HÖEGH LNG

INTERIM RESULTS FOR THE QUARTER ENDED 31 DECEMBER 2016

Highlights

- EBITDA[1] of USD 31.2 million
- Profit after tax of USD 0.8 million
- Dividend of USD 0.10 per share paid for the fourth quarter 2016
- Signed a 20-year FSRU charter agreement with Quantum Power for Ghana
- Signed a 20-year FSRU charter agreement with Global Energy Infrastructure for Pakistan
- Höegh Grace successfully commenced commercial operation under long-term contract in Colombia
- Agreement to transfer a 51% interest in Höegh Grace to Höegh LNG Partners
- Successful public offering of common units in Höegh LNG Partners raising USD 112 million
- Entered into a LOI and signed a shipbuilding contract with Samsung Heavy Industries for an FSRU for delivery in the second quarter of 2019 and three optional FSRUs

Subsequent events

- Announced the signing of a shipbuilding contract with Hyundai Heavy Industries for an FSRU for delivery in the fourth quarter 2018
- Successful placement of NOK 1,500 million in unsecured bonds maturing on 1 February 2022 and the subsequent re-purchase of 13% of the existing HLNG01 bond loan
- Signed HOA with Qatar Petroleum, Total, ExxonMobil, and Mitsubishi for FSRU terminal infrastructure for the GEI project in Pakistan
- Declared dividend of USD 0.125 per share for the first quarter of 2017

Delivering in accordance with strategy

Höegh LNG pursued its strategy and reached several important milestones in the fourth quarter of 2016. First, it signed a 20-year FSRU contract with Quantum Pacific for Ghana. Then capital was freed up by the partial drop-down of Höegh Grace to Höegh LNG Partners in a transaction funded by the follow-on equity offering. Höegh LNG subsequently entered into a letter of intent for a new FSRU with Samsung Heavy Industries, before a new 20-year contract was signed with Global Energy Infrastructure Ltd in Pakistan and an additional FSRU shipbuilding contract was placed at Hyundai Heavy Industries.

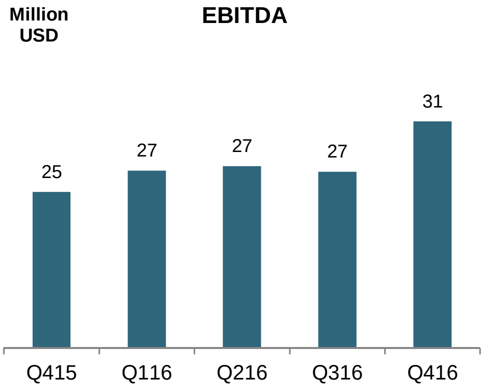
Meanwhile, Höegh LNG is maintaining its solid operational track record with zero lost-time injuries recorded for 2016, while keeping technical availability at a level close to 100%. Höegh Grace successfully started its contract in Colombia on schedule, contributing positively to Höegh LNG's underlying results in the fourth quarter of 2016 and triggering a 25% increase in the quarterly dividend. Höegh LNG also reached important milestones in terms of financing since the partial drop-down of Höegh Grace was achieved through a USD 112 million public offering of common units in Höegh LNG Partners. Finally, Höegh LNG successfully placed NOK 1,500 million in the Nordic bond market in a subsequent event, with the proceeds being partially used to refinance the NOK 750 million HLNG01 bond which matures in October 2017.

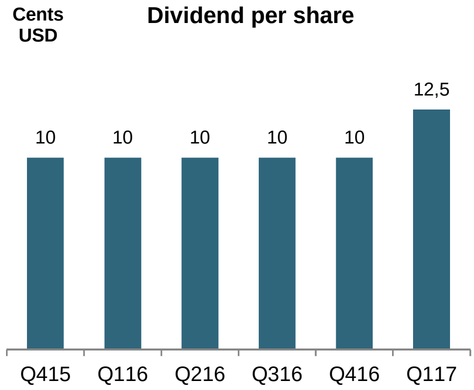
Höegh LNG continues to operate in a positive market environment, since accelerating LNG exports are being mirrored by an increase in the number of FSRU contract awards. A total of six awards were made in

[1] Please see list of abbreviations in Appendix 1

2016. Höegh LNG believes that the further expansion of global liquefaction capacity will continue to underpin the already firm demand for new FSRU capacity.

Table: reported EBITDA and declared dividend per share





Group financial review[2]

Höegh LNG Holdings Ltd (the Company) and its subsidiaries (together Höegh LNG or the Group) reported EBITDA of USD 31.2 million for the fourth quarter of 2016, compared with USD 26.5 million for the previous quarter. This increase reflects the start-up of Höegh Grace under the long-term FSRU contract with SPEC in December 2016, reduced operating expenses in the quarter owing mainly to lower spare-part purchases, and the fact that all units operated in accordance with their long-term contracts during the quarter.

Depreciation totalled USD 9.1 million in the quarter and was in line with the previous quarter. Net financial expenses were USD 18.5 million, up from USD 12.8 million in the third quarter of 2016. The increase is largely due to an unrealised currency loss on cash holdings of Egyptian pounds (EGP) of USD 4.6 million. A portion of the USD denominated time charter hire earned from EGAS is invoiced in EGP at the prevailing exchange rate. Owing to a cost-efficient project structure and the lack of a foreign exchange market, the EGP equivalent of USD 8.8 million had been accumulated on the balance sheet as of 30 September 2016, which was subject to a currency loss following the termination of the fixed foreign exchange rate regime in the fourth quarter of 2016. HLNG's revenues are covered for the fluctuation in the EGP/USD exchange rate, and it is expected that over time the new foreign exchange rate regime in Egypt will result in a fully floating foreign exchange market.

Profit after tax was USD 0.8 million for the quarter, a reduction from the previous quarter owing mainly to the EGP devaluation and an increase in corporate income tax. Of the USD 2.7 million in corporate income taxes during the quarter, USD 0.3 million is payable. Höegh LNG is largely compensated by its customers for corporate income taxes, either on a pass-through-basis as taxes becomes payable, or through a fixed gross up of the time charter hire agreed during the formation of the commercial contract.

Net cash flows for the quarter were positive at USD 116.3 million, compared with a positive USD 0.9 million in the previous quarter. Uses during the quarter consisted primarily of capital expenditures, debt service and dividend payments, while sources mainly consisted of net cash generated from operating activities, redemption of marketable securities and issuance of new units in HMLP. As of 31 December 2016, Höegh LNG had USD 332.4 million in current cash and marketable securities (USD 269 million) and net interest-bearing debt of USD 584.9 million (USD 663.1 million). Book equity as of 31 December 2016 after adjusting for the mark-to-market of interest rate swaps was USD 677.1 million (USD 576.4 million), which is equivalent to an adjusted book equity ratio of 39.7% (35.7%).

2 The financial statements for Höegh LNG include HMLP on a consolidated basis and unless otherwise stated, figures in this section are compared with figures for the third quarter of 2016.

Table: selected financial items

USD'000	4Q2016	3Q2016	2Q2016	1Q2016	4Q2015
Total income	62 275	58 056	57 142	55 439	58 668
EBITDA	31 183	26 492	26 985	26 620	24 599
(Impairment) / reversal of impairment	-	-	-	-	(37 002)
EBIT	22 067	17 265	17 757	19 342	(19 305)
Profit (loss) after tax	828	3 334	3 550	6 302	(32 993)
Total assets	1 713 461	1 616 466	1 643 546	1 667 495	1 502 280
Equity adjusted for hedging reserves	677 110	576 441	584 661	592 432	597 834
Net interest-bearing debt	(584 911)	(663 129)	(650 476)	(615 837)	(423 155)
Equity ratio adjusted for hedging	39.7 %	35.7 %	35.6 %	35.5 %	39.8 %

Corporate/other activities

Dividend payment of USD 0.10 per share for Q4 2016

The Company paid a cash dividend of USD 0.10 per share in the fourth quarter of 2016, which is equivalent to USD 7.7 million.

Dividend increased by 25% to USD 0.125 per share for Q1 2017

Following the successful commencement of Höegh Grace's FSRU contract in Colombia and the favourable development of the Group's commercial activities, the board of the Company decided on 27 February 2017 to raise the quarterly dividend by 25% to USD 0.125 per share for the first quarter of 2017. The Company's shares will trade ex-dividend on 8 March 2017. Shareholders recorded in the VPS following the close of trading on the Oslo stock exchange on 7 March 2017 will be entitled to the dividend. The dividend will be payable on or around 21 March 2017.

Distributions received from Höegh LNG Partners

Höegh LNG received USD 6.3 million in distributions and USD 0.1 million in Incentive Distribution Rights from Höegh LNG Partners in the fourth quarter of 2016.

Sale of 51% equity interest in Höegh Grace

On 1 December 2016, the Company agreed to sell a 51% equity interest in Höegh LNG Colombia Holding Ltd, the owner of the entities which own and operate Höegh Grace, to Höegh LNG Partners. The purchase price was USD 188.7 million, less USD 96.9 million in pro rata indebtedness outstanding under the credit facility related to Höegh Grace as of 3 January 2017, which was the closing date for the transaction.

Successful offering of 6,588,389 common units in Höegh LNG Partners

On 1 December 2016, Höegh LNG Partners successfully issued a total of 6,000,000 new common units at a price of USD 17.6 per unit. The offering was subsequently increased to 6,588,389 common units following the exercise of the underwriters' overallotment options, taking total net proceeds to USD 112 million. Höegh LNG Partners used part of the proceeds from the offering to fund the cash purchase price of the acquisition for the 51% equity interest in Höegh Grace, as well as for general partnership purposes and a partial repayment of the USD 47 million seller's credit to the Company, of which USD 35 million is now outstanding. Following the offering, the Company has 46.4% equity interest in Höegh LNG Partners.

Successful placement of NOK 1,500 million in unsecured bonds

On 19 January 2017, the Company successfully completed a new senior unsecured bond issue of NOK 1,500 million in the Nordic bond market maturing on 1 February 2022. The bonds bear a coupon of three months NIBOR plus 500 basis points and will be listed on Oslo Børs under the ticker HLNG03. Following the bond issue, the bonds were swapped from floating three month NIBOR to a fixed USD interest rate.

Buyback of outstanding bonds

In connection with the NOK 1,500 million bond issue, the Company bought back NOK 99 million in nominal value of the NOK 750 million bond issue at a price of 103% with settlement on 1 February 2017. After the repurchase, the Company owns NOK 153 million in nominal value of HLNG01. HLNG01 matures on 3 October 2017 and proceeds from the NOK 1,500 million bond issue will be used to repay outstanding amounts under HLNG01.

Settlement of Round 1 of the management stock option plan

On 31 December 2016, Round 1 of the Management Stock Option Plan expired and the remaining options granted in this round were exercised. The Company issued 352,401 new common shares at par on 4 January 2017 in settlement of options exercised during the quarter. Following the issue of the new shares, the Company's issued share capital is USD 772,364.60 consisting of 77,236,460 fully paid common shares, each with a par value of USD 0.01.

Business review

Overall performance

All the FSRUs in Höegh LNG's fleet operated in accordance with contract during the quarter and the Group's technical availability remains stable at a level close to 100%.

Höegh LNG had lost time injury frequency (LTIF) of zero in 2016, which is an exceptional result and an improvement from 0.73 in 2015.

Table: Technical availability of fleet and safety performance

	2016	2015	2014	2013
Technical availability	99.9 %	100.0 %	99.7 %	99.9 %
Lost Time Injury Frequency*	0.00	0.73	0.44	1.07

*Calculated per million exposure hours for seagoing personell only.

Successful commencement of Höegh Grace's 20-year contract in Colombia

The FSRU project in Colombia completed its commissioning phase in early December 2016 and Höegh Grace immediately commenced commercial operations under the long-term contract with SPEC. Höegh Grace contributed positively to EBITDA during the fourth quarter of 2016 with one month on hire, and this contribution will increase in the future since the FSRU will have more earning days per quarter. Höegh Grace has the capacity to cover around 40% of Colombia's natural gas demand and will also ensure security of energy supply for the country during periods of drought, when its hydropower capacity is reduced.

Penco LNG FSRU project update

While the Penco LNG FSRU project in Chile reached important milestones in the fourth quarter 2016, Höegh LNG was informed by its client Penco LNG early February 2017 that a part of the consultation process to complete the project's environmental approval had to be redone. It is likely that this will have an impact on the timeline for the completion of the construction of the infrastructure for the Penco LNG FSRU project and hence for the commercial start up under Höegh LNG/Penco LNG's FSRU contract.

Awarded 20-year FSRU contract for Ghana

On 1 December 2016, Höegh LNG signed an FSRU contract with Quantum Power for the Tema LNG import terminal in Ghana. The Tema LNG project is supported by the Ghana National Petroleum Corporation, which has the exclusive right to import natural gas to Ghana and controls access to utility capacity. The contract is subject to certain conditions, including both parties' board approval. The project will increase the supply of energy to Ghana, and represents a low-cost and more environment friendly alternative to the imported petroleum products which currently dominate power generation.

The contract is for a period of 20 years with a five-year extension option for the charterer and is expected to generate average annual EBITDA of around USD 36 million. Infrastructure construction for the project is expected to start in mid-2017 and the anticipated delivery time for the FSRU is six to 12 months following the start of the building work.

Awarded 20-year FSRU contract for Pakistan

On 15 December 2016, Höegh LNG announced that it had signed an FSRU contract with Global Energy Infrastructure Ltd for its LNG import project at Port Qasim in Pakistan. The contract is subject to certain conditions, including both parties' board approval. GEI has signed a long-term LNG supply agreement with Qatargas. The project will increase the supply of gas in an established and growing market, which is suffering from an increasing shortage of gas as domestic production declines.

The FSRU charter is for a period of 20 years with two five-year extension options for the charterer, and is expected to generate average annual EBITDA of around USD 36 million. Start-up is expected in the second quarter of 2018.

Höegh LNG announced in February 2017 that it has entered into an agreement to form a consortium with Total, ExxonMobil, Mitsubishi Corp and Qatar Petroleum for the joint development of the jetty and pipeline to shore in order to connect the FSRU with the local gas grid. The formation of this consortium, where Höegh LNG holds the leading technical role, represents a significant milestone for the project. All necessary project agreements are currently under completion by the project partners in line with the project schedule for the planned start-up in mid-2018.

Started up first FSRU in Turkey

On 11 December 2016, Höegh LNG in co-operation with its customer Engie started up the first FSRU in the Turkish market, when the Neptune FSRU arrived at the Etki Terminal near the port of Aliaga in Izmir province on the west coast of Turkey. Neptune is on a 20-year charter with Engie, and had until recently operated as an LNG carrier, demonstrating the flexibility of Höegh LNG's FSRU design.

Expansion of newbuilding program

To serve the recently awarded FSRU contracts, and in line with its strategy, Höegh LNG has expanded its newbuilding program. In December 2016, Höegh LNG announced that it had signed a letter of intent with Samsung Heavy Industries in South Korea for one firm (SHI HN 2220) and three optional fixed-price FSRUs. The 170,000 cbm FSRUs will have a regasification capacity of 750 MMScf/day and full trading capabilities. The firm FSRU will be delivered in May 2019 with the optional FSRUs being delivered at approximately six-monthly intervals after the first. The firm shipbuilding contract for SHI HN 2220 was signed in January 2017.

On 18 January 2017, the Company announced that it had signed a shipbuilding contract with Hyundai Heavy Industries in South Korea for an FSRU with delivery in the fourth quarter of 2018. This FSRU (HHI HN 2909) will have a storage capacity of 170,000 cbm, regasification capacity of 1,000 MMscf/day and full trading capabilities.

Updated contract allocation

Following the two recent FSRU contract awards, Höegh LNG has devoted considerable efforts to optimizing its FSRU portfolio. Höegh LNG has decided to allocate FSRU #7 (HHI HN 2552) to serve the Quantum Power charter in Ghana. FSRU #8 (HHI HN 2865) is intended to serve the Penco LNG contract in Chile while FSRU #9 (HHI HN 2909) is intended to serve the GEI charter in Pakistan. FSRU #10 (SHI HN 2220) remains charter-free and is being marketed for new FSRU projects.

Depending on the effect the legal process has on the timeline for Penco LNG's project in Chile, adjustments could still be made to the allocation of the FSRU asset base. The vessel allocated to the Penco LNG project could be employed elsewhere in the case of a delay in Chile, mitigating any earnings impact. Such re-allocation will be further supported by the flexibility represented by the increasing and significant size of the Company's FSRU asset base and expected awards of new FSRU contracts.

LNGC update

The two Arctic LNGCs were operated in accordance with their long-term contracts.

Market

LNG export volumes expanded by about 6% to a new all-time high of 260 million tons in 2016. Specifically, new liquefaction capacity commencing operation in the USA and Australia added to overall volumes. In addition to the capacity added in 2016, around 100 MTPA of additional liquefaction capacity is scheduled to enter the market by 2020, and the LNG market should therefore continue to see ample additional supplies in the years to come.

While established LNG importers mostly import LNG through land-based terminals, new prospective importers and recent market entrants rely to a greater degree on FSRUs. In addition, many new importers have an energy deficit which exceeds the capacity of one FSRU. Because their first FSRU project has been a success the threshold for committing to a second or third FSRU is low. Consequently, several projects currently being pursued by the Group are located in countries which already have at least one FSRU in operation.

The long LNG market and competitive LNG prices have led to increasing utilisation of new importing facilities, the majority of which are FSRUs. Imports through FSRUs rose by around 40% to about 31 million tons in 2016 as new units started operation. Six new FSRU contracts were awarded during the year, a significant increase from the two to four awarded annually in 2011-16. The increase in FSRU contract awards has coincided with the acceleration in global LNG trade, and the number of prospective projects continues to grow.

Rising levels of activity in the FSRU market is attracting new entrants and the number of FSRUs available is likely to increase as a result of newbuilding and conversion projects currently under consideration. As demonstrated in the fourth quarter, however, Höegh LNG has successfully expanded its market share on terms similar to recent contracts and, with the latest orders for new units, is now the largest company in the FSRU segment.

Outlook

Höegh LNG took important steps towards reaching its goal of 12 FSRUs by 2019 in the last quarter of 2016 through placing two FSRU orders, which takes its total fleet to 10 FSRU's in operation and on order. With a solid operational and financial platform in place, and backed by a positive market environment, Höegh LNG continues to pursue additional business opportunities.

Höegh LNG continues to focus on operational excellence and aims to keep operational performance indicators at market leader levels, forming the basis for stable operating results generated from long-term contracts.

INTERIM CONSOLIDATED STATEMENT OF INCOME

USD'000	Note	*Unaudited* 4Q 2016	*Unaudited* 3Q 2016	*Unaudited* 4Q 2015	*Unaudited* FY2016	*Audited* FY2015
Freight revenues		56 879	53 539	51 271	213 889	198 684
Management and other income		1 738	1 042	3 890	5 252	9 328
Share of results from investments in joint ventures		3 658	3 475	3 507	13 773	11 359
Total income		**62 275**	**58 056**	**58 668**	**232 914**	**219 371**
Charterhire expenses		(8 888)	(8 888)	(8 898)	(35 359)	(35 302)
Bunker and other voyage related expenses		(170)	(157)	(1 789)	(424)	(2 759)
Operating expenses		(10 587)	(12 113)	(10 037)	(43 754)	(41 870)
Project administrative expenses		(4 323)	(2 862)	(3 222)	(13 274)	(12 824)
Group administrative expenses		(5 704)	(5 251)	(4 141)	(20 585)	(19 039)
Business development expenses		(1 420)	(2 293)	(5 982)	(8 238)	(17 285)
Operating profit before depreciation and impairment	3	**31 183**	**26 492**	**24 599**	**111 280**	**90 292**
Depreciation		(9 116)	(9 227)	(6 902)	(34 848)	(30 717)
(Impairment) / reversal of impairment		-	-	(37 002)	-	(33 887)
Operating profit after depreciation and impairment		**22 067**	**17 265**	**(19 305)**	**76 432**	**25 688**
Interest income		297	346	356	1 457	1 495
Interest expenses		(13 335)	(14 257)	(12 609)	(55 180)	(43 990)
Income from other financial items		1 302	1 701	230	6 214	423
Expenses from other financial items		(6 798)	(597)	(676)	(9 790)	(9 318)
Net financial items		**(18 534)**	**(12 807)**	**(12 699)**	**(57 299)**	**(51 390)**
Ordinary profit before tax		**3 533**	**4 458**	**(32 004)**	**19 133**	**(25 702)**
Corporate income tax		(2 705)	(1 124)	(989)	(5 121)	(1 056)
Profit for the period		**828**	**3 334**	**(32 993)**	**14 012**	**(26 758)**
Profit of the period attributable to (from):						
Equity holders of the parent		(3 412)	172	(36 157)	1 298	(29 924)
Non-controlling interests		4 240	3 162	3 164	12 714	3 166
		828	**3 334**	**(32 993)**	**14 012**	**(26 758)**
Earnings per share attributable to equity holders of the parent during the period:						
Basic and diluted earnings per share		(0.04)	0.00	(0.50)	0.02	(0.53)

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

USD'000	Note	*Unaudited* 4Q 2016	*Unaudited* 3Q 2016	*Unaudited* 4Q 2015	*Unaudited* FY2016	*Audited* FY2015
Profit for the period		**828**	**3 334**	**(32 993)**	**14 012**	**(26 758)**
Items that will not be reclassified to profit or loss						
Net gain (loss) on other capital reserves		22	-	47	22	47
Items that may be subsequently reclassified to profit or loss						
Net gain (loss) on hedging reserves		29 565	9 873	12 031	14 022	(4 270)
Share of other comprehensive income from joint ventures		23 702	5 991	13 360	11 199	11 728
Other comprehensive income (loss) for the period net of tax	6	**53 289**	**15 864**	**25 438**	**25 243**	**7 505**
Total comprehensive income (loss)		**54 117**	**19 198**	**(7 555)**	**39 255**	**(19 253)**
Total comprehensive income attributable to (from):						
Equity holders of the parent		37 071	13 041	(18 606)	19 590	(34 784)
Non-controlling interests		17 046	6 157	11 051	19 665	15 531
		54 117	**19 198**	**(7 555)**	**39 255**	**(19 253)**

INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		Unaudited	*Unaudited*	*Audited*
		2016	**2016**	**2015**
USD'000	Note	31 Dec	30 Sept	31 Dec
ASSETS				
Non-current assets				
Intangible assets				
Deferred tax assets		353	391	363
Tangible assets				
Investments in FSRUs		1 139 734	1 147 416	871 353
Investments in new buildings under construction		129 678	98 147	161 198
Other non-current financial assets	6	15 928	7 429	12 960
Other non-current assets		22 120	23 293	25 539
Shareholder loans		943	2 311	6 861
Restricted cash	7	18 580	23 046	19 648
Total non-current assets		**1 327 336**	**1 302 033**	**1 097 922**
Current assets				
Bunkers and inventories		745	1 538	1 684
Trade and other receivables		46 734	37 448	33 307
Shareholder loans		6 275	6 450	7 130
Marketable securities		135 751	189 494	231 094
Restricted cash		10 274	9 449	15 542
Cash and cash equivalents		186 346	70 054	97 623
Total current assets		**386 125**	**314 433**	**386 380**
Asset held for sale		**-**	**-**	**17 978**
TOTAL ASSETS		**1 713 461**	**1 616 466**	**1 502 280**
EQUITY AND LIABILITIES				
Equity				
Share capital		769	769	768
Other paid-in capital		550 659	524 548	522 954
Capital reserves		(53 853)	(103 608)	(81 438)
Retained earnings		(51 599)	(39 233)	(19 927)
Equity attributable to equity holders of the parent		**445 976**	**382 476**	**422 357**
Non-controlling interests		150 087	59 652	69 208
Total equity		**596 063**	**442 128**	**491 565**
Non-current liabilities				
Deferred tax liability		6 114	3 735	358
Non-current interest-bearing debt		786 567	886 693	732 026
Investments in joint ventures		48 530	75 890	73 502
Other non-current financial liabilities	6	16 938	74 688	70 699
Deferred revenue		5 761	6 221	7 699
Total non-current liabilities		**863 910**	**1 047 227**	**884 284**
Current liabilities				
Current interest-bearing debt		149 295	68 479	55 036
Income tax payable		1 109	878	2 218
Trade and other payables		19 023	13 627	18 706
Other current financial liabilities	6	57 890	16 338	18 372
Other current liabilities		26 171	27 789	32 099
Total current liabilities		**253 488**	**127 111**	**126 431**
TOTAL EQUITY AND LIABILITIES		**1 713 461**	**1 616 466**	**1 502 280**

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

USD'000	*Unaudited* 4Q2016	*Unaudited* 3Q2016	*Unaudited* 4Q2015	*Unaudited* FY2016	*Audited* FY2015
Operating activities:					
Profit (loss) before tax for the period	3 533	4 458	(32 004)	19 133	(25 702)
Non-cash adjustment to reconcile profit before tax to net operational cash flow					
Depreciation FSRUs, drydocking and equipment	9 116	9 227	6 902	34 848	30 717
Impairment (reversal of impairment)	-	-	37 002	-	33 887
Fair value adjustments on marketable securities	(1 141)	(1 495)	539	(5 697)	(362)
Interest income	(297)	(346)	(356)	(1 457)	(1 495)
Interest cost	13 335	14 257	12 609	55 180	43 990
Net loss (income) on interest rate hedges	(161)	(206)	(231)	(517)	572
Currency loss on restricted cash balances	4 644	-		5 200	
Share based payment cost and board remuneration not paid-out	418	572	370	2 012	1 742
Share of profit from investments in joint ventures	(3 658)	(3 475)	(3 498)	(13 772)	(11 359)
Working capital adjustments					
Change in inventories, receivables and payables	(3 280)	(3 890)	(7 709)	(19 027)	1 661
Dividend received from joint ventures	-	-	-	-	1 578
Payment of income tax	(83)	(7)	(37)	(423)	(37)
i) Net cash flow from operating activities	**22 426**	**19 095**	**13 586**	**75 479**	**75 191**
Investing activites:					
Investment in marketable securities	(116)	-	(94 230)	(116)	(184 230)
Proceeds from sale of marketable securities	55 000	25 000	7 015	101 269	71 191
Investments in FSRUs, drydocking and new buildings	(32 543)	(3 114)	(2 224)	(264 799)	(56 429)
Net proceeds from sale of LNG Libra	-	-		17 978	-
Investment in intangibles, equipment and other	(189)	(647)	(223)	(969)	(717)
Interest received	614	221	313	1 387	1 007
Repayment of shareholder loans	1 512	1 529	1 027	6 639	5 254
ii) Net cash flow from investing activities	**24 278**	**22 989**	**(88 322)**	**(138 611)**	**(163 925)**
Financing activites:					
Gross proceeds from equity issuance	112 013	-	-	112 013	102 908
Transaction cost of equity issuance	(484)	-	(13)	(484)	(2 509)
Dividend paid to non-controlling interest (HMLP)	(4 558)	(4 558)	(3 725)	(18 224)	(14 903)
Dividend paid to shareholders of the parent	(7 567)	(7 567)	(7 562)	(30 263)	(28 169)
Proceeds from borrowings	-	68	-	200 067	165 200
Payment of debt issuance cost	(2)	-	(16)	(2 421)	(2 630)
Repayment of borrowings	(15 177)	(15 177)	(11 864)	(57 394)	(47 223)
Interest paid	(13 634)	(14 278)	(12 735)	(53 773)	(45 511)
Breakage cost paid on interest rate swaps	-	-	-	-	(3 185)
(Increase) decrease in restricted cash	(1 005)	326	(1 991)	2 333	(3 923)
iii) Net cash flow from financing activities	**69 586**	**(41 186)**	**(37 903)**	**151 855**	**120 055**
Net increase/(decrease) in cash and cash equivalents (i+ii+iii)	**116 292**	**898**	**(112 639)**	**88 723**	**31 321**
Current cash and cash equivalents at the beginning of the period	70 054	69 156	210 262	97 623	66 302
Current cash and cash equivalents at the end of the period	**186 346**	**70 054**	**97 623**	**186 346**	**97 623**

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 2016

	Attributable to equity holders of the parent									
			Paid-in capital		***Capital reserves***					
USD'000	Issued capital	Share premium	Treasury shares	Other paid-in capital	Cash flow hedge reserves (Note 6)	Other capital reserves	Retained earnings	**Total**	Non-controlling interests (Note 6) [1]	**Total equity**
At 1 January 2016	**768**	**444 740**	**(12)**	**78 226**	**(78 622)**	**(2 816)**	**(19 927)**	**422 357**	**69 208**	**491 565**
Profit (loss) for the period							1 298	1 298	12 714	14 012
Other comprehensive income / (loss)					18 270	22		18 292	6 951	25 243
Total comperehensive income	-	-	-	-	*18 270*	*22*	*1 298*	*19 590*	*19 665*	*39 255*
Capital contribution to HMLP							(1 613)	(1 613)	1 613	-
MLP dividend to non-controlling interest								-	(18 225)	(18 225)
Net proceeds of equity issuance	1	338		(252)				87	-	87
Net proceeds of equity issuance HMLP				25 848	9 274			35 122	76 406	111 528
Units granted to the board of HMLP				56	19			75	114	189
Dividend to shareholders of the parent							(30 263)	(30 263)	-	(30 263)
Share-based payment cash settled				(100)				(100)	-	(100)
Share-based payment costs				1 815				1 815	212	2 027
Other changes in equity							(1 094)	(1 094)	1 094	-
At 31 December 2016 (unaudited)	**769**	**445 078**	**(12)**	**105 593**	**(51 059)**	**(2 794)**	**(51 599)**	**445 976**	**150 087**	**596 063**

[1] *Equity attributable to non-controlling interests at 31 December 2016 of USD 150.1 million includes negative USD 30.0 million in cash flow hedge reserves*. See table in Note 6.

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2015

	Attributable to equity holders of the parent									
			Paid-in capital		***Capital reserves***					
USD'000	Issued capital	Share premium	Treasury shares	Other paid-in capital	Cash flow hedge reserves (Note 6)	Other capital reserves	Retained earnings	**Total**	Non-controlling interests (Note 6) [1]	**Total equity**
At 1 January 2015	**699**	**344 317**	**(12)**	**77 801**	**(83 072)**	**(2 863)**	**19 570**	**356 440**	**96 470**	**452 910**
Profit (loss) for the period							(37 737)	(37 737)	10 979	(26 758)
Other comprehensive income / (loss)					2 906	47		2 953	4 552	7 505
Total comperehensive income	-	-	-	-	*2 906*	*47*	*(37 737)*	*(34 784)*	*15 531*	*(19 253)*
Capital contribution to HMLP							(2 768)	(2 768)	2 768	-
Other changes in paid in capital				(869)				(869)		(869)
MLP dividend to non-controlling interest								-	(14 904)	(14 904)
Sale of subsidiary to HMLP					1 544		29 177	30 721	(30 721)	-
Net proceeds of equity issuance	69	100 423		(41)				100 451	-	100 451
Dividend to shareholders of the parent							(28 169)	(28 169)	-	(28 169)
Share based payment- cash settled				(293)				(293)	-	(293)
Share-based payment costs				1 628				1 628	64	1 692
At 31 December 2015 (Audited)	**768**	**444 740**	**(12)**	**78 226**	**(78 622)**	**(2 816)**	**(19 927)**	**422 357**	**69 208**	**491 565**

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

The parent company, Höegh LNG Holdings Ltd. (the Company), is an exempted limited company domiciled in and incorporated under the laws of Bermuda. The principal activities of the Company and its subsidiaries (collectively Höegh LNG or the Group) are described under the segment information in Note 3. The interim financial statements where authorised for issue by the board of directors of Höegh LNG Holdings Ltd. on 27 February 2017.

2. BASIS FOR PREPARATION AND ACCOUNTING POLICIES

The interim consolidated financial statements for the period ended 31 December 2016 have been prepared in accordance with IAS 34. The statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2015. New and amended standards effective for periods beginning at or after 1 January 2016 are considered not to have material effects on the Group's financial statements.

3. SEGMENT INFORMATION

For the purpose of making decisions about resource allocation and performance assessment, management monitors the operating results of Höegh LNG's operating segments separately. The only assets and liabilities included in the segment report are vessels, newbuildings, interest-bearing debt and intangible assets. In segment reporting, the Group's joint ventures are evaluated using the proportionate consolidation method rather than the equity method.

Commercial

The commercial segment is responsible for the commercial management of the Group's FSRU and LNGC operations and for tendering activities related to new FSRU business. The segment includes time-charter income and operating expenses for the FSRUs Independence and Höegh Grace, the LNGCs Arctic Princess and Arctic Lady. The LNGC LNG Libra was included until delivery to its new owners in the first quarter of 2016. The segment includes bareboat hire for Arctic Princess and Arctic Lady and management income for commercial management services paid by external owners. Höegh Gallant was transferred from the commercial segment to HMLP with effect from 1 October 2015.

MLP

The MLP segment includes activities related to HMLP, which was formed to own, operate and acquire FSRUs, LNGCs and other LNG infrastructure assets under long-term charters, defined as five years or more. HMLP's fleet comprises ownership interests in four FSRUs, namely (i) a 50% interest in the Neptune, (ii) a 50% interest in the GDF Suez Cape Ann, (iii) a sole economic interest in the PGN FSRU Lampung and (iv) a 100% interest in Höegh Gallant, which was transferred to the segment with effect from 1 October 2015. As of January 2017 the MLP segment will include 51% interest in Höegh Grace. Capitalised costs within the segment relate to the ownership of FSRUs.

Technical

The technical segment is responsible for technical management of the Group's FSRUs and LNGCs and for the execution of new regasification and transport projects until delivery. The segment records income for technical management services paid by external owners in the Group's jointly controlled vessels and by the third-party owners of Matthew, the latter until it was sold in July 2016. The segment furthermore records revenue and expenses relating to new FSRU and LNGC contracts until delivery. Capitalised costs in the segment relate to the FSRU newbuilding programme.

FLNG

The FLNG segment has been responsible for developing and marketing the FLNG concept developed by the Group. It has recorded income and expenses for engineering studies and expenses related to the marketing of the concept. Capitalised costs within the segment relate to investment in a generic FLNG front-end engineering and design (FEED), which was impaired following a decision on 16 February 2016 to cease all FLNG activities.

Other

The other segment consists of the Group's management, finance, legal and other corporate services. The figures contain administrative expenses, which are managed on a group basis and have not been allocated to other segments.

The table below sets out the Group's operating segments for the fourth quarter of 2016 and 2015, respectively, and full year 2016 and 2015.

Table: segment information

Segment information USDm	Commercial		FLNG		Technical		MLP		Other		Consolidated (proportionate)		Adjustments		Consolidated (equity method)	
Income statement	Q4 2016	Q4 2015	Q4 2016	Q4 2015	Q4 2016	Q4 2015	Q4 2016	Q4 2015	Q4 2016	Q4 2015	Q4 2016	Q4 2015	Q4 2016	Q4 2015	Q4 2016	Q4 2015
Freight revenue	32.3	26.5	-	-	-	-	35.0	35.5	-	-	67.3	61.9	(10.4)	(10.6)	56.9	51.3
Management and other income	0.9	0.9	-	2.7	-	0.2	0.9	-	-	-	1.8	3.8	(0.1)	0.1	1.7	3.9
Share of results from inv. in JVs	-	-	-	-	-	-	-	-	-	-	-	-	3.7	3.5	3.7	3.5
TOTAL INCOME	**33.2**	**27.3**	**-**	**2.7**	**-**	**0.2**	**35.9**	**35.5**	**-**	**-**	**69.1**	**65.7**	**(6.8)**	**(7.0)**	**62.3**	**58.7**
Charter hire expenses	(5.2)	(5.2)	-	-	-	-	-	-	-	-	(5.2)	(5.2)	(3.7)	(3.7)	(8.9)	(8.9)
Bunker and voyage related expenses	(0.2)	(1.5)	-	-	-	-	-	(0.3)	-	-	(0.2)	(1.8)	-	-	(0.2)	(1.8)
Operating expenses	(6.1)	(6.4)	-	-	(0.6)	0.2	(6.0)	(5.6)	-	-	(12.7)	(11.8)	2.1	1.8	(10.6)	(10.0)
Project administrative expenses	(1.6)	(0.8)	-	-	(1.9)	(1.4)	(0.7)	(1.1)	-	-	(4.2)	(3.2)	(0.1)	0.0	(4.3)	(3.2)
Group administrative expenses	-	-	-	-	-	-	(2.0)	(1.4)	(3.7)	(2.8)	(5.7)	(4.1)	-	-	(5.7)	(4.1)
Business development expenses	(1.3)	(1.3)	-	(4.5)	(0.1)	(0.1)	-	-	-	-	(1.4)	(6.0)	-	-	(1.4)	(6.0)
EBITDA	**18.8**	**12.1**	**-**	**(1.9)**	**(2.6)**	**(1.1)**	**27.2**	**27.1**	**(3.7)**	**(2.8)**	**39.7**	**33.6**	**(8.5)**	**(8.9)**	**31.2**	**24.7**

Segment information USDm	Commercial		FLNG		Technical		MLP		Other		Consolidated (proportionate)		Adjustments		Consolidated (equity method)	
Income statement	FY 2016	FY 2015	FY 2016	FY 2015	FY 2016	FY 2015	FY 2016	FY 2015	FY 2016	FY 2015	FY 2016	FY 2015	FY 2016	FY 2015	FY 2016	FY 2015
Freight revenue	117.4	137.6	-		-	-	138.6	103.2	-	-	256.0	240.8	(42.1)	(42.1)	213.9	198.7
Management and other income	2.7	1.9	0.1	4.8	1.1	2.2	0.9	-	0.3	-	5.1	9.0	0.1	0.3	5.2	9.3
Share of results from inv. in JVs	-	-	-		-	-	-	-	-	-	-	-	13.8	11.4	13.8	11.4
TOTAL INCOME	**120.1**	**139.5**	**0.1**	**4.8**	**1.1**	**2.2**	**139.5**	**103.2**	**0.3**	**-**	**261.1**	**249.8**	**(28.2)**	**(30.4)**	**232.9**	**219.4**
Charter hire expenses	(20.6)	(20.5)	-		-	-	-	-	-	-	(20.6)	(20.5)	(14.8)	(14.8)	(35.4)	(35.3)
Bunker and voyage related expenses	(0.4)	(2.5)	-		-	-	-	(0.3)	-	-	(0.4)	(2.8)	-	-	(0.4)	(2.8)
Operating expenses	(25.1)	(31.5)	-		(1.5)	(0.8)	(25.0)	(18.1)	-	-	(51.6)	(50.4)	7.8	8.5	(43.8)	(41.9)
Project administrative expenses	(5.4)	(3.9)	-		(4.6)	(5.7)	(3.4)	(3.4)	-	-	(13.4)	(13.0)	0.1	0.2	(13.3)	(12.8)
Group administrative expenses	-		-		-	-	(6.3)	(5.4)	(14.2)	(13.6)	(20.5)	(19.0)	(0.1)	-	(20.6)	(19.0)
Business development expenses	(6.0)	(6.1)	(1.2)	(10.3)	(1.2)	(0.8)	-	-	-	-	(8.4)	(17.2)	0.2	(0.1)	(8.2)	(17.3)
EBITDA	**62.6**	**75.0**	**(1.1)**	**(5.5)**	**(6.2)**	**(5.1)**	**104.8**	**76.0**	**(13.9)**	**(13.6)**	**146.2**	**126.9**	**(34.9)**	**(36.6)**	**111.3**	**90.3**

Segment information USDm	Commercial		FLNG		Technical		MLP		Other		Consolidated (proportionate)		Adjustments		Consolidated (equity method)	
Selected items in Financial Position	31 Dec 2016	31 Dec 2015	31 Dec 2016	31 Dec 2015	31 Dec 2016	31 Dec 2015	31 Dec 2016	31 Dec 2015	31 Dec 2016	31 Dec 2015	31 Dec 2016	31 Dec 2015	31 Dec 2016	31 Dec 2015	31 Dec 2016	31 Dec 2015
Tangible assets																
Investments in LNGC, FSRUs and NBs	697.7	416.6	-	-	129.7	161.2	835.4	861.0	-	-	1 662.8	1 438.8	(393.4)	(406.20)	1 269.4	1 032.6
Liabilities																
Interest-bearing debt	510.0	340.7	-	-	-		569.6	609.6	216.6	213.2	1 296.2	1 163.5	(360.4)	(376.4)	935.8	787.1

4. RELATED PARTY TRANSACTIONS

Höegh LNG provides various management services to the Group's joint venture companies and receives management income from external joint venture partners related to technical, commercial and administrative services. Total management income from related parties in Höegh LNG amounted to USD 1.4 million in the fourth quarter of 2016 (USD 1.0 million). For a more detailed description of recurring related party transactions, see information disclosed in Note 32 of the 2015 annual report.

5. COMMITMENTS AND FINANCING

The Group entered into two FSRU shipbuilding contracts with HHI in 2014 and 2015, with expected delivery during the first quarter of 2017 and 2018, respectively. Furthermore, the Group signed a firm FSRU shipbuilding contract with SHI on 18 January 2017 with delivery in the second quarter of 2019 under an agreement which includes three optional units. In January 2017 the Group announced that it had signed a shipbuilding contract with HHI for a FSRU with delivery in the fourth quarter of 2018. As of 31 December 2016, and including the shipbuilding contracts signed and announced in January 2017, total remaining capital expenditures relating to these commitments were about USD 1.0 billion, including yard payments, project expenses, finance costs and contingencies. Some USD 0.4 billion of this is payable by December 2017, with the remainder falling due through the second quarter of 2019.

Total available liquidity is USD 516 million, which includes USD 322 million in current cash and marketable securities and an undrawn bank loan facility of USD 194 million. When all conditions relating to the long term contract in Ghana are met, the available amount under the undrawn bank loan facility increases to USD 223 million, which will take total available liquidity up to USD 545 million. This amount does not include the liquidity secured through the HLNG03 bond issued in a subsequent event beyond what is needed to repay HLNG01. In addition, the Group is planning to raise financing before delivery for FSRUs #8 and #9, for which 20-year time charters have been secured, as well as for FSRU #10, which is still uncommitted.

Table: interest-bearing debt

Net Interest-bearing debt

USD'000	31 Dec 2016	30 Sept 2016	31 Dec 2015
Non current interest-bearing debt	786 567	886 693	732 026
Current interest-bearing debt	149 295	68 479	55 036
Total interest-bearing debt	**935 862**	**955 172**	**787 062**
Cash and marketable securities	332 371	268 997	344 259
Long term restricted cash	18 580	23 046	19 648
Net interest-bearing debt	**584 911**	**663 129**	**423 155**

Spesification of interest-bearing debt

USD'000	Due in year 1	Due in year 2	Due in year 3	Due in year 4	Due in year 5 and later	Total
FSRU Independence facility*	15 248	15 248	76 293	15 248	83 783	205 821
Höegh Grace facility	13 250	13 250	13 250	150 313	-	190 063
Methane Ventures Limited facility	7 847	-	-	-	-	7 847
Höegh Gallant facility	13 146	13 146	140 597	-	-	166 889
PGN FSRU Lampung facility	19 062	19 062	19 062	19 062	97 960	174 209
Bond debt**	80 742	-	-	130 000	-	210 742
Interest-bearing debt outstanding	**149 295**	**60 706**	**249 202**	**314 623**	**181 743**	**955 570**
Debt issuance cost						(19 707)
Total interest-bearing debt						**935 862**

*Independence is financed by a commercial tranche of USD 61 million that needs to be refinanced by 2019. Should Höegh LNG not refinance this tranche the full outstanding amount of the Norw egian Export Credit Gurantee Agency ("ECA") tranche, USD 106 million, w ill fall due in 2019. The above table assumes the ECA tranche w ill continue to amortize.

**HLNG01 matures in 2017 have been sw apped into USD 130 million. The negative value of the sw ap is presented under other financial liabilities short term.

As of 31 December 2016, Höegh LNG holds ow n HLNG01 bonds totaling NOK 54 million.

Net interest-bearing debt and interest expenses including proportionate share of joint ventures

USD'000	31 Dec 2016	30 Sept 2016	31 Dec 2015
Non current interest-bearing debt	1 129 525	1 234 055	1 092 208
Current interest-bearing debt	166 670	85 553	71 339
Total interest-bearing debt	**1 296 194**	**1 319 608**	**1 163 547**
Cash and marketable securities	349 872	282 468	356 085
Long term restricted cash	31 134	35 597	32 200
Net interest-bearing debt	**915 189**	**1 001 543**	**775 261**
Net interest expenses	**18 134**	**19 137**	**64 831**

Spesification of net Interest-bearing debt including proportionate share of joint ventures

USD'000	31 Dec 2016	30 Sept 2016	31 Dec 2015
Mortgage debt excluding HMLP	403 730	410 780	228 649
Bond debt	210 742	216 441	209 010
Arctic vessels, HLNG share	121 144	122 460	126 400
Debt issuance cost	(9 024)	(9 848)	(10 147)
Total interest-bearing debt excluding HMLP	**726 593**	**739 834**	**553 913**
Cash and marketable securities excluding HMLP, including JVs	226 090	256 930	309 940
Net interest-bearing debt excluding HMLP	**500 503**	**482 904**	**243 973**
Mortgage debt HMLP	341 097	349 149	373 306
JV debt HMLP share	239 638	242 464	250 684
Debt issuance cost	(11 134)	(11 840)	(14 356)
Total interest-bearing debt HMLP	**569 602**	**579 774**	**609 634**
Cash and marketable securities MLP including JVs	154 916	61 135	78 346
Net interest-bearing debt HMLP	**414 686**	**518 639**	**531 288**

6. HEDGING RESERVES

Interest-rate swaps have been entered into in relation to the financing of the Group's vessels. The Group has also entered into a cross-currency interest-rate swap relating to the NOK bond and an interest-rate swap on the USD bond.

As of 31 December 2016, the mark-to-market valuation of the interest-rate swaps was recognised in the financial position with a net liability of USD 121.4 million, of which USD 77.5 million was classified as non-current liabilities, USD 52.3 million as current liabilities and USD 8.5 million as non-current assets. USD 81.0 million of the mark-to-market valuation (MTM) of the interest rate swaps was recognised as hedge reserves in consolidated equity as of 31 December 2016.

The mark-to-market valuations of the interest-rate swaps in the Group's joint ventures are recorded as part of investments in joint ventures, which results in the investments being treated as net liabilities. The negative valuations of the interest-rate swaps in the joint ventures represent USD 72.9 million of the below.

In the fourth quarter of 2016, USD 53.3 million relating to the interest-rate swaps was recorded as a gain under other comprehensive income (OCI), compared with a gain of USD 15.9 million in the previous quarter.

Table: Interest rate swaps in Financial Position

MTMs of cash flow hedges in the Financial Position (USD'000)	31 Dec 2016	30 Sep 2016	30 Jun 2016	31 Mar 2016	31 Dec 2015
MTMs presented as financial assets	8 485	-	-	98	2 800
Total MTMs presented as financial liabilities	(56 967)	(72 067)	(85 770)	(76 219)	(67 687)
Total MTMs in the joint ventures	(72 942)	(96 643)	(102 634)	(96 857)	(84 141)
Net MTMs of cash flow hedges	**(121 424)**	**(168 710)**	**(188 404)**	**(172 978)**	**(149 028)**
Foreign exchange losses under cross currency swap included in MtM	43 258	37 117	40 741	39 567	45 125
Accumulated break cost paid	(4 285)	(4 285)	(4 285)	(4 285)	(4 285)
Accumulated loss on swap in profit or loss	1 404	1 565	1 771	1 726	1 920
Interest rate swaps recorded against equity	**(81 047)**	**(134 313)**	**(150 177)**	**(135 970)**	**(106 269)**
Attributable to non-controlling interest	(29 988)	(33 521)	(36 515)	(33 857)	(27 646)
Attributable to equity holders of the parent	(51 059)	(100 792)	(113 662)	(102 113)	(78 622)

7. NON-CURRENT RESTRICTED CASH

Restricted cash of USD 18.5 million as of 31 December 2016 included USD 4.4 million relating to cash denominated in EGP owing to current restrictions on foreign exchange.

Table: Non-current restricted cash

USD '000	31 Dec 2016	30 Sep 2016	30 Jun 2016	31 Mar 2016	31 Dec 2015
Debt service	14 154	14 258	14 440	14 596	14 798
Foreign currency	4 426	8 788	5 850	5 750	4 850
Total non-current restricted cash	**18 580**	**23 046**	**20 290**	**20 346**	**19 648**

To cover EGP-denominated costs relating to the time charter with EGAS in Egypt, a portion of the USD denominated time charter hire is invoiced in EGP. Owing to Höegh LNG's cost-efficient project structure and the lack of a foreign exchange market, a portion of the EGP payment has been accumulating on the balance sheet. At the end of the third quarter of 2016, Höegh LNG had some EGP 77 million in non-current restricted cash, equivalent to USD 8.8 million based on the USD/EGP exchange rate of 8.79 as of 30 September 2016.

On 3 November 2016, the Egyptian central bank announced the end of the fixed exchange rate regime for EGP and stated that the currency would be allowed to float against other currencies. Owing to the devaluation in connection with the floatation, the EGP-denominated non-current restricted cash position was subject to a currency loss of USD 4.6 million in the fourth quarter because the USD/EGP exchange rate rose to 18.41 as of 31 December 2016.

With the EGP now floating against USD, the amount of EGP that Höegh LNG will receive from EGAS going forward will vary depending on the prevailing exchange rate. The time charter hire received in USD terms will, however, stay the same. It is expected that over time the new foreign exchange rate regime in Egypt will result in a fully floating foreign exchange market.

8. SUBSEQUENT EVENTS

The Company declared a cash dividend on 27 February 2017 of USD 0.125 per share for the first quarter of 2017.

The sale of a 51% equity interest in Höegh Grace to Höegh LNG Partners closed.

The shipbuilding agreement with Samsung Heavy Industries for one firm FSRU and options for three additional FSRUs was formally signed.

A shipbuilding contract with HHI for a FSRU newbuilding with delivery in the fourth quarter of 2018 was announced.

NOK 1,500 million in new unsecured bonds was placed in the Nordic bond market in January 2017. Following the offering, the Company bought back 13% of the outstanding HLNG01 bond loan.

Höegh LNG announced it had signed HOA with Qatar Petroleum, Total, ExxonMobil, and Mitsubishi for FSRU terminal infrastructure in Pakistan.

9. FORWARD-LOOKING STATEMENTS

This interim report contains forward-looking statements. The statements are based on various assumptions, many of which are based in turn upon further assumptions, including examination of historical operating trends made by the management of Höegh LNG. Although the Group believes that these assumptions were reasonable when made, because assumptions are inherently subject to significant uncertainties and contingencies difficult or impossible to predict and are beyond its control, Höegh LNG cannot give assurance that it will achieve or accomplish these expectations, beliefs or intentions.

Among the important factors which could cause actual results to differ materially from those in the forward-looking statements are: changes in LNG transportation, regasification and floating liquefaction market trends; Changes in the supply and demand for LNG; changes in trading patterns; changes in applicable maintenance and regulatory standards; political events affecting production and consumption of LNG and Höegh LNG's ability to operate and control its vessels; changes in the financial stability of clients of the Group; Höegh LNG's ability to win upcoming tenders and to secure employment for the FSRUs on order; changes in Höegh LNG's ability to complete and deliver projects awarded; increases in the Group's cost base; changes in the availability of vessels to purchase; failure by yards to comply with delivery schedules; changes in vessels' useful lives; changes in the ability of Höegh LNG to obtain additional financing; the success in achieving commercial agreements for the projects being developed by the Group; changes in applicable regulation and laws. Unpredictable or unknown factors herein could also have material adverse effects on forward-looking statements.

APPENDIX 1

ALTERNATIVE PERFORMANCE MEASURES (APM'S)

Höegh LNG's financial information is prepared in accordance with international financial reporting standards (IFRS). In addition it is management's intent to provide alternative performance measures that are regularly reviewed by management to enhance the understanding of Höegh LNG's performance. Operational measures such as, but not limited to, volumes, technical availability of vessels/fleet and contract backlog are not defined as financial APM's. Financial APM's should not be considered as a substitute for measures of performance in accordance with the IFRS. The alternative performance measures presented may be determined or calculated differently by other companies.

Höegh LNG's APM's

- *EBIT:* EBIT is defined as line item Operating profit after depreciation and impairment in the interim consolidated statement of income.
- *EBITDA:* EBIT adding depreciation, amortization and impairments. EBITDA is defined as line item Operating profit before depreciation and impairment in the interim consolidated statement of income.
- *Net interest-bearing debt:* Non-current and current interest-bearing debt deducted cash and marketable securities and restricted cash (current and non-current).
- *Equity adjusted for hedging reserves:* Total book equity adjusted for mark-to-market value of financial derivative swaps recorded against equity. Financial derivative swaps consist of interest-rate and cross-currency interest-rate swaps. In the money mark-to-market financial derivative swaps will increase equity, while out of the money mark-to-market financial derivative swaps will reduce equity. Mark-to-market value of interest-rate swaps in the Group's joint ventures are recorded as part of line item Investment in joint ventures. See Note 6 for more information regarding hedging reserves.
- *Equity ratio adjusted for hedging reserves:* Total book equity (see above) adjusted for hedging reserves divided by total assets.

ABBREVIATIONS

Abbreviation	**Definition**
EGAS	Egyptian Natural gas Holding Company
EGP	Egyptian Pounds
FSRU	Floating storage and regasification unit
HHI	Hyundai Heavy Industries Co., Ltd.
HN	Hull number
HOA	Heads of agreement
Höegh LNG or the Group	Höegh LNG Holdings Ltd. and subsidiaries
Höegh LNG Partners	Höegh LNG Partners LP
LNGC	LNG carrier
MLP	Master Limited Partnership
MOU	Memorandum of Understanding
Quantum Power	Quantum Power Ghana Gas Ltd.
SEC	Securities Exchange Commission
SHI	Samsung Heavy Industries Co., Ltd.
SPEC	Sociedad Portuaria El Cayao S.A. E.S.P.
The Company	Höegh LNG Holdings Ltd.
VPS	Norwegian Central Securities Depository