079	6,844	15,470
Net cash provided by operating activities	337,485	16,026	142,906
INVESTING ACTIVITIES			
Additions to vessels and equipment	(7,159)	(210)	(3,188)
Dividends received from equity method investees	—	2,463	12,627
Net cash (used in)/provided by investing activities	(7,159)	2,253	9,439
FINANCING ACTIVITIES			
Proceeds from debt	430,000	—	45,000
Repayment of debt (including related parties)	(581,877)	(587,943)	(148,114)
Contribution from NFE in conjunction with the Merger	377,451	525,004	—
Repayments of obligation under finance lease	—	(119,474)	(1,922)
Advances from related party for Methane Princess lease security	—	217	2,605
Cash distributions paid	(506,508)	(4,951)	(44,954)
Financing costs paid	(6,159)	—	(4,339)
Net cash used in financing activities	(287,093)	(187,147)	(151,724)
Effect of exchange rate changes on cash	—	975	3,625
Net increase/(decrease) in cash, cash equivalents and restricted cash	43,233	(167,893)	4,246
Cash, cash equivalents and restricted cash at beginning of period [(1)]	66,275	234,168	229,922
Cash, cash equivalents and restricted cash at end of period [(1)]	109,508	66,275	234,168

	Successor	Predecessor	Predecessor
	April 15, 2021 to December 31, 2021	Jan 1, 2021 to April 14, 2021	2020
Supplemental disclosure of cash flow information:			
Cash paid for:			
Interest	22,350	5,258	68,792
Income taxes	8,155	1,768	10,021

[1] The following table identifies the balance sheet line-items included in "cash, cash equivalents and restricted cash" presented in the consolidated statements of cash flows:

	Successor	Predecessor	Predecessor
(in thousands of $)	December 31, 2021	April 14, 2021	2020
Cash and cash equivalents	85,098	41,459	48,783
Restricted cash and short-term deposits - current	16,531	10,000	55,547
Restricted cash - non-current	7,879	14,816	129,838
	109,508	66,275	234,168

The accompanying notes are an integral part of these consolidated financial statements.

GOLAR LNG PARTNERS LP

CONSOLIDATED STATEMENTS OF CHANGES IN PARTNERS' CAPITAL FOR THE PERIODS FROM JANUARY 1 TO APRIL 14, 2021 AND APRIL 15 TO DECEMBER 31, 2021 AND THE YEAR ENDED DECEMBER 31, 2020

	Partners' capital					
(in thousands of $)	**Preferred Units**	**Common Units** (1)	**General Partner Units and IDRs** (1)	**Total Before Non-Controlling Interest**	**Non-Controlling Interest**	**Total Equity**
Consolidated balance at December 31, 2019	**132,991**	**387,631**	**48,841**	**569,463**	**83,231**	**652,694**
Opening adjustment (2)	—	(501)	(10)	(511)	—	(511)
Balance at January 1, 2020	**132,991**	**387,130**	**48,831**	**568,952**	**83,231**	**652,183**
Net income	12,109	6,945	142	19,196	(1,119)	18,077
Cash distributions	(12,109)	(32,213)	(667)	(44,989)	—	(44,989)
Units options expense	—	50	—	50	—	50
Consolidated balance at December 31, 2020	**132,991**	**361,912**	**48,306**	**543,209**	**82,112**	**625,321**

(1) As of December 31, 2020 and 2019 there were 5,520,000 preferred units, 69,301,636 common units and 1,436,391 general partner units outstanding. The carrying value of the equity attributable to the incentive distribution rights holders was $32.5 million.

(2) Opening Total Equity was adjusted following the adoption of ASU 2016-13 Financial Instruments - Credit Losses (Topic 326): *Measurement of Credit Losses on Financial Instruments and subsequent amendments* effective January 1, 2020.

(in thousands of $)	Partners' capital: Preferred Units	Partners' capital: Common Units [(1)]	Partners' capital: General Partner Units and IDRs [(1)]	Total Before Non-Controlling Interest	Non-Controlling Interest	Total Equity
Balance at January 1, 2021	**132,991**	**361,912**	**48,306**	**543,209**	**82,112**	**625,321**
Net income	3,522	24,922	508	28,952	226	29,178
Cash distributions	(3,522)	(1,400)	(29)	(4,951)	—	(4,951)
Units options expense	—	16	—	16	—	16
General Partner capital contribution	—	—	8,570	8,570	—	8,570
Balance at April 14, 2021 Predecessor Company	**132,991**	**385,450**	**57,355**	**575,796**	**82,338**	**658,134**
Cancellation of Common Units, General Partner Interest and IDR's in Predecessor Company	—	(385,450)	(57,355)	(442,805)	—	(442,805)
Capital contributed by Parent	—	1,147,140	—	1,147,140	—	1,147,140
Fair value adjustment of Preferred units[(2)]	7,268	—	—	7,268	—	7,268
Fair value adjustment for Non-controlling interest[(2)]	—	—	—	—	(26,440)	(26,440)
Net income for the period	8,554	115,313	—	123,867	(10,059)	113,808
Deconsolidation of Eskimo SPV	—	—	—	—	(28,049)	(28,049)
Cash distributions	(8,554)	(497,954)	—	(506,508)	—	(506,508)
Consolidated balance at December 31, 2021, Successor Company	**140,259**	**764,499**	**—**	**904,758**	**17,790**	**922,548**

(1) As of December 31, 2021 and 2020 there were 5,520,000 preferred units, 69,301,636 common units and 1,436,391 general partner units outstanding.

(2) Under the acquisition method of accounting in accordance with Accounting Standards Codification ("ASC") 805, *Business Combinations*, fair value adjustments related to the Merger are reflected in the books of the Partnership, resulting in preferred units and non-controlling interest being recorded at fair value at April 15, 2021. See note 2.

The accompanying notes are an integral part of these consolidated financial statements.

GOLAR LNG PARTNERS LP

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL

Golar LNG Partners LP (the "Partnership," "we," "our," or "us") was a publicly traded Marshall Islands limited partnership initially formed as a subsidiary of Golar LNG Limited ("Golar") in September 2007, to own and operate LNG carriers and FSRUs under long-term charters. On July 12, 2018, we acquired an interest in the *Hilli Episeyo* (the "*Hilli*"), a floating liquefied natural gas ("FLNG") vessel through the acquisition of 50% of the common units (the "Hilli Common Units") in Golar Hilli LLC ("Hilli LLC") (the "Hilli Acquisition"). As of December 31, 2021, we have a fleet of six FSRUs, four LNG carriers, and an interest in the *Hilli.*

On January 13, 2021, we entered into an agreement and plan of merger (the "Merger Agreement") with New Fortress Energy Inc. ("NFE") and the other parties thereto. Under the Merger Agreement, NFE agreed to acquire all of the outstanding common units of the Partnership for $3.55 per unit in cash, with the Partnership surviving the merger as a wholly-owned subsidiary of NFE (the "Merger"). On April 15, 2021, the Partnership completed the Merger with NFE. In conjunction with the closing of the Merger, NFE repaid certain outstanding debt facilities of GMLP. See Note 12.

At the Merger Date, the Partnership terminated all offerings of common units with the Securities and Exchange Commission ("SEC") and delisted all common units from the Nasdaq Stock Market.

On April 23, 2021, the GMLP board of directors approved delisting the Partnership's 8.75% Series A Cumulative Redeemable Preferred Units (the "Preferred Units"). NASDAQ has informed the Partnership that the Preferred Units no longer meet the listing requirements of NASDAQ. Subsequently, on May 12, 2021, the Partnership voluntarily delisted the Series A Preferred Units and withdrew the registration of our Series A Preferred Units with the SEC.

Distributions on the Series A Preferred Units are payable out of amounts legally available therefor at a rate equal to 8.75% per annum of the stated liquidation preference.

References to Golar in these consolidated financial statements refer, depending on the context, to Golar LNG Limited and to one or any more of its direct or indirect subsidiaries and references to NFE in these consolidated financial statements refer, depending on the context, to New Fortress Energy Inc. and to one or any more of its direct or indirect subsidiaries.

Merger and presentation of financial statements

The Partnership completed the Merger with NFE on April 15, 2021 (the "Merger Date"). The accompanying Consolidated Financial Statements are presented for two periods: predecessor and successor, which relate to the periods preceding and succeeding the Merger, respectively. The Merger results in a new basis of accounting beginning on April 15, 2021 and the financial reporting periods are presented as follows:

- The successor period of the Partnership, reflecting the Merger, as of and for the period from April 15, 2021 to December 31, 2021 (the "Successor Period").

- The predecessor period of the Partnership for the period from January 1, 2021 to April 14, 2021 (the "Predecessor Period) and January 1, 2020 to December 31, 2020 (the "2020 Predecessor Period").

See Note 2, Accounting Policies, for a description of pushdown accounting applied as a result of the Merger. Certain Predecessor Period balances have been reclassified to conform with current year presentation.

NFE, the Partnership's parent company, and Golar Management Limited ("Golar Management") entered into transition service agreements whereby Golar Management provides certain administrative and consulting services to facilitate the integration of GMLP after the Merger (the "Transition Services Agreement"). The Transition Services Agreement commenced on April 15, 2021, and will terminate on April 30, 2022 unless terminated earlier by either party. NFE pays Golar Management an aggregate annual fee of $3.0 million and will reimburse Golar Management for all reasonable and documented out-of-pocket expenses or remittances of funds paid to a third party in connection with the provision of the Transition Services. These costs have not been reflected in the accompanying consolidated financial statements.

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation and principles of consolidation

The accompanying financial statements present the consolidated financial position, results of operations, and cash flows of the Partnership and its subsidiaries, including less-than-wholly-owned subsidiaries in which the Partnership has a controlling financial interest. All significant intercompany accounts and transactions have been eliminated in consolidation.

A variable interest entity ("VIE") is an entity that by design meets any of the following characteristics: (1) lacks sufficient equity to allow the entity to finance its activities without additional subordinated financial support; (2) as a group, equity investors do not have the ability to make significant decisions relating to the entity's operations through voting rights, do not have the obligation to absorb the expected losses or do not have the right to receive residual returns of the entity; or (3) the voting rights of some investors are not proportional to their obligations to absorb the expected losses of the entity, their rights to receive the expected residual returns of the entity, or both, and substantially all of the entity's activities either involve or are conducted on behalf of an investor that has disproportionately few voting rights. The primary beneficiary of a VIE is required to consolidate the assets and liabilities of the VIE. The primary beneficiary is the party that has both (1) the power to direct the economic activities of the VIE that most significantly impact the VIE's economic performance; and (2) through its interest in the VIE, the obligation to absorb the losses or the right to receive the benefits from the VIE that could potentially be significant to the VIE.

The sale and leaseback financings of certain vessels acquired in the Mergers were consummated with VIEs. As part of these financings, the asset was sold to a single asset entity of the lending bank and then leased back. While the Partnership does not hold an equity investment in these lending entities, these entities are VIEs, and the Partnership has a variable interest in these lending entities due to the guarantees and fixed price repurchase options that absorb the losses of the VIE that could potentially be significant to the entity. The Partnership has concluded that it has the power to direct the economic activities that most impact the economic performance as it controls the significant decisions relating to the assets and it has the obligation to absorb losses or the right to receive the residual returns from the leased asset. Therefore, the Partnership consolidates these lending entities; as NFE has no equity interest in these VIEs, all equity attributable to these VIEs is included in non-controlling interest in the consolidated financial statements. Transactions between our wholly-owned subsidiaries and these VIEs are eliminated in consolidation, including sale leaseback transactions.

Non-controlling interests are classified as a separate component of equity on the consolidated balance sheets and consolidated statement of changes in partners' capital. Additionally, net income / (loss) attributable to non-controlling interests are reflected separately from consolidated net income / (loss) in the consolidated statements of operations and consolidated statement of changes in partners' capital. Any change in ownership of a subsidiary while the controlling financial interest is retained is accounted for as an equity transaction between the controlling and non-controlling interests. Losses continue to be attributed to the non-controlling interests, even when the non-controlling interests' basis has been reduced to zero.

The accompanying audited consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States ("U.S. GAAP").

Pushdown accounting

NFE has applied the acquisition method of accounting with respect to the assets and liabilities of the Partnership. The acquisition method of accounting requires, among other things, that identifiable assets acquired and liabilities assumed be recognized on the balance sheet at the fair values as of the acquisition date. In connection with the Merger, the Partnership has elected to apply pushdown accounting and reflect the fair value of the assets acquired and liabilities assumed in the Successor Consolidated Financial Statements.

The total fair value of consideration transferred for the Merger was $1,147 million, which has been recognized as a capital contribution in the Successor Consolidated Statement of Changes in Partners' Capital. Total consideration was comprised of the acquisition of all of the outstanding common units, representing all voting interests, of the Partnership in exchange for $3.55 in cash per common unit and for each of the outstanding membership interest of the Partnership's general partner. In conjunction with the closing of the Merger, NFE simultaneously extinguished a portion of the Partnership's debt.

The table below presents the preliminary estimated fair values that were allocated to the Partnership's assets and liabilities based upon fair values as determined by NFE. As of December 31, 2021, the valuation process to determine fair values is not yet complete due to the finalization of the evaluation of tax related matters. The purchase price allocation will be finalized once such matters have been resolved. Accordingly, the fair value estimates presented below relating to this item are subject to change within the measurement period not to exceed one year from the date of acquisition.

(in thousands of $)	As of April 15, 2021
Assets Acquired	
Cash and cash equivalents	$ 41,461
Restricted cash	24,816
Accounts receivable	3,195
Inventory	2,151
Other current assets	2,789
Equity method investment	355,500
Property, plant and equipment, net	1,015,215
Investment in finance lease, net	48,000
Intangible assets, net	106,500
Deferred tax assets, net	963
Other non-current assets	4,400
Total assets acquired:	**$ 1,604,990**
Liabilities Assumed	
Current portion of long-term debt	$ 158,073
Accounts payable	3,019
Accrued liabilities	17,226
Other current liabilities	73,774
Deferred tax liabilities, net	14,907
Other non-current liabilities	10,630
Total liabilities assumed:	277,629
Non-controlling interest	196,156
Net assets to be acquired:	**1,131,205**
Goodwill	**$ 15,938**

Use of estimates

The preparation of financial statements in accordance with U.S. GAAP requires that management make estimates and assumptions affecting the reported amounts of assets and liabilities and disclosure of material contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates, include our estimate of total consideration and fair value of identifiable net assets to apply pushdown accounting.

Intangible assets

The value of favorable vessel charter contracts held by the Partnership are recognized as intangible assets as of the date of the Merger. These intangible assets are amortized over the estimated useful life of the asset under the straight-line method and the amortization expense is included in the statement of operations in the depreciation and amortization line item. Impairment testing is performed when events or changes in circumstances indicate that the carrying amount of the intangible asset may not be recoverable.

Goodwill

We use estimates, assumptions and judgments when assessing the recoverability of goodwill. We test for impairment on an annual basis, or more frequently if a significant event of circumstance indicates the carrying amount may not be recoverable. The assessment of goodwill for impairment may initially be performed based on qualitative factors to determine if it is more likely than not that the fair value of the reporting unit to which the goodwill is assigned is less than the carrying value. If so, a quantitative assessment is performed to determine if an impairment has occurred and to measure the impairment charge.

Foreign currencies

We and our subsidiaries' functional currency is the U.S. dollar as the majority of the revenues are received in U.S. dollars and a majority of our expenditures are incurred in U.S. dollars. Our reporting currency is U.S. dollars.

Transactions in foreign currencies are translated into U.S. dollars at the rates of exchange in effect at the date of the transaction. Foreign currency monetary assets and liabilities are translated using rates of exchange at the balance sheet date. Foreign currency non-monetary assets and liabilities are translated using historical rates of exchange. Foreign currency transaction gains or losses are included in the statements of operations.

Revenue recognition

Contracts relating to our LNG carriers and FSRUs can take the form of operating leases, sales-type leases, direct financing leases and operating and services agreements. Although the substance of these contracts are similar, the accounting treatment varies. We outline our policies for determining the appropriate U.S. GAAP treatment below.

To determine whether a contract conveys a lease agreement for a period of time in accordance with ASC 842, *Leases*, we assess whether, throughout the period of use, the customer has both of the following:

- the right to obtain substantially all of the economic benefits from the use of the identified asset; and
- the right to direct the use of that identified asset.

If a contract relating to an asset fails to give the customer both of the above rights, we account for the agreement under the revenue recognition guidance in ASC 606, *Revenue from contracts with customers*. A contract relating to an asset will generally be accounted for as a revenue contract if the customer does not contract for substantially all of the capacity of the asset (i.e. another third party could contract for a meaningful amount of the asset capacity).

Where we provide services unrelated to a specified asset we account for the services as a revenue contract.

Lease accounting

When a contract is designated as a lease, we make an assessment on whether the contract is an operating lease, sales-type lease, or direct financing lease. An agreement will be a sales-type lease if any of the following conditions are met:

- ownership of the asset is transferred at the end of the lease term;
- the contract contains an option to purchase the asset which is reasonably certain to be exercised;
- the lease term is for a major part of the remaining useful life of the contract, although contracts entered into the last 25% of the asset's useful life are not subject to this criterion;
- the discounted value of the fixed payments under the lease represents substantially all of the fair value of the asset; or
- the asset is heavily customized such that it could not be used for another charter at the end of the term.

Lessor accounting

In making the classification assessment, we estimate the residual value of the underlying asset at the end of the lease term with reference to broker valuations. None of our lease contracts contain residual value guarantees, and any purchase options are disclosed in note 9. Agreements with renewal and termination options in the control of the lessee are included together with the non-cancellable contract period in the lease term when “reasonably certain” to be exercised or if controlled by the lessor. The determination of reasonably certain depends on whether the lessee has an economic incentive to exercise the option. Generally, lease accounting commences when the asset is made available to the customer, however, where the contract contains specific customer acceptance testing conditions, lease accounting will not commence until the asset has successfully passed the acceptance test. We assess a lease under the modification guidance when there is change to the terms and conditions of the contract that results in a change in the scope or the consideration of the lease.

Costs directly associated with the execution of the lease or costs incurred after lease inception or the execution of the contract but prior to the commencement of the lease that directly relate to preparing the asset for the lease (e.g. bunker costs), are capitalized and amortized to the consolidated statements of operations over the lease term. We also defer upfront revenue payments (e.g. repositioning fees) to the consolidated balance sheets and amortize to the consolidated statements of operations over the lease term.

Time charter operating leases

Revenues include fixed minimum lease payments under time charters and fees for repositioning vessels. Revenues generated from time charters, which we classify as operating leases, are recorded over the term of the charter on a straight-line basis as service is provided and is included in "Time charter revenues" in our consolidated statement of operations. Variable revenue is accounted for as incurred in the relevant period. Fixed revenue includes fixed payments (including in-substance fixed payments that are unavoidable) and variable payments based on a rate or index. However, we do not recognize revenue if a charter has not been contractually committed to by a customer and us, even if the vessel has discharged its cargo and is sailing to the anticipated load port on its next voyage. For our operating leases, we have elected the practical expedient to combine our service revenue and operating lease income as the timing and pattern of transfer of the components are the same.

Repositioning fees (included in "Time charter revenues") received in respect of time charters are recognized at the end of the charter when the fee becomes fixed and determinable. However, where there is a fixed amount specified in the charter, which is not dependent upon redelivery location, the fee will be recognized evenly over the term of the charter.

Time charter sales-type leases

On inception of a sales-type lease for which we are lessor, we de-recognize the related asset and record "Investment in leased vessel” on our consolidated balance sheets. The net investment in leased vessel represents the fixed payments due from the lessee, discounted at the rate implicit in the lease. We allocated sales-type lease income in "Interest income” line item in the consolidated statements of operations of the predecessor period using a constant periodic rate of return on our sales-type lease investment. However, interest income during the successor period has been presented in time charter revenues to align with NFE’s accounting policies.

For sales-type leases, non-lease revenue and operating and service agreements in connection with the time charters are recorded over the term of the charter as the service is provided. The transaction price is based on the standalone selling price for the service.

Amounts are presented net of allowances for credit losses, which are assessed at the individual lease level, reflecting the risk profile for each vessel unique to each project. The allowance is calculated by multiplying the balance exposed on default by the probability of default and loss given default over the term of the lease. The exposure at default is calculated net of the vessel collateral that is returned on default.

Lessor expense recognition

Initial direct costs (those directly related to the negotiation and consummation of the lease) are deferred and allocated to earnings over the lease term.

Under our time charters, most voyage expenses are paid by our customers. Voyage related expenses, principally fuel, may also be incurred when positioning or repositioning the vessel before or after the period of the time charter and during periods when the vessel is not under charter or is off hire, for example when the vessel is undergoing repairs. These expenses are recognized as incurred.

Vessel operating expenses, which are recognized when incurred, include crewing, repairs and maintenance, insurance, stores, lube oils, communication expenses and third-party management fees.

Equity method investment

Investments in entities over which we have significant influence, but over which we do not exercise control or have the power to control the financial and operational policies are accounted for under the equity method of accounting. Under the equity method of accounting, we record our investment at cost, or upon the Merger, at fair value. The carrying amount is adjusted for our share of the earnings or losses, and dividends received from the investee reduce the carrying amount of the investment. The excess, if any, of the purchase price over book value, or subsequent to the Merger, fair value, of our investments in equity method investments, or basis difference, is included in the consolidated balance sheets as "Equity method investment". We allocate the basis difference across the assets and liabilities of the entity, with the residual assigned to goodwill. The basis difference will then be amortized through the consolidated statements of operations as part of the equity method of accounting. When our share of losses in an investment equal or exceeds the value of our interest, we do not recognize further losses, unless we have incurred obligations or made payments on behalf of the investee.

The Partnership periodically assesses if impairment indicators exist at our equity method investments. When an impairment is observed, any excess of the carrying amount over its estimated fair value is recognized as impairment expense when the loss in value is deemed other-than-temporary and included in "Other (expense)/income" in our consolidated statement of operations.

We recognize gains and losses in earnings based on the economic results allocated based on a contractual agreement, net of interest, tax and basis difference amortization.

Guarantees

Guarantees issued by us, excluding those that are guaranteeing our own performance, are recognized at fair value at the time that the guarantees are issued, and reported in “Other current liabilities” and "Other non-current liabilities". A liability is recognized in "Equity method investments" for an amount corresponding to the fair value of the obligation undertaken in issuing the guarantee. If it becomes probable that we will have to perform under a guarantee, we will recognize an additional liability if (and when) the amount of the loss can be reasonably estimated. The recognition of fair value is not required for certain guarantees such as the parent's guarantee of a subsidiary's debt to a third party. Financial guarantees are assessed for credit losses, and the allowance is assessed at the individual guarantee level, calculated by multiplying the balance exposed on default by the probability of default and loss given default over the term of the guarantee.

Business combinations

When the assets acquired and liabilities assumed constitute a business, then the acquisition is a business combination. If substantially all of the fair value of the gross asset acquired is concentrated in a single identifiable asset or group of similar identifiable assets, the asset is not considered a business. Business combinations are accounted for under the acquisition method. On acquisition, the identifiable assets, liabilities and contingent liabilities are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognized as goodwill. In instances where the cost of acquisition is lower than the fair values of the identifiable net assets acquired (i.e. bargain purchase), the difference is credited to the statement of operations in the period of acquisition. The consideration transferred for an acquisition is measured at fair value of the consideration given. Acquisition related costs are expensed as incurred. The results of operations of acquired businesses are included from the date of acquisition.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, we will recognize a measurement-period adjustment during the period in which we determine the amount of the adjustment, including the effect on earnings of any amounts we would have recorded in previous periods if the accounting had been completed at the acquisition date.

Income taxes

Income taxes are based on a separate return basis. ASC 740, *Income taxes* prescribes a recognition threshold and measurement attributes for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. Penalties and interest related to uncertain tax positions are recognized in “Income taxes” in our consolidated statements of operations.

Deferred tax assets and liabilities are recognized principally for the expected tax consequences of temporary differences between the tax bases of assets and liabilities and their reported amounts. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Realization of the deferred income tax asset is dependent on generating sufficient taxable income in future years.

We use a two-step approach for recognizing and measuring tax benefits taken or expected to be taken in a tax return regarding uncertainties in income tax positions. The first step is recognition: we determine whether it is more likely than not that a tax position will be sustained upon examination, including resolution of any related appeals or litigation processes, based on the technical merits of the position. The second step is measurement: a tax position that meets the more-likely-than-not recognition threshold is measured to determine the amount of benefit to recognize in the financial statements. The tax position is measured at the largest amount of benefit that is greater than 50 percent likely of being realized upon ultimate settlement.

Cash and cash equivalents

We consider all demand and time deposits and highly liquid investments with original maturities of three months or less to be equivalent to cash. Amounts are presented net of allowances for credit losses, which are assessed based on consideration of whether the balances have short-term maturities and whether the counterparty has an investment grade credit rating, limiting any credit exposure.

Restricted cash and short-term deposits

Restricted cash and short-term deposits consist of bank deposits, which may only be used to settle certain pre-arranged loan or lease payments, other claims which requires us to restrict cash, performance bonds related to charters, cash collateral required for certain swaps, and cash held by the Eskimo VIE. We consider all short-term deposits as held to maturity. These deposits are carried at amortized cost. We place our short-term deposits primarily in fixed term deposits with high credit quality financial institutions. Amounts are presented net of allowances for credit losses, which are assessed based on consideration of whether the balances have short-term maturities and whether the counterparty has an investment grade credit rating, reducing any credit exposure.

Trade accounts receivable

Trade receivables are presented at amortized cost and are presented net of allowances for expected credit losses. At each balance sheet date, all potentially uncollectible accounts are assessed individually for the purposes of determining the appropriate allowance for expected credit loss. The expected credit loss allowance is calculated using a loss rate applied against an aging matrix.

Our trade receivables have short maturities so we have considered that forecasted changes to economic conditions will have an insignificant effect on the estimate of the allowance, except in extraordinary circumstances.

Allowance for credit losses

Financial assets recorded at amortized cost and off-balance sheet credit exposures not accounted for as insurance (including financial guarantees) reflect an allowance for current expected credit losses ("credit losses") over the lifetime of the instrument. The allowance for credit losses reflects a deduction to the net amount expected to be collected on the financial asset. Amounts are written off against the allowance when management believes the uncollectability of a balance is confirmed or certain. Expected recoveries will not exceed the aggregate of amounts previously written-off or current credit loss allowance by financial asset category. We estimate expected credit losses based on relevant information about past events, including historical experience, current conditions, and reasonable and supportable forecasts that affect the collectability of the reported amount. We have elected to calculate expected credit losses on the combined balance of both the amortized cost and accrued interest from the unpaid principal balance.

Inventories

Inventories, which are comprised principally of fuel, lubricating oils and vessel spares, are stated at the lower of cost or market value. Cost is determined on a first-in, first-out basis.

Vessels and equipment

Vessels are stated at cost less accumulated depreciation. Upon recognition of pushdown accounting in the Merger, we have recognized the fair value of vessels as of the date of the Merger. The carrying value of vessels less the estimated residual value is depreciated on a straight-line basis over the assets' remaining useful economic lives. Management estimates the residual values of our vessels based on a scrap value cost of steel and aluminum times the weight of the vessel noted in lightweight tons. Residual values are periodically reviewed and revised to recognize changes in conditions, new regulations or other reasons.

The cost of building mooring equipment is capitalized and depreciated over the initial lease term of the related charter.

Refurbishment costs incurred during the period are capitalized as part of vessels and depreciated over the vessels' remaining useful economic lives. Refurbishment costs are costs that appreciably increase the capacity, or improve the efficiency or safety of vessels and equipment.

Drydocking expenditures are capitalized when incurred and amortized over the period until the next anticipated drydocking, which is generally every five years. For vessels, the Partnership utilizes the "built-in overhaul" method of accounting. The built-in overhaul method is based on the segregation of vessel costs into those that should be depreciated over the useful life of the vessel and those that require drydocking at periodic intervals to reflect the different useful lives of the components of the assets. The estimated cost of the drydocking component is depreciated until the date of the first drydocking following acquisition of the vessel, upon which the cost is capitalized and the process is repeated. If drydocking occurs prior to the expected timing, a cumulative adjustment to recognize the change in expected timing of drydocking is recognized within depreciation and amortization in the consolidated statements of operations and comprehensive income (loss).

Useful lives applied in depreciation are as follows:

Vessels	5-30 years
Mooring equipment	11 years

The Partnership reviews the remaining useful life of its assets on a regular basis to determine whether changes have taken place that would suggest that a change to depreciation policies is warranted. When a vessel is disposed, any unamortized drydocking expenditure is recognized as part of the gain or loss on disposal in the period of disposal.

Vessel under finance lease

Prior to the Merger, we leased one vessel under an agreement that was accounted for as a finance lease. Obligation under finance lease was carried at the present value of future minimum lease payments, and the asset balance was amortized on a straight-line basis over the remaining economic useful life of the vessel. Interest expense was calculated at a constant rate over the term of the lease.

Depreciation of the vessel under finance lease was included within depreciation and amortization expense in the consolidated statement of operations.

During the predecessor period ended April 14, 2021, we voluntarily terminated the leasing arrangement initially entered into with a financial institution in the United Kingdom in August 2003 in relation to the Methane Princess. Upon termination of the leasing arrangement, the Partnership recognized the net amount of settlement of lease obligation within "Other (expense)/income" for the predecessor period in our consolidated statements of operations.

Impairment of long-lived assets

The Partnership performs a recoverability assessment of long-lived assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Indicators may include, but are not limited to, adverse changes in the regulatory environment in a jurisdiction where the Partnership operates, unfavorable events impacting the supply chain for LNG to the Partnership's operations, a decision to discontinue the development of a long-lived asset, early termination of a significant customer contract or the introduction of newer technology.

When performing a recoverability assessment, the Partnership measures whether the estimated future undiscounted net cash flows expected to be generated by the asset exceeds its carrying value. In the event that an asset does not meet the recoverability test, the carrying value of the asset will be adjusted to fair value resulting in an impairment charge.

Management develops the assumptions used in the recoverability assessment based on active contracts, current and future expectations of the global demand for LNG and natural gas, as well as information received from third party industry sources. The Partnership did not identify any indicators of impairment and did not record an impairment during the years ended December 31, 2021 and 2020.

Long-term debt and debt issuance costs

Costs associated with long-term financing, including debt arrangement fees, are deferred and amortized over the term of the relevant loan under the effective interest method. Amortization of debt issuance cost is included in "Interest expense". These costs are presented as a deduction from the corresponding liability, consistent with debt discounts.

Contingent liabilities

In the ordinary course of business, we are subject to various claims, suits and complaints. Management, in consultation with internal and external advisers, will provide for a contingent loss in the financial statements if the contingency was present at the date of the financial statements and the likelihood of loss was probable and the amount can be reasonably estimated. If we have determined that the reasonable estimate of the loss is a range and there is no best estimate within the range, we will provide the lower amount within the range.

Derivatives

We use derivatives to reduce market risks associated with our operations. We use interest rate swaps for the management of interest risk exposure. The interest rate swaps effectively convert a portion of our debt from a floating to a fixed rate over the life of the transactions without an exchange of underlying principal.

We seek to reduce our exposure to fluctuations in foreign exchange rates through the use of foreign currency forward contracts.

All derivative instruments are initially recorded at fair value as either assets or liabilities in the accompanying consolidated balance sheets and subsequently remeasured to fair value, regardless of the purpose or intent for holding the derivative.

Where the fair value of a derivative instrument is a net liability, the derivative instrument is classified in “Other current liabilities” in the consolidated balance sheets. Where the fair value of a derivative instrument is a net asset, the derivative instrument is classified in “Other current assets” or “Other non-current assets” in the consolidated balance sheets depending on its maturity. The method of recognizing the resulting gain or loss is dependent on whether the derivative contract is designed to hedge a specific risk and qualifies for hedge accounting. For derivative instruments that are not designated i.e. economic hedges and/or those that do not qualify for hedge accounting purposes, the changes in fair value of the derivative instruments are recognized in earnings and recorded each period in current earnings in “Gains/(losses) on derivative instruments”.

Cash flows from derivative instruments that are accounted for as cash flow hedges are classified in the same category as the cash flows from the items being hedged. We have no existing interest rate swaps held for hedging.

Fair value measurements

We account for fair value measurements in accordance with ASC 820, *Fair Value Measurements*, using fair value to measure assets and liabilities. The guidance provides a single definition of fair value, together with a framework for measuring it, and requires additional disclosure about the use of fair value to measure assets and liabilities.

Related parties

Parties are related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also related if they are under common control with, or subject to significant influence by, another party. Amounts owed from or to related parties are presented net of allowances for credit losses.

3. RECENTLY ISSUED ACCOUNTING STANDARDS

Adoption of new accounting standards

In December 2019, the FASB issued ASU 2019-19 Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes. The amendments in this ASU remove certain exceptions previously available and provides some additional calculation rules to help simplify the accounting for income taxes. These amendments were effective from January 1, 2021. The adoption of this guidance did not have a material impact on our consolidated financial statements or related disclosures as presented for the year ended December 31, 2021.

Accounting pronouncements that have been issued but not yet adopted

The following table provides a brief description of other recent accounting standards that have been issued but not yet adopted:

Standard	Description	Date of Adoption	Effect on our Consolidated Financial Statements or Other Significant Matters
ASU 2020-04 Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting and ASU 2021-01 Reference Rate Reform (Topic 848).	The amendments provide temporary optional expedients and exceptions for applying U.S. GAAP to contracts, hedging relationships, and other transactions affected by reference rate reform if certain criteria are met. The applicable expedients for us are in relation to modifications of contracts within the scope of Topics 310, Receivables, 470, Debt, and 842, Leases. This optional guidance may be applied prospectively from any date beginning March 12, 2020 and cannot be applied to modifications that occur after December 31, 2021.	January 1, 2022	Not expected to have a material impact on the consolidated financial statements as a result of the adoption of this ASU.
ASU 2020-06 Debt – Debt with Conversion and Other Options (Topic 470) and Derivatives and Hedging – Contracts in Entity's Own Equity (Topic 815).	The amendments simplify the issuer's accounting for convertible instruments and its application of the equity classification guidance. The new guidance eliminates some of the existing models for assessing convertible instruments, which results in more instruments being recognized as a single unit of account on the balance sheet and expands disclosure requirements. The new guidance simplifies the assessment of contracts in an entity's own equity and	January 1, 2022	Not applicable
ASU 2021-04 Earnings Per Share (Topic 260), Debt—Modifications and Extinguishments (Subtopic 470-50), Compensation—Stock Compensation (Topic 718), and Derivatives and Hedging — Contracts in Entity's Own Equity (Subtopic 815-40).	The amendments clarify issuer's recognition and measurement considerations resulting from exchanges or modifications of freestanding instruments (written call options) classified in equity. Such exchanges or modifications are treated as adjustments to the cost to raise debt, to the cost to raise equity or as share-based payments (ASC 718) when issued to compensate for goods or services. If not treated as costs of debt funding, equity funding or share-based payment, it results in an adjustment to	January 1, 2022	Not applicable

4. VARIABLE INTEREST ENTITIES ("VIEs")

Eskimo SPV

In November 2015, we sold the *Golar Eskimo* to a wholly-owned subsidiary, Sea 23 Leasing Co. Limited ("Eskimo SPV") of China Merchants Bank Leasing ("CMBL") and subsequently leased back the vessel under a bareboat charter for a term of ten years. From the third year anniversary of the commencement of the bareboat charter, the Partnership had an annual option to repurchase the vessel throughout the charter term at fixed pre-determined amounts, with an obligation to repurchase the *Golar Eskimo* at the end of the ten year lease period.

While we did not hold any equity investment in Eskimo SPV, we determined that we have a variable interest in Eskimo SPV and that Eskimo SPV was a VIE. Based on our evaluation of the bareboat agreement we concluded that we were the primary beneficiary of Eskimo SPV and, accordingly, have consolidated Eskimo SPV into our financial results.

The equity attributable to CMBL in Eskimo SPV was included in "Non-controlling interests" in our consolidated results and the *Golar Eskimo* is reported under "Vessels and equipment, net" in our consolidated balance sheets.

In November 2021, the Partnership exercised its option to repurchase the *Golar Eskimo* for a total payment of $190.5 million. After exercising the repurchase option, the Partnership no longer has a controlling financial interest in the Eskimo SPV, and therefore, upon closing of the repurchase option, the Partnerships's deconsolidated the Eskimo SPV from its financial results. The Partnership has recognized a loss of $11.0 million from exiting this financing arrangement within "Other (expense)/income" in our consolidated statements of operations and comprehensive income. Consequently, this resulted in the deconsolidation of the lessor VIE reflected against non-controlling interest of $28.1 million on our consolidated balance sheet.

The most significant impact of consolidation of Eskimo SPV's liabilities on our consolidated balance sheets is as follows:

	Predecessor
(in thousands of $)	**2020**
Liabilities	
Short-term debt (note 11)	11,083
Long-term debt (note 11)	153,384

The most significant impact of consolidation of Eskimo SPV's operation on our consolidated statement of operations and consolidated statement of cash flows was as follows:

	Successor	Predecessor	Predecessor
(in $ millions)	**April 15, 2021 to December 31, 2021**	**January 1, 2021 to April 14, 2021**	**2020**
Consolidated statement of operations:			
Interest expense[(1)]	5.1	1.4	5.7
Condensed statement of cash flows:			
Net cash used in financing activities	201.2	6.3	22.1

[(1)] During the Successor Period, the interest expense includes interest at contractual rates of $2.7 million and amortization of fair value adjustments to assumed debt obligations upon acquisition of $2.4 million, respectively.

Hilli LLC

On July 12, 2018, we acquired an interest in the *Hilli* through the acquisition of 50% of the Hilli Common Units. Concurrently with the closing of the Hilli acquisition, we have determined that (i) Hilli LLC is a VIE, (ii) Golar is the primary beneficiary and retains sole control over the most significant activities and the greatest exposure to variability in residual returns and expected losses from the *Hilli* and (iii) we are not the primary beneficiary. Thus, Hilli LLC was not consolidated into the consolidated financial statements and has been accounted for as an equity method investment. Refer to note 10 for summarized financial information of Hilli LLC..

As of December 31, 2021, our maximum exposure as a result of our ownership in the Hilli LLC is the carrying value of our equity method investment of $366.5 million (note 9) and 50% of the outstanding portion of the Hilli Facility (note 20) which have been guaranteed by the Partnership.

PT Golar Indonesia ("PTGI")

We consolidated PTGI, which owns the *NR Satu*, in our consolidated financial statements effective September 28, 2011. PTGI became a VIE, and we became its primary beneficiary upon our agreement to acquire all of Golar's interests in certain subsidiaries that own and operate the *NR Satu* on July 19, 2012. We consolidate PTGI as we hold all of the voting stock and control all of the economic interests in PTGI.

The following table summarizes the balance sheets of PTGI as of December 31, 2021 and 2020:

(in thousands of $)	2021	2020
ASSETS		
Cash	3,257	11,040
Restricted cash (note 18)	—	8,723
Vessels and equipment, net*	178,440	206,315
Intangible asset, net (note 14)	15,595	—
Other assets	3,764	7,373
Total assets	201,056	233,451
LIABILITIES AND EQUITY		
Accrued liabilities	4,572	4,077
Current portion of long-term debt	—	14,462
Amounts due to related parties	14,316	19,901
Other current liabilities	3,126	1,076
Long-term debt	—	44,403
Total liabilities	22,014	83,919
Total equity	179,042	149,532
Total liabilities and equity	201,056	233,451

*The balances of PTGI as of December 31, 2021 includes the impact of pushdown accounting applied as a result of the Merger.

Trade creditors of PTGI have no recourse to our general credit.

PTGI paid no dividends to PT Pesona during each of the years ended December 31, 2021, and 2020.

5. REVENUE RECOGNITION

Revenues from external customers

During 2021, our FSRUs and LNG carriers operated under medium to long-term time charters with ten charterers, including, among others, Petrobras, PT Nusantara Regas ("PTNR"), the Hashemite Kingdom of Jordan ("Jordan"), Kuwait National Petroleum Company ("KNPC") and Royal Dutch Shell ("Shell").

For the years ended December 31, 2021 and 2020, revenues from each of the following customers accounted for over 10% of our total consolidated operating revenues:

		Successor		Predecessor		Predecessor	
(in thousands of $)	Jurisdiction	April 15 to December 31, 2021		Jan 1 to April 14, 2021		2020	
PTNR	Indonesia	47,389	23 %	19,713	25 %	68,196	24 %
Petrobras	Brazil	48,878	24 %	18,597	24 %	64,841	23 %
Jordan	Jordan	38,220	19 %	15,413	20 %	55,639	20 %
KNPC	Kuwait	21,103	10 %	5,896	8 %	32,708	11 %
Shell **	Various	19,202	10 %	7,758	10 %	—	— %

** revenue from this customer did not account for over 10% of our total consolidated operating revenue for the year ended December 31, 2020.

Geographical data

The following geographical data presents our consolidated fixed assets with respect only to our FSRUs, while operating under long-term charters, at specific locations. LNG carriers operate on a worldwide basis and are not restricted to specific locations. Accordingly, it is not possible to allocate the assets of these operations to specific countries:

Fixed assets *(in thousands of $)*	2021	2020
Jordan	231,759	247,776
Kuwait	241,525	257,498
Brazil	137,783	194,129
Indonesia	113,862	134,940

6. (LOSSES)/GAINS ON DERIVATIVES, NET

(in thousands of $)	Successor April 15 to December 31, 2021	Predecessor Jan 1 to April 14, 2021	Predecessor 2020
Mark-to-market gains/(losses) for interest rate swaps	11,200	11,972	(35,306)
Net interest expense on interest rate swaps	(7,275)	(5,297)	(16,616)
Gains/(losses) on derivative instruments, net	**3,925**	**6,675**	**(51,922)**

7. INCOME TAXES

Income tax expense is comprised of the following for the periods ended December 31, 2021, April 14, 2021, and December 31, 2020:

(in thousands of $)	Successor April 15 to December 31, 2021	Predecessor Jan 1 to April 14, 2021	Predecessor 2020
Current tax expense	11,257	2,996	14,653
Deferred tax expense	836	539	2,114
Total income tax expense	12,093	3,535	16,767

The income taxes for the periods ended December 31, 2021, April 14, 2021, and December 31, 2020 differed from the amounts computed by applying the Marshall Islands statutory income tax rate of 0% for all years as follows:

(In thousands of $)	Successor April 15 to December 31, 2021	Predecessor Jan 1 to April 14, 2021	Predecessor 2020
Income tax at the statutory rate	— %	— %	— %
Foreign rate differential	4.6	10.6	36.4
Withholding taxes	4.9	0.2	8.3
Other	(0.1)	—	3.4
Effective Tax Rate	9.4	10.8	48.1

The Partnership has certain operations in jurisdictions that are not subject to income taxes. The effect of these earnings taxed at zero percent, as well as the impact of preferential tax rates are included in the foreign rate differential.

Deferred taxes

The tax effect of each type of temporary difference and carryforward that give rise to a significant deferred tax asset or liability as of December 31, 2021 and December 31, 2020 are as follows:

(In thousands of $)	Successor 2021	Predecessor 2020
Property and equipment	(10,801)	(12,757)
Withholding taxes	(2,385)	—
Intangible assets	(2,258)	—
Total Deferred Tax Liabilities	**(15,444)**	**(12,757)**

Uncertain Taxes

The Partnership recognized certain uncertain taxes as a result of the Merger, and the following table summarizes the changes in the Partnership's unrecognized tax benefits in the Successor Period.

(in thousands of $)	Successor April 15 to December 31, 2021
Balance at the beginning of the period	—
Recorded through acquisition accounting	12,705
Recognized in the income tax provision	(231)
Balance at the end of the period	12,474

The liability for unrecognized tax benefits is included in Other non-current liabilities on the consolidated balance sheets. The Partnership accrued $1,387 of interest expense during the Successor Period ended December 31, 2021 and has total interest accrued of $3,667 as of December 31, 2021. The Partnership does not anticipate a material reversal of unrecognized tax benefits during the next 12 months.

The Partnership withholding tax obligations as liabilities subject to ASC 450 during the Predecessor Period, and the liability was previously recorded in Other current liabilities on the consolidated balance sheet. Withholding tax obligations accounted for under ASC 450 were $6,309 and $16,678 as of December 31, 2021 and December 31, 2020, respectively.

Income Tax Examinations

The Partnership has operations in Jordan and Kuwait that are currently under examination. The examinations in Kuwait relate to the 2017 to 2019 tax years, and the examinations in Jordan operations relate to the 2015 to 2017 tax years. The Partnership does not expect the result of the examinations to have a significant impact on income tax expense

The earliest tax years that remain subject to examination by the major taxable jurisdictions in which we operate are UK (2019), Brazil (2015), Indonesia (2017), Kuwait (2020), Jordan (2015) and Barbados (2017).

Undistributed Earnings

As of December 31, 2021, the Partnership has recorded a deferred tax liability for undistributed earnings of its Indonesian controlled foreign corporation of approximately $2,259. The Partnership has not recorded a deferred tax liability for undistributed earnings of any other controlled foreign corporation as of December 31, 2021. We have unremitted earnings in certain jurisdictions where distributions can be made at no net tax cost, and from time to time, we may remit these earnings. The Partnership has the ability and intent to indefinitely reinvest any earnings that cannot be remitted at no net tax cost. It is not practicable to estimate the amount of any additional taxes which may be payable on these undistributed earnings.

8. OPERATING LEASES

The minimum contractual future rentals represent revenues to be recognized on a straight line basis for each of the following periods, as of December 31, 2021:

Year ending December 31, *(in thousands of $)*	Total
2022	252,974
2023	150,665
2024	112,567
2025 and thereafter	33,347
Total	549,553

Minimum lease rentals are calculated based on contractual future revenue expected to be recognized on a straight-line basis over the lease term with certain assumptions such as those relating to expected off-hire days.

PTNR has the right to purchase the *NR Satu* at any time after the first anniversary of the commencement date of its charter at a price that must be agreed upon between us and PTNR. We have assumed that this option will not be exercised. Accordingly, the minimum lease rentals set out above include revenues arising within the option period.

Jordan has the option, for a termination fee, to terminate the charter after June 2020, the fifth anniversary of the delivery date of the *Golar Eskimo*. The minimum contractual future revenues above assume that this option will not be exercised.

The components of operating lease income were as follows:

	Successor	Predecessor	Predecessor
(in $ millions)	April 15 to December 31, 2021	Jan 1 to April 14, 2021	2020
Operating lease income	193.7	76.1	274.9
Variable lease income [1]	—	—	1.7
Total operating lease income	193.7	76.1	276.6

[1] 'Variable lease income' is excluded from lease payments that comprise the minimum contractual future revenues from non-cancellable leases.

9. EQUITY METHOD INVESTMENT

The components of equity method investment in Hilli LLC are as follows:

	Successor	Predecessor
(in thousands of $)	2021	2020
Equity method investment at January 1,	185,562	193,270
Dividends	(7,229)	(19,438)
Earnings from equity method investment	5,377	11,730
Consolidated balance at April 14, 2021 and December 31, 2020, Predecessor	183,710	185,562
Fair value adjustment upon acquisition (note 2)	171,790	—
Dividends	(21,364)	—
Earnings from equity method investment	32,368	—
Consolidated balance at December 31, 2021 Successor	**366,504**	**—**

Quoted market prices for Hilli Common Units are not available because they are not publicly traded. As of December 31, 2021, the carrying value of our equity method investment exceeded its proportionate share of the underlying net assets of the investee by $66.3 million, which was allocated to tangible assets, identifiable intangible assets, liabilities and goodwill on the date of the Merger, and the basis difference attributable to amortizable net assets is amortized to Income from equity method investment over the remaining estimated useful lives of the underlying assets.

Hilli LLC

On July 12, 2018, we purchased 50.0% of the Hilli Common Units from Golar, affiliates of Keppel Shipyard Limited ("Keppel") and Black & Veatch ("B&V") (together, the "Sellers"). Hilli LLC owns Golar Hilli Corporation ("Hilli Corp), the disponent owner of the *Hilli*. The Hilli Common Units provide us with significant influence over Hilli LLC. The *Hilli* is currently operating under an 8-year liquefaction tolling agreement (the "LTA") with Perenco Cameroon S.A. ("Perenco") and Société Nationale des Hydrocarbures ("SNH" and together with Perenco, the "Customer"). The purchase price for the Hilli Acquisition was $658 million, less 50% of the net lease obligations under the Hilli Facility on the Closing Date, plus working capital adjustments. The post closing purchase price adjustments were finalized in October 2018.

We entered into the Amended and Restated Limited Liability Company Agreement of Hilli LLC (the "Hilli LLC Agreement") on July 12, 2018. The ownership interests in Hilli LLC are represented by three classes of units, the Hilli Common Units, the Series A Special Units and the Series B Special Units. We do not own any of the Series A Special Units or Series B Special Units.

The Hilli LLC Agreement provides that within 60 days after the end of each quarter, Golar, in its capacity as the managing member of Hilli LLC shall determine the amount of Hilli LLC's available cash and appropriate reserves (including cash reserves for future maintenance capital expenditures, working capital and other matters), and Hilli LLC shall make a distribution to the unitholders of Hilli LLC (the "Hilli Unitholders") of the available cash, subject to such reserves.

All three classes of ownership interests in Hilli LLC have certain participating and protective rights. Hilli LLC shall make distributions to the Hilli Unitholders when, as and if declared by Golar; provided, however, that no distributions may be made on the Hilli Common Units on any distribution date unless Series A Distributions and Series B Distributions (defined below) for the most recently ended quarter and any accumulated Series A Distributions and Series B Distributions in arrears for any past quarter have been or contemporaneously are being paid or provided for.

Series A Distributions are calculated based on cash received by Hilli Corp for any tolling fees under the LTA relating to an increase in the Brent Crude price above $60 per barrel, adjusted by incremental taxes and costs that arise from underperformance of the *Hilli*. Series B Distributions are calculated as 95% of "Revenues Less Expenses", which is based on the cash receipts as a direct result of the employment of more than the first 50% of LNG production capacity for the *Hilli*, adjusted for incremental operating expenses, capital costs, financing and tax costs associated with making more than 50% capacity available and costs that arise from underperformance. The Hilli Common Units may receive 5% of Revenues less Expenses received by Hilli Corp during such quarter.

The Partnership is required to reimburse other investors in Hilli LLC for 50% of the amount, if any, by which certain operating expenses and withholding taxes of Hilli LLC are below an annual threshold for up to $20,000 in the aggregate through 2026. Other investors are required to reimburse the Partnership for 50% of the amount, if any, by which certain operating expenses and withholding taxes are above an annual threshold for up to $20,000 in the aggregate through 2026. Operating expense reimbursements did not materially impact the results of operations during the year ended December 31, 2021.

Summarized financial information of Hilli LLC*

The following table summarizes the financial information of Hilli LLC shown on a 100% basis as of and for the years ended December 31, 2021 and 2020:

	Successor	Predecessor
(in thousands of $)	2021	2020
Balance sheet		
Current assets	68,435	56,481
Non-current assets	1,359,795	1,203,805
Current liabilities	(61,595)	(32,337)
Non-current liabilities	(766,302)	(845,658)

	Successor April 15, 2021 to December 31, 2021	Predecessor January 1, 2021 to April 14, 2021	Predecessor 2020
Statement of operations			
Liquefaction services revenue	157,550	63,470	226,061
Net income	310,006	48,542	71,684

*The summarized financial information of Hilli LLC excludes the Hilli LLC lessor VIE's financial information.

** During the Successor period, net income for the year ended December 31, 2021 significantly exceeded total revenues for Hilli LLC as a result of the unrealized mark-to market movement in the oil derivative asset associated to the fair value of the Brent Crude price. The unrealized mark-to market movement in the oil derivative asset is allocated to the Series A Special unitholders only; as the Partnership does not own any of the Series A Special Units, gains and losses from income attributable to these units are not reflected in the Partnership's income from equity method investments.

10. OTHER CURRENT ASSETS

The components of other current assets are as follows:

	Successor	Predecessor
(in thousands of $)	December 31, 2021	December 31, 2020
Trade receivables	3,128	16,466
Other receivables	3,325	1,797
Prepaid expenses	1,062	1,810
Indemnity receivables	—	17,325
	7,515	37,398

As of December 31, 2021 and 2020, there was no allowance for doubtful accounts against trade receivables.

Indemnity amount receivables related to amounts expected to be recovered pursuant to indemnity clauses relating to past performance of a bareboat charter and operating and services agreement with a charterer. The receivables were settled in connection with the Merger.

11. DEBT

	Successor	Predecessor
(in thousands of $)	2021	2020
Total debt, net of deferred finance charges	408,991	1,119,708
Less: Current portion of long-term debt, net of deferred finance charges	(61,430)	(702,962)
Long-term debt, net of deferred finance charges	347,561	416,746

Our outstanding debt as of December 31, 2021 is repayable as follows:

Year Ending December 31, *(in thousands of $)*	
2022	61,429
2023	61,429
2024	291,785
Total debt	414,643
Less: deferred finance charges	(5,652)
Total debt, net deferred finance charges	408,991

As of December 31, 2021 and 2020, the maturity dates for our total debt were as follows:

(in thousands of $)	2021	2020	Maturity date
Term Loan Facility	414,643	—	2024
2015 Norwegian Bonds [1]	—	142,552	2021
$800 million credit facility	—	516,000	2021
2017 Norwegian Bonds [1]	—	242,503	2022
NR Satu Facility	—	59,362	2022
Eskimo SPV debt [2]	—	164,467	2025
Total debt	414,643	1,124,884	

[1] Included the premium payable at maturity accreted using the effective interest rate method over the instrument term.

(2) This represented the total loan facility drawn down by the subsidiary of CMBL, which we consider to be a VIE. In November 2021, the Partnership exercised its option to repurchase the *Golar Eskimo.* See below.

Term Loan Facility

On September 20, 2021, Golar Partners Operating LLC (the "Borrower"), a consolidated subsidiary of the Partnership, entered into a senior secured amortizing term loan facility with a syndicate of three lenders ("Term Loan Facility Agreement"). The Term Loan Facility Agreement provides for an amortizing term loan drawn up to an initial amount of $430.0 million and may be increased to an aggregate principal amount of up to $725.0 million. All borrowings under the Term Loan Facility Agreement bear interest at an annual rate of LIBOR plus a margin of 3.0%, subject to a LIBOR floor of 0%. The Term Loan Facility Agreement is repayable in quarterly installments of $15.4 million, with a balloon payment due at maturity. The Term Loan Facility Agreement matures on September 20, 2024.

Obligations under the Vessel Term Loan Facility are guaranteed by the Partnership and certain of our subsidiaries. Lenders have been granted a security interest covering three floating storage and regasification vessels and four liquified natural gas carriers, and the issued and outstanding shares of capital stock of certain subsidiaries have been pledged as security. As of December 31, 2021, the aggregate net book value of the three floating storage and regasification vessels and four liquified natural gas carriers pledged as security was approximately $660.5 million.

The Partnership may prepay outstanding indebtedness without penalty, and certain events, such as (i) total loss; (ii) minimum security value; (iii) the sale or transfer of certain vessels; or (iv) the termination of the charter over the Hilli, will require a mandatory prepayment. The Vessel Term Loan Facility contains customary representations and warranties and customary affirmative and negative covenants, including financial covenants, chartering restrictions, restrictions on indebtedness, liens, investments, mergers, dispositions, prepayment of other indebtedness and dividends and other distributions.

Financial covenants include requirements that Partnership and the Borrower maintain a certain amount of Free Liquid Assets, that the EBITDA to Consolidated Debt Service and the Net Debt to EBITDA ratios are no less than 1.15:1 and no greater than 6.50:1, respectively, and that Consolidated Net Worth is greater than $250 million, each as defined in the Vessel Term Loan Facility. The Partnership was in compliance with these covenants as of December 31, 2021.

In connection with the closing the Vessel Term Loan Facility, the Partnership incurred $6.3 million in origination, structuring and other fees, which was deferred as a reduction of the principal balance of the Vessel Term Loan Facility on the consolidated balance sheets. As of December 31, 2021, total remaining unamortized deferred financing costs for the Vessel Term Loan Facility was $5.7 million.

$800 million credit facility

In April 2016, we entered into an $800.0 million senior secured credit facility (the "$800 million credit facility") with a syndicate of banks to refinance existing financing arrangements secured by seven of our existing vessels. The vessels included in this facility are the *Golar Freeze*, the *Golar Grand*, the *Golar Igloo*, the *Golar Maria*, the *Golar Spirit,* the *Golar Winter* and the *Methane Princess*.

The $800 million credit facility had a five-year term and the initial credit facility consisted of a $650.0 million term loan facility and a $150.0 million revolving credit facility. The revolving credit facility was reduced by $25.0 million on September 30, 2017. The requirement for the revolving credit facility to be reduced by a further $50.0 million in September 2018 was waived until maturity. As of December 31, 2020, we had drawn down $125.0 million on the revolving credit facility. The term loan facility was repayable in quarterly installments with a total final balloon payment of $378.0 million together with any amounts outstanding under the revolving facility repayable in April 2021. The $800 million credit facility bore interest at a rate of LIBOR plus a margin of 2.5%.

The facility required a security deposit to be held for the period of the loan, unless certain conditions were met. These balances are referred to in these consolidated financial statements as restricted cash. As of December 31, 2020, the value of the restricted cash deposit secured against the loan was $16.5 million. See note 19.

On April 15, 2021, our $800 million senior secured credit facility was settled in full on maturity following the repayment of $503.0 million in outstanding principal and $2.0 million in accrued interest.

2015 Norwegian Bonds and 2017 Norwegian Bonds

In May 2015, we completed the issuance and sale of $150 million aggregate principal amount of five years non-amortizing bonds in Norway (the “2015 Norwegian Bonds”). The 2015 Norwegian Bonds were due to mature on May 22, 2020 and bore interest at a rate of LIBOR plus 4.4%. We also entered into economic hedges that convert the floating rate of the interest obligation under the 2015 Norwegian Bonds to an all-in fixed rate of 6.275%.

On February 15, 2017, we completed the issuance and sale of $250.0 million aggregate principal amount of our 2017 Norwegian Bonds (the “2017 Norwegian Bonds” and, together with the 2015 Norwegian Bonds, the “Norwegian Bonds”) which were due to mature in May 2021 and bore interest at a rate of 3-month LIBOR plus 6.25%. The 2017 Norwegian Bonds were listed on the Oslo Bors in July 2017. In connection with the issuance of the 2017 Norwegian Bonds, we entered into economic hedge interest rate swaps to reduce the risk associated with fluctuations in interest rates by converting the floating rate of the interest obligation under the 2017 Norwegian Bonds to an all-in interest rate of 8.194%.

On April 6, 2021, we provided irrevocable notice to the trustee of o2015 Norwegian Bonds, which were due to mature on November 22, 2021, of the exercise of the call option for the voluntary early termination of all of outstanding bonds. All 2015 Norwegian Bonds outstanding on record date of April 16, 2021 were settled in full on April 20, 2021 for 100% of the nominal amount of $135 million plus accrued interest of $1.4 million.

On April 6, 2021, we provided irrevocable notice to the trustee of our 2017 Norwegian Bonds, which were due to mature on November 15, 2022, of the exercise of the call option for the voluntary early termination of all of outstanding bonds. All 2017 Norwegian Bonds outstanding on record date of April 16, 2021 were settled in full on April 20, 2021 for 100% of the nominal amount of $235 million plus accrued interest of $3.4 million.

NR Satu Facility

In December 2012, PTGI, the company that owns and operates the *NR Satu*, entered into a seven year $175.0 million secured loan facility (the "NR Satu Facility"). The NR Satu Facility was split into two tranches, a $155.0 million term loan facility and a $20.0 million revolving facility. The facility was with a syndicate of banks and bore interest at LIBOR plus a margin of 3.5%. The loan was payable on a quarterly basis with a final balloon payment of $52.5 million due in November 2019.

In March 2018, the NR Satu facility was extinguished and subsequently refinanced with Sumitomo Mitsui Banking Corporation ("SMBC") under a new loan facility (the "New NR Satu Facility") which bears interest at LIBOR plus margin of 2.35%.

As of December 31, 2020, the balance outstanding under the New *NR Satu* facility was $59.4 million. The facility required certain cash balances to be held on deposit during the period of the loan.

On April 6, 2021, PTGI, the company that owns and operates the *NR Satu*, provided notice to the facility agent and security agent of the $175 million secured loan facility of the prepayment of all borrowings in full on April 15, 2021. All amounts outstanding were prepaid in full following the net repayment of $34.8 million in outstanding principal and $0.1 million in accrued interest.

Eskimo SPV Debt

In November 2015, we entered into a sale and leaseback transaction pursuant to which we sold the *Golar Eskimo* to Eskimo SPV, a subsidiary of CMBL, and leased back the vessel under a bareboat charter for a monthly hire rate. In November 2015, Eskimo SPV, which is the legal owner of the *Golar Eskimo*, entered into a long-term loan facility (the “Eskimo SPV Debt”). The facility bears interest at a rate of LIBOR plus a margin. See note 5.

On November 24, 2021, the Partnership exercised the repurchase option of the Golar Eskimo under the bareboat charter arrangement to repurchase the vessel at a price of $190.5 million. Therefore, upon closing of the repurchase of the Golar Eskimo, the Partnership deconsolidated the assets and liabilities of the Eskimo SPV. The most significant impact of Eskimo SPV's liabilities on our consolidated balance sheet was the repayment of short-term and long-term debt and non-controlling interest.

12. VESSELS AND EQUIPMENT, NET

As of December 31, 2021 and 2020, the Partnership's vessels and equipment, net consisted of the following:

	Successor	**Predecessor**
(in thousands of $)	**2021**	**2020**
Vessels[1]	1,017,114	1,987,346
Mooring Equipment[1]	6,166	37,826
Less: Accumulated Depreciation[2]	(28,475)	(716,966)
Total Vessel and Equipment, net	994,805	1,308,206

(1) Vessels includes the cost of dry-docking expenditure. Vessels and mooring equipment which have been recognized at fair-value at the time of the Merger and includes the impact of push-down accounting.

(2) Includes the impact of pushdown accounting resulting in accumulated depreciation recognized prior to the successor period to be written off and only includes depreciation charged during the successor period.

Depreciation expense during the predecessor period from January 1, 2021 to April 14, 2021 amounted to $20.1 million and $59.6 million for the year ended December 31, 2020, respectively. Depreciation during the successor period ended December 31, 2021 amounted to $28.5 million.

Capitalized drydocking costs of $5.9 million are included in the vessel cost for December 31, 2021 which will be depreciated from the completion of drydocking until the next expected drydocking.

13. VESSEL AND OBLIGATION UNDER FINANCE LEASE, NET

	Predecessor	Predecessor
(in thousands of $)	2021	2020
Cost: Vessel and Drydocking expenditure	174,511	174,511
Accumulated Depreciation	(73,698)	(71,977)
Transfer to Vessel and Equipment, net [(1)]	(100,813)	—
Net book value	—	102,534

[(1)] Upon voluntarily termination of the leasing arrangement, the *Methane Princess* was repurchased prior to the Merger and transferred to Vessel and Equipment net of cost and accumulated depreciation where it was recognized at fair value as part of pushdown accounting during the successor period.

Prior to the Merger, we operated the *Methane Princess*, under a finance lease. The lease was in respect of a refinancing transaction undertaken during 2003 and we had recorded an amount representing the difference between the net cash proceeds received upon sale of the vessel and the present value of the minimum lease payments.

On April 15, 2021, we voluntarily terminated the leasing arrangement. The second priority security interest in the vessels the *Methane Princess*, *Golar Spiri*t and *Golar Grand* were released. A termination payment of $126.8 million (£91.9 million) was settled, of which $118.3 million (£85.8 million) was funded from the Methane Princess lease security deposit, which was included within our restricted cash balance, and the balance was funded by Golar pursuant to the indemnity provisions of the omnibus agreement entered into between us and Golar on our initial public offering. As of December 31, 2021, our obligation under finance lease was as follows:

(in thousands of $)	2021	2020
Total obligation under finance lease	—	124,550
Less: current portion of obligation under finance lease	—	(2,521)
Non-current portion of obligation under finance lease	—	122,029

In connection with the *Methane Princess* Lease, we previously recorded deferred credits from finance lease transactions under "Other Non-Current Liabilities" an amount representing the difference between the net cash proceeds received upon sale of the vessel and the present value of the minimum lease payments. The deferred credits represented the upfront benefits derived from undertaking such finance lease in the form of a UK lease. Upon termination of the leasing arrangement, the Partnership recognized the net amount of settlement of lease obligation and deferred credits as a gain of $12.1 million, included within "Other (expense)/income" for the predecessor period in our consolidated statement of operations

14. GOODWILL AND INTANGIBLE ASSETS, NET

Goodwill

The following table summarizes the changes in the carrying amount of goodwill as of December 31, 2021 and 2020:

(in thousands of $)	Goodwill
Balance at December 31, 2020	—
Acquired in the Merger	15,938
Balance at December 31, 2021	15,938

Intangible assets

The following tables summarize the composition of intangible assets as of December 31, 2021 and 2020:

	Successor	Predecessor
(in thousands of $)	2021	2020
Favorable vessel charter contracts:		
Cost	106,500	95,517
Less: Accumulated amortization[1]	(27,075)	(54,222)
Net book value as of December 31,	79,425	41,295

[1] Accumulated amortization recognized during the successor period includes the impact of pushdown accounting.

Prior to the Merger, the intangible assets only pertain to contract based assets representing primarily the long-term time charter party agreements acquired in connection with the acquisition of *Golar Eskimo* in January 2015 and was amortized over the term of the contract initially entered into with Jordan for ten years with termination option after five years expected not to be exercised.

As part of the Merger, the Partnership remeasured the fair value of the favorable and unfavorable contracts on the *Golar Eskimo*, *Golar Winter*, *Methane Princess* and *NR Satu* Resulting in a fair value of the favorable contracts to be $106.5 million. The fair value of the unfavorable contracts of $13.4 million is included within “other current liabilities”. The total weighted average amortization period is approximately three years; the favorable contract asset has a weighted average amortization period of approximately three years and the unfavorable contract liability has a weighted average amortization period of approximately one year. All intangible assets have been assigned a zero residual value. As of December 31, 2021 and 2020, there were no impairment of intangible assets.

The estimated future amortization of favorable contracts intangible assets as of December 31, 2021 is as follows:

Year Ending December 31, ***(in thousands of $)***	
2022	38,222
2023	23,874
2024	15,074
2025	2,255
Thereafter	—
Total	79,425

15. OTHER CURRENT LIABILITIES

	Successor	Predecessor
(in thousands of $)	2021	2020
Mark-to-market interest rate swaps valuation	19,762	70,188
Deferred revenue	16,805	9,949
Other creditors	16,490	16,689
Current tax payable	13,071	10,790
Vessel operating and drydocking expenses	5,281	5,678
Partnership Guarantee (note 19)	4,918	1,502
Trade accounts payable	4,690	1,766
Unfavorable contract intangibles (note 14)	2,984	—
Preferred units dividend payable	1,543	1,543
Accrued interest	1,298	7,099
	86,842	125,204

As part of the Merger, the Partnership remeasured the fair value of unfavorable contracts on the *Golar Igloo*, *Golar Maria* and *Golar Grand* resulting in a fair value of unfavorable contracts of $13.4 million. The amortization of the unfavorable contracts amounted to $10.4 million and is offset against the depreciation and amortization expense in the statement of operations for the year ended December 31, 2021.

Other creditors as of December 31, 2021 and 2020 includes $14.5 million and $16.1 million, respectively, of withholding and payroll taxes; see discussion in Note 7.

16. INVESTMENT IN LEASED VESSEL, NET

On May 15, 2019, we executed a modification to the Golar Freeze Charter with NFE which triggered a change in the lease classification to a sales-type lease. This classification change resulted in the de-recognition of the vessel asset carrying value, the recognition of net investment in leased vessel (consisting of present value of the future lease receivables and unguaranteed residual value), and a gain on disposal. Post modification to sales-type lease, all charter hire revenue from the Golar Freeze sales-type lease has been recognized as interest income. We recognized $4.6 million as interest income gross of expected credit loss allowance for the predecessor period from January 1, 2021 to April 14, 2021, and $16.2 million for the year ended December 31, 2020 respectively. Interest income of $2.1 million has been recognized in the successor period and has been presented in time charter revenues to align with NFE's accounting policies.

As a result of applying pushdown accounting, we recognized the fair value of the net investment in the leased vessel of $48 million on the acquisition date,the residual value at the end of the lease term in March 2022 was estimated to be $33.3 million. NFE expects the lease term to be less than one year of the acquisition date, and as such, in the successor period, the net investment in the leased vessel has been presented as current asset. As NFE is the lessee of the *Golar Freeze*, revenue and receivables related to the Freeze are related party transactions (note 19).

17. FINANCIAL INSTRUMENTS

Interest rate risk management

In certain situations, we may enter into financial instruments to reduce the risk associated with fluctuations in interest rates. We have entered into swaps that convert floating rate interest obligations to fixed rates, which from an economic perspective hedge the interest rate exposure. We do not hold or issue instruments for speculative or trading purposes. The counterparties to such contracts are major banking and financial institutions. Credit risk exists to the extent that the counterparties are unable to perform under the contracts; however, we do not anticipate non-performance by any of our counterparties.

We manage our debt and finance lease portfolio with interest rate swap agreements in U.S. dollars to achieve an overall desired position of fixed and floating interest rates.

We have entered into the following interest rate swap transactions involving the payment of fixed rates in exchange for LIBOR:

Instrument *(in thousands of $)*	Year Ended	Notional Amount	Maturity Dates	Fixed Interest Rate
Interest rate swaps:				
Receiving floating, pay fixed	December 31, 2021	356,250	2026	2.86 %
Receiving floating, pay fixed	December 31, 2020	1,233,771	2021 to 2026	1.12 % to 2.90%

Prior to the Merger, the Partnership terminated interest rate swaps contracts with a notional value of $834.3 million which had a mark-to-market liability of $27.3 million at date of termination. The termination settlement utilized $13.6 million of restricted cash balance that was related to these swap contracts, while the remaining amount was paid using cash and cash equivalents.

Our interest rate swap has a credit arrangement that requires us to provide cash collateral when the market value of the instrument falls below a specified threshold. As at December 31, 2021, cash collateral amounting to $12.5 million (December 31, 2020: $29.4 million) has been provided, which is presented as restricted cash on our consolidated balance sheet.

Foreign currency risk

For the periods reported, the majority of our vessels' gross earnings were receivable in U.S. dollars and the majority of our transactions, assets and liabilities were denominated in U.S. dollars, our functional currency. However, we incur expenditures in other currencies. We recognized a net foreign exchange loss on operations and other cost of $0.8 million for the successor period from April 15, 2021 to December 31, 2021, loss of $0.3 million for the predecessor period from January 1, 2021 to April 14, 2021and loss of $0.3 million in the year ended December 31, 2020, respectively.

Fair values

We recognize our fair value estimates using a fair value hierarchy based on the inputs used to measure fair value. The fair value hierarchy has three levels based on reliability of inputs used to determine fair value as follows:

Level 1: Quoted market prices in active markets for identical assets and liabilities.

Level 2: Observable market based inputs or unobservable inputs that are corroborated by market data.

Level 3: Unobservable inputs that are not corroborated by market data.

There have been no transfers between different levels in the fair value hierarchy during the year. We do not have any level 3 financial instruments.

The carrying value and estimated fair value of our financial instruments at December 31, 2021 and 2020 are as follows:

(in thousands of $)	Fair Value Hierarchy	2021 Carrying Value	2021 Fair Value	2020 Carrying Value	2020 Fair Value
Non-Derivatives:					
Cash and cash equivalents	Level 1	85,098	85,098	48,783	48,783
Restricted cash and short-term deposits	Level 1	24,410	24,410	185,385	185,385
2015 and 2017 Norwegian Bonds(1)	Level 1	—	—	385,055	309,032
Long-term debt—floating(2)	Level 2	414,643	414,643	739,829	739,829
Obligation under finance lease(2)	Level 2	—	—	124,550	124,550
Derivatives:					
Interest rate swaps liability(3)(4)	Level 2	19,762	19,762	70,188	70,188

1. All 2015 and 2017 Norwegian Bonds outstanding on record date of April 16, 2021 were settled in full on April 20, 2021.
2. Our short-term and long-term debt and finance lease obligations are recorded at amortized cost in our consolidated balance sheet. The long-term debt, in the table above, is presented gross of deferred financing cost of $5.7 million as of December 31, 2021 (December 31, 2020: $5.2 million).
3. Derivative liabilities are presented within other current liabilities on the consolidated balance sheets.
4. The fair value of certain derivative instruments is the estimated amount that we would receive or pay to terminate the agreements at the reporting date, taking into account current interest rates, foreign exchange rates, closing quoted market prices and our creditworthiness and that of our counterparties.

The following methods and assumptions were used to estimate the fair value of each class of financial instrument.

- the carrying values of trade accounts receivable, accounts payable, accrued liabilities and working capital facilities approximate fair values because of the short-term maturity of these instruments; such instruments are classified as Level 1 within the fair value hierarchy.

- the carrying value of cash and cash equivalents, which are highly liquid, is a reasonable estimate of fair value.

- the estimated fair value for restricted cash and short-term deposits is considered to be equal to the carrying value since they are placed for periods of less than six months. The estimated fair value for long-term restricted cash is considered to be equal to the carrying value since it bears variable interest rates which are reset on a quarterly basis.

- the estimated fair value of our floating long-term debt is considered to be equal to the carrying value since it bears variable interest rates, which are reset on a quarterly basis.

- the estimated fair value of our 2015 Norwegian Bonds and 2017 Norwegian Bonds, were based on the quoted market price as of the balance sheet date.

- the estimated fair value of long-term obligations under finance lease was considered to be equal to the carrying value since it bore interest at a variable interest rate, which reset on a quarterly basis.

Our interest rate swaps are not designated as hedges for accounting purposes for the period, and the mark-to-market gain or loss on such swaps is reported in the statement of operations caption “(Losses)/gains on derivative instruments, net” (note 6).

The credit exposure of interest rate swap agreements is represented by the fair value of contracts with a positive fair value at the end of each period, reduced by the effects of master netting agreements. It is our policy to enter into master netting agreements with the counterparties to derivative financial instrument contracts, which give us the legal right to discharge all or a portion of amounts owed to that counterparty by offsetting them against amounts that the counterparty owes to us.

We have elected not to offset the fair values of derivative assets and liabilities executed with the same counterparty that are generally subject to enforceable master netting arrangements. However, if we were to offset and record the asset and liability balance of derivatives on a net basis, the amounts presented in our consolidated balance sheets as of December 31, 2021 and 2020 would be adjusted as detailed in the following table:

	December 31, 2021			December 31, 2020		
(in thousands of $)	Gross amounts presented in the consolidated balance sheets	Gross amounts not offset in the consolidated balance sheets subject to netting	Net amount	Gross amounts presented in the consolidated balance sheets	Gross amounts not offset in the consolidated balance sheets subject to netting	Net amount
Total liability derivatives	19,762	—	19,762	70,188	—	70,188

Under one of our interest rate swaps we were required to provide initial cash collateral of $2.5 million and to subsequently post additional cash collateral that corresponds to any further unrealized loss. As of December 31, 2021, cash collateral amounting to $12.5 million has been provided (note 18).

The cash flows from economic hedges are classified in the same category as the cash flows from the items subject to the economic hedging relationship.

Concentrations of credit risk

The maximum exposure to credit risk is the carrying value of cash and cash equivalents, restricted cash and short-term deposits, trade accounts receivable, investment in leased vessel, net, other receivables and amounts due from related parties. In respect of cash and cash equivalents, restricted cash and short-term deposits, credit risk lies with Nordea bank ABP, Filial I Norge, Citibank, DNB Bank ASA, Sumitomo Mitsui Banking Corporation and Standard Chartered plc. However, we believe this risk is remote, as they are established and reputable establishments with no prior history of default.

As of December 31, 2021 and 2020, we had one customer that accounted for approximately 100% (2020: 96%) of all trade receivables. In relation to our investment in leased vessel - net, the concentration risk relates to one counterparty, which is also a related party. We hold certain guarantees as security, which reduces our credit exposure. We consider the credit risk of our counterparties to these financial assets to be low.

18. RESTRICTED CASH AND SHORT-TERM DEPOSITS

Our restricted cash balances are as follows:

	Successor	Predecessor
(in thousands of $)	December 31, 2021	December 31, 2020
Restricted cash relating to our interest rate swaps	12,500	29,440
Restricted cash relating to security deposits(1)	11,910	12,317
Methane Princess lease security deposits	—	118,455
Restricted cash relating to the $800 million facility	—	16,450
Restricted cash relating to the NR Satu facility	—	8,723
Total restricted cash	24,410	185,385
Less: current portion of restricted cash	(16,531)	(55,547)
Non-current restricted cash	7,879	129,838

Restricted cash does not include minimum consolidated cash balances of $30.0 million required to be maintained as part of the financial covenants in some of our loan facilities, as these amounts are included in "Cash and cash equivalents".

[(1)] As of December 31, 2021 and 2020, the value of collateral deposits required to secure performance guarantees issued to charterers on our behalf by banks was $11.9 million and $12.3 million, respectively.

19. RELATED PARTY TRANSACTIONS

Transactions with related parties:

(in thousands of $)	Successor 2021	Predecessor 2021	Predecessor 2020
Transactions with Golar and affiliates:			
Management and administrative services fees (a)	—	(2,760)	(8,525)
Ship management fees (b)	—	(2,252)	(5,263)
Interest expense on short-term loans (c)	—	(18)	(317)
Distributions with Golar, net (d) (including Hilli)	21,365	6,769	8,897
Transactions with NFE and affiliates:			
Distributions to NFE (e)	497,954	—	—
Time and voyage charter revenue (g)	10,672	—	—
Payments under investment in leased vessel (Note 16)	10,872	—	—

Amounts due (to)/ from related parties:

As of December 31, 2021 and 2020, balances with related parties consisted of the following:

(in thousands of $)	Successor 2021	Predecessor 2020
Balances due from Golar and its affiliates (c)	—	1,164
Methane Princess lease security deposit due (to)/from Golar (f)	—	(360)
Balance due to NFE and affiliates (g)	181,599	—
	181,599	804

Following the completion of the Merger on April 15, 2021, Golar ceased to be a related party and subsequent transactions with Golar and its subsidiaries were treated as a third party and settled under normal payment terms. Furthermore, the management and administrative services agreement and ship management fee agreement was terminated and replaced with the Transition Services Agreement, Bermuda Services Agreement and Ship Management Agreements. Transactions with Golar and affiliates prior to completion of the Merger included the following:

(a) *Management and administrative services fees* - We were party to a management and administrative services agreement with Golar Management, a wholly-owned subsidiary of Golar, pursuant to which Golar Management will provide to us certain management and administrative services. The services provided by Golar Management were charged at cost plus a management fee equal to 5% of Golar Management's costs and expenses incurred in connection with providing these services. Where external service provider costs were incurred by Golar Management on our behalf, these expenses were recharged to us at cost.

(b) *Ship management fees* - Golar and certain of its subsidiaries charged ship management fees to us for the provision of technical and commercial management of the vessels. Each of our vessels is subject to management agreements pursuant to which certain commercial and technical management services are provided by certain subsidiaries of Golar, including Golar Management.

(c) *Interest expense on short-term loan, balances due from/(to)Golar and its affiliates* - During the year ended December 31, 2020, we borrowed $45.0 million with interest at a rate of LIBOR plus a margin of 5.0% from Golar, which was subsequently repaid in full, including interest. During the predecessor period, from January 1, 2021 to April 14, 2021 we paid $18 thousand of interest. There was no interest paid during the successor period.

(d) *Distributions from/(to) Golar, net* - During the predecessor period from January 1, 2021 to April 14, 2021 we paid total distributions to Golar of $0.5 million and $10.5 million for the year ended December 31, 2020, respectively, in respect of the Common Units and General Partner units owned by it.

During the successor period ended December 31, 2021, Hilli LLC declared and paid distributions to us totaling $21.4 million.

During the predecessor period from January 1, 2021 to April 14, 2021 and the year ended December 31, 2020, Hilli LLC declared quarterly distributions totaling $7.3 million and $19.4 million respectively, in respect of the Hilli Common Units owned by us.

(e) *Distributions to NFE* - During the successor period from April 15, 2021 to December 31, 2021 we paid total distributions to NFE of $498.0 million for the year ended December 31, 2021 in respect of the common units owned by it.

(f) *Methane Princess Lease security deposit due (to)/from Golar* - This balance represented net advances to or from Golar since our initial public offering in April 2011, which corresponded with the net release of funds from the security deposits held relating to the Methane Princess lease. This was in connection with the Methane Princess tax lease indemnity provided by Golar under the Omnibus Agreement that we entered into with Golar at the time of our initial public offering. Accordingly, these amounts were settled as part of the termination of the Methane Princess lease at the time of the completion of Merger.

(g) *Time and voyage charter revenue*, *balance due to NFE and its affiliates* – Time and voyage charter revenue includes interest income earned by *Golar Freeze* (Note 17) and charter hire for *Golar Grand* which was utilized by NFE within its terminal and logistics operations since September 2021. Balance due to NFE is payable on demand and primarily consists of amounts received from NFE to exercise option to repurchase *Golar Eskimo* from Eskimo SPV for a total payment of $190.5 million. This was partially offset by amounts due under charter and operating service agreements between the Partnership and NFE in the ordinary course of business.

Other transactions

Agency agreement with PT Pesona Sentra Utama (or PT Pesona) - PT Pesona, an Indonesian company that owns 51% of the issued share capital in our subsidiary, PTGI, the owner and operator of *NR Satu*, and provides agency and local representation services for us with respect to *NR Satu*. During the years ended December 31, 2021, and 2020, PT Pesona received an agency fee of $0.5 million, and $0.5 million respectively. PT Pesona and certain of its subsidiaries also charged vessel management fees to us for the provision of technical and commercial management of the vessels amounting to $0.2 million, and $0.3 million for each of the years ended December 31, 2021, and 2020.

Omnibus Agreement

In connection with our IPO in April 2011, we entered into an Omnibus Agreement with Golar, Golar GP LLC (our “General Partner”) and others governing, among others:

- to what extent we and Golar may compete with each other;
- certain rights of first offer on certain FSRUs and LNG carriers operating under charters for five or more years; and
- the provision of certain indemnities to us by Golar.

Indemnifications and guarantees

Hilli guarantees (in connection with the Hilli Acquisition)

(i) Debt

Hilli Corp is a party to a Memorandum of Agreement, dated September 9, 2015, with Fortune Lianjiang Shipping S.A., a subsidiary of China State Shipbuilding Corporation ("Fortune"), pursuant to which Hilli Corp has sold to and leased back from Fortune the *Hilli* under a 10-year bareboat charter agreement (the "Hilli Facility"). The Hilli Facility provided for post-construction financing for the *Hilli* in the amount of $960 million. Under the Hilli Facility, Hilli Corp will pay to Fortune forty consecutive equal quarterly repayments of 1.375% of the construction cost, plus interest based on LIBOR plus a margin of 3.95%. In connection with the closing of the Hilli Acquisition, we agreed to provide a several guarantee (the "Partnership Guarantee") of 50% of the outstanding principal and interest amounts payable by Hilli Corp under the Hilli Facility pursuant to a Deed of Amendment, Restatement and Accession relating to a guarantee between Golar, Fortune and us dated July 12, 2018. We entered into a $480.0 million interest rate swap in relation to our proportionate share of the obligation under the Hilli Facility.

(ii) Letter of credit

On November 28, 2018, we entered into an agreement to guarantee (the "LOC Guarantee") the letter of credit issued by a financial institution in the event of Hilli Corp’s underperformance or non-performance under the LTA. Under the LOC Guarantee, we are severally liable for any outstanding amounts that are payable, up to approximately $19 million.

Pursuant to the Partnership Guarantee and the LOC Guarantee, we are required to comply with the following covenants and ratios:

- free liquid assets of at least $30 million throughout the Hilli Facility period;
- a maximum net debt to EBITDA ratio for the previous 12 months of 6.5:1; and
- a consolidated tangible net worth of $123.95 million.

As of December 31, 2021, the amount we have guaranteed under the Partnership Guarantee and the LOC Guarantee is $356.3 million (2020: $389.3 million), and the fair value of debt guarantee after amortization, presented under “Other current liabilities” and “Other non-current liabilities” in our consolidated balance sheets, amounted to $4.9 million and $2.3 million, respectively. As of December 31, 2021, we were in compliance with the covenants and ratios for both Hilli guarantees.

Operating expense reimbursement

Pursuant to the Hilli Purchase Agreement, we agreed to reimburse Golar, Keppel and B&V for (a) 50% of the amount, if any, by which Operating Expenses (as defined below) are less than $32.4 million per year and (b) 50% of the amount, if any, by which withholding taxes on Operating Expense payments are less than $4.2 million per year, for a period of eight years commencing on the Closing Date, up to a maximum amount of $20 million in the aggregate. Golar, Keppel and B&V have agreed, for a period of eight years commencing on the closing date of the Hilli Acquisition, to reimburse us for (a) 50% of the amount, if any, by which Operating Expenses are greater than $39.5 million per year and (b) 50% of the amount, if any, by which withholding taxes on Operating Expense payments are greater than $5.2 million per year, up to a maximum amount of $20 million in the aggregate. “Operating Expenses” means, all expenditures made by Hilli LLC and its subsidiaries, including vessel operating expenses, taxes, maintenance expenses and employee compensation and benefits, and capital expenditures, but exclude withholding taxes thereon. Operating expense reimbursements from Golar, Keppel and B&V did not materially impact the results of operations for the year ended December 31, 2021 and 2020.

20. OTHER COMMITMENTS AND CONTINGENCIES

We may, from time to time, be involved in legal proceedings and claims that arise in the ordinary course of business. A loss will be recognized in the financial statements only where we believe that a liability will be probable and for which the amounts are reasonably estimable, based upon the facts known prior to the issuance of the financial statements.

In November and December 2015, the Indonesian tax authorities issued letters to our subsidiary, PTGI (see note 5), to, among other things, revoke a previously granted VAT importation waiver in the approximate amount of $24.0 million for the *NR Satu*. In April 2016, PTGI initiated an action in the Indonesian tax court to dispute the waiver cancellation. The final hearing took place in June 2016 and we received the verdict of the Tax Court in November 2017, which rejected PTGI’s claim. In February 2018, PTGI filed a Judicial Review with the Supreme Court of Indonesia, but in December 2018, the Supreme Court of Indonesia ruled against PTGI with regards the validity of waiver cancellation. However, we do not believe it probable that a liability exists as a result of this ruling, as no Tax Underpayment Assessment Notice has been received within the statute of limitations period. Should we receive such notice from the tax authorities, we intend to challenge the legality of the assessment. In any event, we believe PTGI will be indemnified by PTNR for any VAT liability as well as related interest and penalties under our time charter party agreement entered into with them.

In December 2019, the Indonesian tax authorities issued tax assessments for land and buildings tax to our subsidiary, PTGI for the years 2015 to 2019 inclusive in relation to the *NR Satu*, for the amount of $3.4 million (IDR48,378.3 million). We paid the assessed tax in January 2020 to avoid further penalties. This is presented in "Other non-current assets" of our consolidated balance sheets. We intend to appeal against the assessments for the land and buildings tax as the tax authorities have not accepted our initial objection letter. We believe we have reasonable grounds for success on the basis of no precedent set from past case law and the new legislation effective prospectively from January 1, 2020, that now specifically lists FSRUs as being an object liable to land and buildings tax, when it previously did not.

In February 2021, we received a tax notice from the Jordan tax authorities following the conclusion of their tax audit into our Jordan branch for the years 2015 and 2016 assessing our Jordan branch for additional tax of $1.6 million (JOD 1.10 million) and $3.1 million (JOD 2.20 million), respectively. We have submitted an appeal to the tax notice. A loss has not been recognized for this as we do not believe that the tax inspector has followed the correct tax audit process and the claim by the tax authorities to not allow tax depreciation is contrary to Jordan's tax legislation.

28. EQUITY

Rights and Obligations of Partnership Units

- *Common units*. Common units represent limited partner interests in us. Each outstanding common unit is entitled to one vote on matters subject to a vote of common unitholders. However, if at any time, any person or group owns beneficially more than 4.9% or more of any class of units outstanding, any such units owned by that person or group in excess of 4.9% may not be voted (except for purposes of nominating a person for election to our Board). The voting rights of any such common unitholder in excess of 4.9% will effectively be redistributed pro rata among the other common unitholders holding less than 4.9% of the voting power of such class of units. The General Partner, its affiliates and persons who acquired common units with the prior approval of the Board will not be subject to this 4.9% limit except with respect to voting their common units in the election of the four elected directors. After the Merger, NFE owns all common units of the Partnership.

- *General partner units.* The general partner units are not entitled to vote in the election of the four elected directors. However, subject to the rights of the holders of Preferred Units in certain instances, the General Partner in its sole discretion appoints three of the seven members of the Board. After the Merger, NFE owns all general partner units of the Partnership.

- *IDRs*. The IDRs were non-voting and represent rights to receive an increasing percentage of quarterly distributions of available cash from operating surplus after the minimum quarterly distribution and the target distribution levels have been achieved. Pursuant to the partnership agreement, the IDRs are transferable without unitholder approval. All IDRs were cancelled in conjunction with the Merger.

- *Preferred Units.* The Series A Preferred Units represent perpetual equity interests in us and, unlike our indebtedness, will not give rise to a claim for payment of a principal amount at a particular date. The Preferred Units have preferential distribution rights to our common units and rank junior to all of our indebtedness as set forth below.

Preferred Units

On October 31, 2017 we sold in a registered public offering 5,520,000 of our Preferred Units, liquidation preference $25.00 per unit. We raised proceeds, net of the underwriters discounts and offering fees, of $133.0 million.

The Series A Preferred Units rank:

- senior to our common units and to each other class or series of limited partner interests or other equity securities established after the original issue date of the Preferred Units that is not expressly made senior to or on parity with the

Preferred Units as to the payment of distributions and amounts payable upon liquidation, dissolution or winding up, whether voluntary or involuntary;

- pari passu with any class or series of limited partner interests or other equity securities established after the original issue date of the Preferred Units with terms expressly providing that such class or series ranks on a parity with the Preferred Units as to the payment of distributions and amounts payable upon liquidation, dissolution or winding up, whether voluntary or involuntary ("Parity Securities");

- junior to all of our indebtedness and other liabilities with respect to assets available to satisfy claims against us; and

- junior to each other class or series of limited partner interests or other equity securities expressly made senior to the Preferred Units as to the payment of distributions and amounts payable upon liquidation, dissolution or winding up, whether voluntary or involuntary ("Senior Securities"). The Preferred Units have no conversion or exchange rights and are not subject to any pre-emptive rights.

Distributions on the Preferred Units are payable out of amounts legally available therefor at a rate equal to 8.75% per annum of the stated liquidation preference. Distributions are payable quarterly in arrears on the 15th day of February, May, August and November of each year, when, as and if declared by our Board.

The Preferred Units generally have no voting rights. However, if and whenever distributions payable on the Preferred Units are in arrears for six or more quarterly periods, whether or not consecutive, holders of Preferred Units, voting as a class together with the holders of any Parity Securities upon which like voting rights have been conferred and are exercisable, will have the right to replace one of the members of our Board appointed by our General Partner with a person nominated by such holders The right of such holders of Preferred Units to elect a member of our Board will continue until such time as all accumulated and unpaid distributions on the Preferred Units have been paid in full. In addition, unless we have received the affirmative vote or consent of the holders of at least two-thirds of the outstanding Preferred Units, voting as a single class, our Board may not adopt any amendment to our partnership agreement that would have a material adverse effect on the existing terms of the Preferred Units. In addition, unless we have received the affirmative vote or consent of the holders of at least two-thirds of the outstanding Preferred Units, voting as a class together with holders of any other Parity Securities upon which like voting rights have been conferred and are exercisable, we may not (i) issue any Parity Securities if the cumulative distributions on Preferred Units are in arrears or (ii) create or issue any Senior Securities.

In the event of a liquidation, dissolution or winding up of our affairs, whether voluntary or involuntary, holders of Preferred Units will have the right to receive a liquidation preference of $25.00 per unit plus an amount equal to all accumulated and unpaid distributions thereon to the date of payment, whether declared or not. These payments will be paid before any payments are paid to our common unitholders.

At any time on or after October 31, 2022, we may redeem, in whole or in part, the Preferred Units at a redemption price of $25.00 per unit plus an amount equal to all accumulated and unpaid distributions thereon on the date of redemption, whether declared or not.

21. SUBSEQUENT EVENTS

The Partnership has evaluated subsequent events through the date of issuance of these financial statements, April 29, 2022

Cash Distributions

On February 15, 2022, we paid a cash distribution of $0.546875 per Series A Preferred Unit in respect of the period from November 13, 2021 through February 14, 2022 to unitholders of record as of February 8, 2022, amounting to $3.0 million.