

Teekay LNG Partners L.P.  
Form 20-F  
April 05, 2019

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

---

FORM 20-F

---

(Mark One)

..REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) or (g) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

ý ANNUAL REPORT PURSUANT TO SECTION 13 or 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
For the fiscal year ended December 31, 2018

OR

..TRANSITION REPORT PURSUANT TO SECTION 13 or 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

..SHELL COMPANY REPORT PURSUANT TO SECTION 13 or 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Date of event requiring this shell company report

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number 1- 32479

---

TEEKAY LNG PARTNERS L.P.

(Exact name of Registrant as specified in its charter)

---

Republic of The Marshall Islands

(Jurisdiction of incorporation or organization)

4th Floor, Belvedere Building, 69 Pitts Bay Road, Hamilton, HM 08, Bermuda

Telephone: (441) 298-2530

(Address and telephone number of principal executive offices)

Edith Robinson

4th Floor, Belvedere Building, 69 Pitts Bay Road, Hamilton, HM 08, Bermuda

Telephone: (441) 298-2530

Fax: (441) 292-3931

(Contact information for company contact person)

---

Securities registered, or to be registered, pursuant to Section 12(b) of the Act.

Title of each class            Name of each exchange on which registered

Common Units                New York Stock Exchange

Series A Preferred Units    New York Stock Exchange

Series B Preferred Units    New York Stock Exchange

Securities registered, or to be registered, pursuant to Section 12(g) of the Act.

None

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act.

None

Indicate the number of outstanding shares of each issuer's classes of capital or common stock as of the close of the period covered by the annual report.

79,360,719 Common Units

5,000,000 Series A Preferred Units

6,800,000 Series B Preferred Units

Indicate by check mark whether the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities

Act. Yes  No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. Yes  No

Indicate by check mark if the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark if the registrant (1) has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer  Accelerated Filer  Non-Accelerated Filer  Emerging growth company

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards<sup>†</sup> provided pursuant to Section 13(a) of the Exchange Act.

<sup>†</sup> The term "new or revised financial accounting standard" refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012.

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

International Financial Reporting Standards  
U.S. GAAP  as issued by the International Accounting Standards Board  "Other"

If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow:

Item 17  Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes  No

---

TEEKAY LNG PARTNERS L.P.  
INDEX TO REPORT ON FORM 20-F

	Page
<u>PART I.</u>	
Item 1. <u>Identity of Directors, Senior Management and Advisers</u>	4
Item 2. <u>Offer Statistics and Expected Timetable</u>	4
Item 3. <u>Key Information</u>	4
<u>Selected Financial Data</u>	4
<u>Risk Factors</u>	9
Item 4. <u>Information on the Partnership</u>	26
<u>A. Overview, History and Development</u>	26
<u>B. Operations</u>	26
<u>Our Fleet and Our Charters</u>	26
<u>Liquefied Natural Gas Segment</u>	27
<u>Liquefied Petroleum Gas Segment</u>	30
<u>Conventional Tanker Segment</u>	32
<u>Business Strategies</u>	32
<u>Safety, Management of Ship Operations and Administration</u>	33
<u>Risk of Loss, Insurance and Risk Management</u>	34
<u>Flag, Classification, Audits and Inspections</u>	34
<u>Regulations</u>	35
<u>C. Organizational Structure</u>	40
<u>D. Property, Plant and Equipment</u>	40
<u>E. Taxation of the Partnership</u>	41
<u>United States Taxation</u>	41
<u>Marshall Islands Taxation</u>	42
<u>Other Taxation</u>	42
Item 4A. <u>Unresolved Staff Comments</u>	42
Item 5. <u>Operating and Financial Review and Prospects</u>	42
<u>Overview</u>	42
<u>Significant Developments in 2018 and Early 2019</u>	42
<u>Important Financial and Operational Terms and Concepts</u>	45
<u>Results of Operations</u>	46
<u>Year Ended December 31, 2018 versus Year Ended December 31, 2017</u>	46
<u>Year Ended December 31, 2017 versus Year Ended December 31, 2016</u>	53
<u>Liquidity and Cash Needs</u>	59
<u>Credit Facilities and Capital Leases</u>	61
<u>Contractual Obligations and Contingencies</u>	61
<u>Off-Balance Sheet Arrangements</u>	63
<u>Critical Accounting Estimates</u>	63
Item 6. <u>Directors, Senior Management and Employees</u>	66
<u>Management of Teekay LNG Partners L.P.</u>	66
<u>Directors of Teekay GP L.L.C.</u>	66
<u>Our Management</u>	67
<u>Annual Executive Compensation</u>	68
<u>Compensation of Directors</u>	68
<u>2005 Long-Term Incentive Plan</u>	68
<u>Board Practices</u>	68
<u>Crewing and Staff</u>	69

	<u>Common Unit Ownership</u>	<u>70</u>
Item 7.	<u>Major Common Unitholders and Related Party Transactions</u>	<u>70</u>
	<u>Major Common Unitholders</u>	<u>70</u>

	<u>Related Party Transactions</u>	<u>71</u>
Item 8.	<u>Financial Information</u>	<u>72</u>
	<u>A. Consolidated Financial Statements and Other Financial Information</u>	<u>72</u>
	<u>Consolidated Financial Statements and Notes</u>	<u>72</u>
	<u>Legal Proceedings</u>	<u>72</u>
	<u>Cash Distribution Policy for Common Unitholders</u>	<u>72</u>
	<u>B. Significant Changes</u>	<u>73</u>
Item 9.	<u>The Offer and Listing</u>	<u>73</u>
Item 10.	<u>Additional Information</u>	<u>73</u>
	<u>Memorandum and Articles of Association</u>	<u>73</u>
	<u>Material Contracts</u>	<u>73</u>
	<u>Exchange Controls and Other Limitations Affecting Unitholders</u>	<u>75</u>
	<u>Material United States Federal Income Tax Considerations</u>	<u>79</u>
	<u>Non-United States Tax Considerations</u>	<u>79</u>
	<u>Canadian Federal Income Tax Considerations</u>	<u>79</u>
	<u>Documents on Display</u>	<u>79</u>
Item 11.	<u>Quantitative and Qualitative Disclosures About Market Risk</u>	<u>80</u>
Item 12.	<u>Description of Securities Other than Equity Securities</u>	<u>81</u>

PART II.

Item 13.	<u>Defaults, Dividend Arrearages and Delinquencies</u>	<u>81</u>
Item 14.	<u>Material Modifications to the Rights of Unitholders and Use of Proceeds</u>	<u>81</u>
Item 15.	<u>Controls and Procedures</u>	<u>81</u>
Item 16A.	<u>Audit Committee Financial Expert</u>	<u>82</u>
Item 16B.	<u>Code of Ethics</u>	<u>82</u>
Item 16C.	<u>Principal Accountant Fees and Services</u>	<u>82</u>
Item 16D.	<u>Exemptions from the Listing Standards for Audit Committees</u>	<u>83</u>
Item 16E.	<u>Purchases of Units by the Issuer and Affiliated Purchasers</u>	<u>83</u>
Item 16F.	<u>Change in Registrant's Certifying Accountant</u>	<u>83</u>
Item 16G.	<u>Corporate Governance</u>	<u>83</u>
Item 16H.	<u>Mine Safety Disclosure</u>	<u>83</u>

PART III.

Item 17.	<u>Financial Statements</u>	<u>83</u>
Item 18.	<u>Financial Statements</u>	<u>83</u>
Item 19.	<u>Exhibits</u>	<u>84</u>
	<u>Signature</u>	<u>86</u>

## PART I

This Annual Report should be read in conjunction with the consolidated financial statements and accompanying notes included in this report.

Unless otherwise indicated, references in this prospectus to “Teekay LNG Partners,” “we,” “us” and “our” and similar terms refer to Teekay LNG Partners L.P. and/or one or more of its subsidiaries, except that those terms, when used in this Annual Report in connection with the common or preferred units described herein, shall mean specifically Teekay LNG Partners L.P. References in this Annual Report to “Teekay Corporation” refer to Teekay Corporation and/or any one or more of its subsidiaries.

In addition to historical information, this Annual Report contains forward-looking statements that involve risks and uncertainties. Such forward-looking statements relate to future events and our operations, objectives, expectations, performance, financial condition and intentions. When used in this Annual Report, the words “expect,” “intend,” “plan,” “believe,” “anticipate,” “estimate” and variations of such words and similar expressions are intended to identify forward-looking statements. Forward-looking statements in this Annual Report include, in particular, statements regarding:

- our distribution policy and our ability to make cash distributions on our units or any increases in quarterly distributions, and the impact of cash distribution reductions on our financial position;
- our future financial condition and results of operations and our future revenues, expenses and capital expenditures, and our expected financial flexibility to pursue capital expenditures, acquisitions and other expansion opportunities, including vessel acquisitions;
- our liquidity needs and meeting our going concern requirements, including our anticipated funds and sources of financing for liquidity and working capital needs and the sufficiency of cash flows, and our estimation that we will have sufficient liquidity for at least a one-year period;
- our ability to obtain financing, including new bank financings, and to refinance existing indebtedness;
- the expected timing, amounts and methods of financing for new projects;
- growth prospects and future trends of the markets in which we operate;
- our expectations regarding demand in the oil and gas industry;
- liquefied natural gas (or LNG), liquefied petroleum gas (or LPG) and tanker market fundamentals, including the balance of supply and demand in the LNG, LPG and tanker markets, estimated growth in size of the world LNG and LPG fleets and spot LNG, LPG and tanker charter rates;
- our expectations as to the useful lives of our vessels;
- our expectations and estimates regarding future charter business, including with respect to minimum charter hire payments, revenues and our vessels’ ability to perform to specifications and maintain their hire rates in the future;
- our expectations regarding the ability of Awilco LNG ASA (or Awilco), and our other customers to make charter payments to us, and the ability of our customers to fulfill purchase obligations at the end of charter contracts, including obligations relating to two of our LNG carriers completing charters with Awilco in 2019;
- our ability to maximize the use of our vessels, including the redeployment or disposition of vessels no longer under long-term charter or whose charter contract is expiring in 2019 and 2020;
- the adequacy of our insurance coverage, less an applicable deductible;
- the future resumption of an LNG plant in Yemen operated by Yemen LNG Company Limited (or YLNG), the expected expiration of the current deferral arrangement with YLNG, the expected further agreement with YLNG to suspend the charter contracts, the expected repayment of deferred hire amounts on our two 52%-owned vessels, the Marib Spirit and Arwa Spirit, on charter to YLNG, and the expected reduction to our equity income in 2019 as a result of the charter payment deferral;
- expected purchases and deliveries of newbuilding vessels, the newbuildings’ commencement of service under charter contracts, and estimated costs for newbuilding vessels;
-

- expected deliveries of the LNG newbuilding vessels in connection with our joint venture with China LNG Shipping (Holdings) Limited;
- expected funding of our proportionate share of the remaining shipyard installment payments for our joint venture with China LNG, CETS Investment Management (HK) Co. Ltd. and BW LNG Investments Pte. Ltd. (or the Pan Union Joint Venture);
- the expected technical and operational capabilities of newbuildings, including the benefits of the M-type, Electronically Controlled, Gas Injection (or MEGI) twin engines in certain LNG carrier newbuildings;
- our ability to continue to derive a significant portion of our revenues and cash flow from a limited number of customers;
- our ability to maintain long-term relationships with major LNG and LPG importers and exporters and major crude oil companies;
- our ability to leverage to our advantage Teekay Corporation's relationships and reputation in the shipping industry;
- our continued ability to enter into long-term, fixed-rate time-charters with our LNG and LPG customers;



obtaining LNG and LPG projects that we or Teekay Corporation bid on;