



HÖEGH LNG

INTERIM RESULTS FOR THE QUARTER AND HALF YEAR ENDED 30 JUNE 2017

Highlights

- EBITDA¹ of USD 37.7 million
- Profit after tax of USD 8.5 million
- Dividend of USD 0.125 per share paid in the second quarter of 2017
- Höegh Giant delivered from Hyundai Heavy Industries

Subsequent events

- Dividend of USD 0.125 per share declared in the third quarter of 2017
- Signed MoU with Nakilat for the development of new FSRU projects
- Secured commitments for a USD 230 million debt financing for FSRU #8
- Höegh LNG Partners increasing its ownership stake in GDF Suez Cape Ann and Neptune

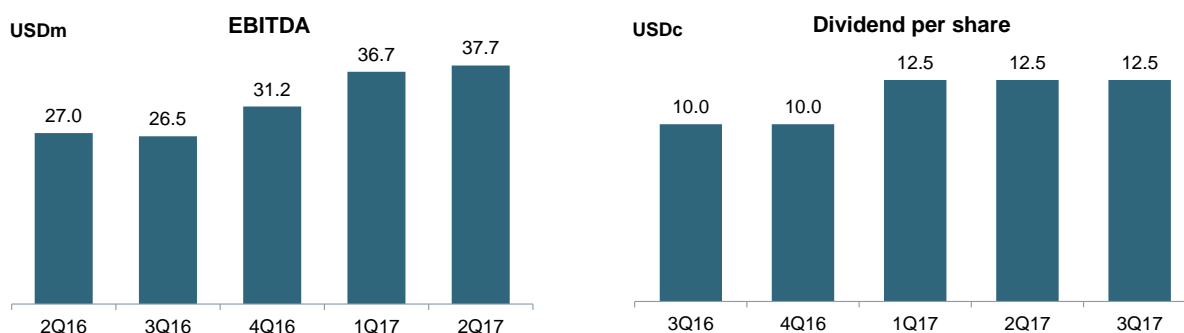
Building on a leadership position

Höegh LNG's revenues and EBITDA remained stable at record levels in the second quarter, supporting a quarterly dividend of USD 0.125 per share. Operating performance remained strong, with technical availability of 100% in the quarter. At 30 June, Höegh LNG's revenue backlog was USD 6.1 billion, with an average remaining contract term of around 13.5 years across 10 different counterparties.

The long-term nature of the FSRU market and Höegh LNG's strong technical and commercial track record facilitate access to leading banks and credit institutions. In a subsequent event, Höegh LNG acted in accordance with its financial strategy by diversifying funding sources and securing a flexible and attractive USD 230 million in debt financing for FSRU #8, scheduled for delivery in the first quarter of 2018. The strength of Höegh LNG's financial platform is further demonstrated by Höegh LNG Partners' acquisition of a 23.5% share in the joint ventures that own the FSRUs GDF Suez Cape Ann and Neptune, adding to the partnership's distribution potential through an accretive transaction.

Working with LNG suppliers is an important part of Höegh LNG's growth strategy, and the alliance with Qatar's LNG shipping company Nakilat announced in July represents a milestone from this perspective. Entering into a partnership with the world's largest LNG shipping company gives Höegh LNG access to additional growth opportunities

Table: Reported EBITDA and declared dividend per share



¹ Please see the list of abbreviations in Appendix 1.

Group financial review²

Höegh LNG Holdings Ltd. (Höegh LNG Holdings or the company) and its subsidiaries (together Höegh LNG or the group) reported EBITDA of USD 37.7 million for the second quarter, compared with USD 36.7 million for the previous quarter. The increase is mainly attributable to reimbursement for accrued costs related to the Pakistan infrastructure project, lower administrative expenses, and time-charter income for Höegh Giant since its delivery on 27 April 2017. Operating costs for Höegh Giant and off-hire for Höegh Gallant owing to planned maintenance had a negative impact on EBITDA.

Depreciation totalled USD 10.6 million, up from USD 9.3 million in the first quarter owing to the delivery of Höegh Giant. Höegh LNG also recorded USD 0.4 million in impairments during the quarter related to the write-down of certain equipment. Net financial expenses increased by USD 2.5 million to USD 16.5 million in the quarter, mainly because of higher interest expenses. This resulted in a profit before tax of USD 10.2 million, down from USD 13.4 million in the first quarter. Profit after tax was USD 8.5 million, down from USD 11.4 million in the preceding quarter.

Operating cash flows increased by USD 5.4 million in the second quarter to USD 33.2 million. Other sources comprised proceeds of USD 190.6 million from borrowings and USD 20.0 million from the sale of marketable securities. Uses during the quarter consisted primarily of capital expenditures of USD 237.6 million, debt service of USD 32.7 million, dividend payments of USD 17.1 million, comprising dividends paid to shareholders of the parent company and non-controlling interest in Höegh LNG Partners LP (Höegh LNG Partners), and net other investing and financing items USD 2.0 million. Net cash flows for the quarter were negative at USD 45.6 million, compared with a negative USD 45 million for the first quarter.

At 30 June 2017, Höegh LNG had USD 303.2 million in current cash and marketable securities (31 March 2017: USD 364.6 million) and net interest-bearing debt of USD 947.2 million (31 March 2017: USD 705.5 million). Book equity at 30 June 2017, after adjusting for the mark-to-market of interest rate swaps, was USD 664.3 million (31 March 2017: USD 672.3 million), equivalent to an adjusted book equity ratio of 33.3% (36.6%).

For the first half of 2017, Höegh LNG reported EBITDA of USD 74.3 million and net profit of USD 20.0 million. That compares with USD 53.6 million and USD 9.9 million respectively for the first half of 2016. The improvement primarily reflects the commencement of operations by Höegh Grace in Colombia during December 2016.

Table: selected financial items

USD'000	2Q 2017	1Q 2017	4Q 2016	3Q 2016	2Q 2016
Total income	70 589	68 659	62 275	58 056	57 142
EBITDA	37 658	36 679	31 183	26 492	26 985
EBIT	26 704	27 404	22 067	17 265	17 757
Profit (loss) after tax	8 539	11 445	828	3 334	3 550
Total assets	2 001 957	1 842 987	1 713 461	1 616 466	1 643 546
Equity adjusted for hedging reserves	664 316	672 272	677 110	576 441	584 661
Net interest-bearing debt	(947 153)	(705 489)	(584 911)	(663 129)	(650 476)
Equity ratio adjusted for hedging reserves	33.3 %	36.6 %	39.7 %	35.7 %	35.6 %

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 first quarter of 2017.

Corporate/other activities

Höegh LNG Partners increasing its ownership stake in Neptune and GDF Suez Cape Ann

Höegh LNG Partners has entered into a term sheet with its joint venture partner Mitsui O.S.K. Lines (MOL) to acquire a 23.5% equity interest in the two joint venture companies that own the FSRUs Neptune and GDF Suez Cape Ann for a compensation of USD 27.3 million. This includes a 23.5% interest in outstanding shareholder loans equivalent to USD 1.5 million. At the end of the quarter, the third party net interest bearing debt attributable to the 23.5% ownership was USD 101 million. The transaction brings Höegh LNG Partners' interest in the joint venture companies up to 73.5% and the acquisition is expected to close by 30 September 2017, pending board approvals at MOL and Höegh LNG Partners. The FSRUs are on charter to Engie and have about 13 years of remaining contract length with annual EBITDA contribution of USD 33 million per unit on a 100% basis.

Debt financing for FSRU #8 secured

In a subsequent event, Höegh LNG received commitment letters for a debt financing of USD 230 million for FSRU #8, which is scheduled for delivery from Hyundai Heavy Industries in the first quarter of 2018. The financing comprises a 12-year export credit agency (ECA) term loan of USD 150 million and a five-year non-amortising commercial bank loan of USD 50-80 million. The facility is available to fund 65% of the delivered cost of the FSRU with no employment requirement, increasing to 75% on securing long-term employment.

The combination of the ECA tranche and the full non-amortising commercial tranche will produce a blended amortisation profile of 18.4 years when employment is secured. The interest rate will be swapped from floating to fixed and, with the current interest rate regimes, the fixed interest rate is not expected to exceed 4.0%.

Quarterly dividends of USD 0.125 per share

Höegh LNG Holdings paid a cash dividend of USD 0.125 per share in the second quarter of 2017, equivalent to USD 9.6 million.

The board of directors of Höegh LNG Holdings declared a cash dividend of USD 0.125 per share on 23 August 2017. Shares will trade ex-dividend on 7 September 2017. Shareholders recorded in the VPS following the close of trading on the Oslo stock exchange on 8 September 2017 will be entitled to the dividend, which will be payable on or around 22 September 2017.

Distribution from Höegh LNG Partners

Höegh LNG Partners declared a quarterly distribution of USD 0.43 per unit for the second quarter on 20 July 2017, corresponding to an annualised distribution of USD 1.72 per unit. Höegh LNG Holdings received USD 6.6 million in distributions and USD 0.3 million in IDRs for the second quarter 2017 on 14 August 2017, the same as for the first quarter.

Business review

Overall performance

All seven FSRUs and two LNG carriers in Höegh LNG's fleet operated in accordance with contracts during the quarter, and the group's technical availability remained stable at close to 100%.

The Lost Time Injury Frequency track record remains strong with a lost-time injury frequency of 0.00 up to the end of July relative to the 2014-2016 average of 0.39.

In accordance with nominations from the charterers, the FSRUs in operation delivered 21% less gas in the second quarter as compared to the first quarter of 2017, which is explained by seasonal variations in demand.

Table: Technical availability of fleet and safety performance

	YTD 2017	2016	2015	2014	2013
Technical availability	99.7 %	99.9 %	100.0 %	99.7 %	99.9 %
Lost Time Injury Frequency*	0.00	0.00	0.73	0.44	1.07

*Calculated per million exposure hours for seagoing personnel only.

Strategic alliance with Nakilat to explore FSRU opportunities

Nakilat and Höegh LNG signed an MoU on 18 July 2017 with the objective of creating an alliance to develop new FSRU projects. The structure of the alliance is planned to be a joint venture (JV) to own and operate FSRUs that fall within the agreement. The two companies aim to complete detailed JV agreements during the second half of 2017.

The two companies aim to jointly develop new FSRU projects, where the LNG is sourced from Qatar, the world's largest producer of this commodity. Nakilat is the owner and operator of the world's largest LNG carrier (LNGC) fleet and serves as an integral part of the supply chain for LNG from Qatar.

This partnership gives Höegh LNG access to a larger base of potential new FSRU projects, as well as opening up for attractively priced capital to fund further growth. Consequently, the company sees the alliance as an opportunity to accelerate its market presence beyond the projects it undertakes on a sole basis.

Global Energy Infrastructure Ltd. Pakistan FSRU project update

Qatar Petroleum, ExxonMobil, Total, Mitsubishi and Höegh LNG, the consortium partners who will provide the infrastructure for the Global Energy Infrastructure Ltd. (GEI) project in Pakistan, are well positioned to conclude the final investment decision (FID) in the near future for the construction of the jetty and pipeline. The FID for the infrastructure will be a major milestone for the GEI project, which is progressing along the previously indicated timeline for start-up under the 20-year FSRU contract in the second half of 2018.

Quantum Power Ghana FSRU project update

The Quantum Power/Höegh LNG FSRU project in Ghana remains subject to final governmental approval. As the governmental approval was expected mid-2017 but has not yet been received, the project's timeline could be affected. A positive award will lead to FID and start-up under the FSRU contract 6-12 months following the commencement of the construction work, which includes a pipeline to shore and a spread mooring system to install the FSRU offshore the port of Tema.

Penco LNG Chile FSRU project update

The revised environmental process for the Penco FSRU project is well under way, with finalisation anticipated towards the end of the year. The project is backed by a strong commercial platform, given Penco's firm long-term contract to deliver electricity to the Chilean market, and Höegh LNG remains fully committed to delivering the FSRU to the project.

Business development activities

Höegh LNG is involved in several commercial processes with potential FSRU clients on projects at various stages of development, and has also submitted an offer for a long-term FSRU contract in June. Business development activity remains high, driven by the competitive pricing of LNG and the increasing volumes of the commodity available globally.

Given its experience and leading position in the FSRU market, Höegh LNG is from time to time approached by existing or potential customers seeking to explore small-scale floating LNG solutions. While the group has developed various designs to meet such demand, any investment in this segment must meet the group's overall investment criteria and should only be regarded as complementary to its core FSRU activities.

Fleet update

Höegh LNG took delivery of the FSRU Höegh Giant in April 2017, and the unit is currently on a short-term time charter with a major LNG trader as an LNG carrier (LNGC). The final newbuilding instalment of USD 161 million was funded by a USD 190 million drawdown under a USD 223 million credit facility, where the remaining amount available will be drawn once all the conditions related to its long-term employment are met.

Newbuilding programme and fleet allocation

Höegh LNG has a total of three FSRUs under construction at Hyundai Heavy Industries and Samsung Heavy Industries. These newbuildings have scheduled delivery dates in the first quarter of 2018, the fourth quarter of 2018 and the second quarter of 2019 respectively.

The allocation of Höegh LNG's asset base is subject to continuous optimisation. With the current timeline of newbuilding deliveries and contract start-ups, Höegh Giant remains allocated to the contract with Quantum Power in Ghana, while FSRU #9 is intended for the contract with GEI in Pakistan. FSRU #8 remains earmarked for the Penco LNG project, with FSRU #10 being a fully adequate candidate for the project should alternative employment opportunities arise for FSRU #8.

Market

Total LNG trade reached 144 million tonnes in the first half of 2017, up by 17 million tonnes (or 13%) from the first half of 2016. The largest contributors to this increase in LNG consumption were China, Japan, South Korea, France and Turkey, driven by increased supplies and lower prices as well as expanded regasification capacity. Thirty-six countries imported LNG in the first half of the year, more than twice as many as 10 years ago.

Thirteen million tonnes of LNG production commenced in the first half of the year, and as much as 90 million tonnes of incremental production is scheduled to come on stream by 2020. The largest exporter in 2016 was Qatar, with foreign sales of 79 million tonnes of LNG. Qatar has plans to further boost production from the North Field. This decision ends a self-imposed ban on additional gas production from the field, and Qatar could increase its LNG production to more than 100 million tonnes annually. With these volumes on top of gas liquefaction expansion elsewhere, the LNG market is likely to remain long and keep prices competitive.

The shift from a short to a long LNG market has resulted in a market structure where LNG buyers have acquired greater bargaining power. Consequently, contracts are tending to become shorter and smaller, requiring LNG producers to play a more active role in marketing their volumes. Potential buyers consequently enjoy producer support for flexibility, both commercially and financially, since producers are also tending to play a more active role in the downstream part of the value chain. In order to boost LNG uptake, producers have embraced the FSRU concept to open up new markets – as exemplified by Nakilat's decision to team up with Höegh LNG.

The majority of new LNG importers are utilising FSRUs for regasification, and the FSRU solution has become the preferred alternative for new market entrants. FSRU tendering activity remains high, with unabated interest in most geographical markets.

High levels of activity in the FSRU market generate interest among potential new entrants, and competition is therefore likely to increase. However, newbuilding and conversion projects said to be under consideration have yet to come to fruition, leaving Höegh LNG as the largest owner in the FSRU industry with seven FSRUs in operation and three units under construction. Höegh LNG plans to continue expanding its newbuilding portfolio on the basis of further contract awards, and to maintain its strategy of always having one uncommitted FSRU newbuilding in its portfolio to meet the timeline for future FSRU projects.

Outlook

Höegh LNG now has a total of 10 FSRUs in operation and on order. With a solid operational and financial platform in place, and backed by a positive market environment, the company is continuing to pursue additional business opportunities and remains confident it will reach its goal of a fleet of 12 units in operation or under construction by 2019.

Attention also continues to be focused on preparing for the three long-term FSRU contracts awarded in Ghana, Pakistan and Chile, and for optimising interim employment periods.

INTERIM CONSOLIDATED STATEMENT OF INCOME

USD'000	Note	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
		2Q 2017	1Q 2017	2Q 2016	YTD 2017	YTD 2016
Freight revenues		65 221	64 515	52 320	129 737	103 470
Management and other income		1 968	710	1 482	2 678	2 472
Share of results from investments in joint ventures		3 400	3 434	3 340	6 834	6 640
Total income		70 589	68 659	57 142	139 249	112 582
Charterhire expenses		(8 850)	(8 752)	(8 792)	(17 602)	(17 583)
Bunker and other voyage related expenses		(492)	(92)	(60)	(584)	(97)
Operating expenses		(13 038)	(11 744)	(11 705)	(24 782)	(21 054)
Project administrative expenses		(4 844)	(4 316)	(2 902)	(9 161)	(5 862)
Group administrative expenses		(3 940)	(5 153)	(4 864)	(9 093)	(9 629)
Business development expenses		(1 767)	(1 923)	(1 834)	(3 690)	(4 750)
Operating profit before depreciation and impairment	4	37 658	36 679	26 985	74 337	53 607
Depreciation		(10 574)	(9 275)	(9 227)	(19 848)	(16 506)
(Impairment) / reversal of impairment		(380)	-	-	(380)	-
Operating profit after depreciation and impairment		26 704	27 404	17 758	54 109	37 101
Interest income		754	366	362	1 120	813
Interest expenses		(16 310)	(13 811)	(14 649)	(30 121)	(27 588)
Income from other financial items		655	887	1 619	1 542	3 210
Expenses from other financial items		(1 636)	(1 484)	(1 056)	(3 121)	(2 391)
Net financial items		(16 537)	(14 042)	(13 724)	(30 580)	(25 956)
Ordinary profit before tax		10 167	13 362	4 034	23 529	11 145
Corporate income tax		(1 628)	(1 917)	(484)	(3 545)	(1 292)
Profit for the period		8 539	11 445	3 550	19 984	9 853
Profit for the period attributable to (from):						
Equity holders of the parent		3 530	5 782	765	9 311	4 541
Non-controlling interests		5 009	5 663	2 785	10 673	5 312
		8 539	11 445	3 550	19 984	9 853
Earnings per share attributable to equity holders of the parent during the period:						
Basic and diluted earnings per share		0.05	0.07	0.01	0.12	0.05

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

USD'000	Note	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
		2Q 2017	1Q 2017	2Q 2016	YTD 2017	YTD 2016
Profit for the period		8 539	11 445	3 550	19 984	9 853
Items that will not be reclassified to profit or loss						
Net gain (loss) on other capital reserves		-	-	-	-	-
Items that may be subsequently reclassified to profit or loss						
Net gain (loss) on hedging reserves		(2 802)	(1 569)	(8 430)	(4 370)	(25 417)
Share of other comprehensive income from joint ventures		(1 066)	3 691	(5 777)	2 625	(18 493)
Other comprehensive income (loss) for the period net of tax	7	(3 868)	2 122	(14 207)	(1 745)	(43 910)
Total comprehensive income (loss)		4 671	13 567	(10 657)	18 239	(34 057)
Total comprehensive income attributable to (from):						
Equity holders of the parent		317	5 812	(10 802)	6 130	(30 518)
Non-controlling interests		4 354	7 755	145	12 109	(3 539)
		4 671	13 567	(10 657)	18 239	(34 057)

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

USD'000	Note	Unaudited	Unaudited	Audited
		2017	2017	2016
		30 June	31 Mar	31 Dec
ASSETS				
Non-current assets				
Intangible assets				
Deferred tax assets		382	342	353
Tangible assets				
Investments in FSRUs		1 407 231	1 130 917	1 139 734
Investments in new buildings under construction		196 606	243 188	129 678
Other non-current financial assets	7	16 441	21 207	22 123
Other non-current assets		20 733	21 469	22 120
Shareholder loans		-	291	943
Restricted cash		14 076	14 155	18 580
Total non-current assets		1 655 469	1 431 569	1 333 531
Current assets				
Bunkers and inventories		738	750	745
Trade and other receivables		37 882	40 392	40 539
Shareholder loans		4 623	5 730	6 275
Marketable securities		192 828	211 722	135 751
Other current financial assets	7	94	-	-
Restricted cash		14 550	11 423	10 274
Cash and cash equivalents		95 773	141 401	186 346
Total current assets		346 488	411 418	379 930
TOTAL ASSETS		2 001 957	1 842 987	1 713 461
EQUITY AND LIABILITIES				
Equity				
Share capital		772	772	769
Other paid-in capital		551 443	551 069	550 659
Capital reserves		(55 802)	(52 596)	(53 853)
Retained earnings		(44 220)	(37 921)	(51 599)
Equity attributable to equity holders of the parent		452 193	461 324	445 976
Non-controlling interests		129 330	132 024	150 087
Total equity		581 523	593 348	596 063
Non-current liabilities				
Deferred tax liability		7 549	7 010	6 114
Non-current interest-bearing debt	6	1 111 781	945 944	786 567
Investments in joint ventures		39 071	41 404	48 530
Other non-current financial liabilities	7	16 490	19 542	16 938
Deferred revenue		4 841	5 301	5 761
Total non-current liabilities		1 179 732	1 019 201	863 910
Current liabilities				
Current interest-bearing debt	6	152 599	138 246	149 295
Income tax payable		2 525	2 181	1 109
Trade and other payables		13 908	18 254	19 023
Other current financial liabilities	7	48 675	50 236	57 890
Other current liabilities		22 995	21 521	26 171
Total current liabilities		240 702	230 438	253 488
TOTAL EQUITY AND LIABILITIES		2 001 957	1 842 987	1 713 461

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

USD'000	Unaudited 2Q 2017	Unaudited 1Q 2017	Unaudited 2Q 2016	Unaudited YTD 2017	Unaudited YTD 2016
Operating activities:					
Profit (loss) before tax for the period	10 167	13 362	4 034	23 529	11 145
<i>Non-cash adjustment to reconcile profit before tax to net operational cash flow</i>					
Depreciation FSRUs, drydocking and equipment	10 574	9 275	9 228	19 848	16 506
Impairment (reversal of impairment)	380	-	-	380	-
Fair value adjustments on marketable securities	(995)	(860)	(1 664)	(1 855)	(3 061)
Interest income	(754)	(366)	(167)	(1 120)	(619)
Interest cost	16 310	13 810	14 649	30 120	27 588
Net loss (income) on interest rate hedges	340	26	45	366	(149)
Currency loss on restricted cash balances	-	-	-	-	-
Share based payment cost and board remuneration not paid-out	789	497	607	1 286	1 021
Share of profit from investments in joint ventures	(3 400)	(3 434)	(3 340)	(6 834)	(6 639)
<i>Working capital adjustments</i>					
Change in inventories, receivables and payables	297	(4 542)	(4 351)	(4 245)	(11 501)
Dividend received from joint ventures	-	-	-	-	-
Payment of income tax	(515)	69	(333)	(446)	(333)
i) Net cash flow from operating activities	33 192	27 836	18 708	61 028	33 958
Investing activities:					
Investment in marketable securities	(110)	(105 111)	-	(105 221)	-
Proceeds from sale of marketable securities	20 000	30 000	9 756	50 000	21 269
Investments in FSRUs, drydocking and new buildings	(237 552)	(111 039)	(30 051)	(348 590)	(229 143)
Net proceeds from sale of LNG Libra	-	-	-	-	17 978
Investment in intangibles, equipment and other	(405)	(384)	(133)	(789)	(133)
Interest received	326	403	-	728	-
Repayment of shareholder loans	1 398	1 198	2 400	2 596	4 150
ii) Net cash flow from investing activities	(216 343)	(184 933)	(18 029)	(401 276)	(185 879)
Financing activities:					
Purchase of own shares	(198)	-	-	(198)	-
Dividend paid to non-controlling interest (HMLP)	(7 585)	(7 276)	(4 554)	(14 861)	(9 108)
Dividend paid to shareholders of the parent	(9 503)	(9 503)	(7 567)	(19 006)	(15 129)
Proceeds from borrowings	190 600	176 960	-	367 560	200 000
Payment of debt issuance cost	(36)	(1 928)	(109)	(1 964)	(2 419)
Repayment of borrowings	(15 177)	(27 202)	(15 177)	(42 378)	(27 041)
Interest paid	(17 530)	(13 774)	(13 965)	(31 304)	(25 861)
Payment to unwind swaps	-	(8 403)	-	(8 403)	-
(Increase) decrease in restricted cash	(3 048)	3 277	(1 110)	230	3 012
iii) Net cash flow from financing activities	137 523	112 152	(42 482)	249 675	123 454
Net increase/(decrease) in cash and cash equivalents (i+ii+iii)	(45 628)	(44 945)	(41 803)	(90 573)	(28 467)
Current cash and cash equivalents at the beginning of the period	141 401	186 346	110 959	186 346	97 623
Current cash and cash equivalents at the end of the period	95 773	141 401	69 156	95 773	69 156

**INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 2017**

USD'000	Attributable to equity holders of the parent										
	<u>Paid-in capital</u>				<u>Capital reserves</u>			Retained earnings	Total	Non-controlling interests (Note 7) ¹	Total equity
	Issued capital	Share premium	Treasury shares	Other paid-in capital	Cash flow hedge reserves (Note 7)	Other capital reserves					
At 1 January 2017	769	445 078	(12)	105 593	(51 059)	(2 794)	(51 599)	445 976	150 087	596 063	
Profit (loss) for the period							9 311	9 311	10 673	19 984	
Other comprehensive income / (loss)					(3 181)			(3 181)	1 436	(1 745)	
<i>Total comprehensive income</i>					<i>(3 181)</i>		<i>9 311</i>	<i>6 130</i>	<i>12 109</i>	<i>18 239</i>	
Capital contribution to HMLP							(541)	(541)	541	-	
MLP dividend to non-controlling interests									(14 861)	(14 861)	
Sale of subsidiary to MLP						1 227		17 615	18 842	(18 842)	
Net proceeds of equity issuance	3	2 065		(1 978)				90	-	90	
Purchase of treasury shares		(198)	-					(198)		(198)	
Units granted to the board of HMLP				51	5			56	133	189	
Dividend to shareholders of the parent							(19 006)	(19 006)	-	(19 006)	
Share-based payment cash settled				(15)				(15)	-	(15)	
Share-based payment costs				859				859	163	1 022	
At 30 June 2017 (Unaudited)	772	446 945	(12)	104 510	(53 008)	(2 794)	(44 220)	452 193	129 330	581 523	

¹ Equity of USD 129.3 million attributable to non-controlling interests at 30 June 2017 includes a negative USD 29.8 million in cash flow hedge reserves. See table in Note 7.

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

USD'000	Attributable to equity holders of the parent										
	<u>Paid-in capital</u>				<u>Capital reserves</u>			Retained earnings	Total	Non-controlling interests (Note 7) ¹	Total equity
	Issued capital	Share premium	Treasury shares	Other paid-in capital	Cash flow hedge reserves (Note 7)	Other capital reserves					
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	
<i>Total comprehensive income</i>					<i>18 270</i>	<i>22</i>	<i>1 298</i>	<i>19 590</i>	<i>19 665</i>	<i>39 255</i>	
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 (Audited)	769	445 078	(12)	105 593	(51 059)	(2 794)	(51 599)	445 976	150 087	596 063	

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 4. The interim financial statements were authorised for issue by the board of directors of Höegh LNG Holdings Ltd. on 23 August 2017.

2. BASIS FOR PREPARATION AND ACCOUNTING POLICIES

The interim consolidated financial statements for the period ended 30 June 2017 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 2016. New and amended standards effective for periods beginning at or after 1 January 2017 are considered to have no material effects on the group's financial statements.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

Preparation of interim financial statements in accordance with IFRS implies use of estimates, which are based on judgements and assumptions that affect the application of accounting principles and the reported amounts of assets, liabilities, revenues and expenses. Actual amounts might differ from such estimates.

Significant accounting judgements

Per 30 June 2017 Höegh LNG Holdings Ltd. held 46.4% of the units in Höegh LNG Partners. Höegh LNG Partners is consolidated based on management's assessment that Höegh LNG Holdings has de facto control of Höegh LNG Partners even though it has less than 50% of the voting rights. Management's assessment is based on a combination of factors of which the current composition of the board of directors of HMLP was an important element in the overall conclusion. See Note 21, Investments in joint ventures and subsidiaries, in the annual consolidated financial statements for 2016 for a more thorough description

Significant estimates and assumptions

Benefits from uncertain tax positions are recognized when it is probable that a tax position will be sustained upon examination based on technical merits of the position.

Contingent liabilities

Höegh LNG is an international company that, through its ongoing business operations, will be exposed to litigation and claims from public authorities and contracting parties as well as assessments from public authorities in each country it operates.

Under the Neptune and the GDF Suez Cape Ann time charters, the joint ventures undertake to ensure that the vessel meets specified performance standards at all times during the term of the time charters. The performance standards include the vessel not exceeding a maximum average daily boil-off of LNG, subject to certain contractual exclusions, as specified in the time charter. The hire rate is subject to deduction by the charterer by, among other things, sums due in respect of the joint ventures' failure to satisfy the specified performance standards during the period. The charterer has requested that the joint ventures calculate and present the boil-off, since the beginning of the charters, compared with maximum average daily boil-off allowed under the time charter. It is reasonably possible this evaluation could result in an excess boil-off amount. Determination of the potential excess boil-off amount depends on a variety of interpretations of the application of contractual provisions and contractual exclusions to the performance standard. Höegh LNG and the other major owner guarantee the performance and payment obligations of the joint ventures under the time charter. The guarantee is joint and several for the performance obligations and several for the payment obligations.

In 2002 two UK tax lease agreements were entered into for each of Arctic Princess and Arctic Lady between two UK lessors and the joint venture companies Joint Gas Ltd. and Joint Gas Two Ltd. as lessees. The vessels were delivered in 2006 and the lease agreements are for 25 years from delivery. Her Majesty's Revenue and Customs (HMRC) have been challenging the use of similar lease structures and has been engaged in litigation of one case, which was decided in the autumn of 2015 in favour of HMRC. In the event of a formal challenge by HMRC with regard to the lessors' right to claim capital allowances, this could lead to higher rental payments to the UK vessel lessors, which would have a negative effect on the earnings of the lessee companies and consequently Höegh LNG. Leif Höegh (UK) Ltd. as disposing owner

and operator of the vessels has been in dialogue with HMRC on this matter since 2005, presenting the factual background and the business rationale for entering into the lease agreements back in 2002. See Note 20, Commitments and guarantees (Arctic Vessels), in the annual consolidated financial statements for 2016 for a more thorough description.

4. 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.

The segment reporting is based on the same basis as the internal reporting. Any internal revenues or expenses are presented net.

HMLP

The segment includes activities related to Höegh LNG Partners, 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. Höegh LNG Partners' fleet comprises ownership interests in five FSRUs, namely (i) a 50% interest in Neptune, (ii) a 50% interest in GDF Suez Cape Ann, (iii) a 100% interest in PGN FSRU Lampung, (iv) a 100% interest in Höegh Gallant and (v) a 51% interest in Höegh Grace. Capitalised costs in the segment relate to the ownership of FSRUs.

Operations

The segment is responsible for the commercial and technical management of the group's FSRUs and LNGCs in operations which have not been transferred to Höegh LNG Partners. It includes the FSRUs Independence and Höegh Giant and the LNGCs Arctic Princess and Arctic Lady. The LNGC LNG Libra was included in the segment until delivery to its new owners in the first quarter of 2016. Höegh Grace was included in the segment from delivery by the yard until it was transferred to the HMLP segment with effect from December 2016. The segment comprises all revenues and expenses related to FSRUs and LNGCs in operation as well as bareboat hire for Arctic Princess and Arctic Lady and management income for commercial management services paid by joint ventures. FSRUs are included in the operations segment on delivery from the yard.

Business development (BD) and project execution

The segment comprises all activities related to business development and project execution, including non-capital expenditure costs related to newbuildings.

It records expenses relating to new FSRU and LNGC contracts until delivery and the pre-commencement phase of commercial contracts. Capitalised costs in the segment relate to the FSRU newbuilding programme.

Corporate and other

The 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 second quarter and first half of 2017 and 2016 respectively.

Table: segment information

Segment information USDm	HMLP		Group ex. HMLP						Total	
			Operations		BD and project execution		Corporate and other			
			Q2	Q2	Q2	Q2	Q2	Q2		
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Income statement										
Freight revenues	36.8	24.1	28.4	28.2	-	-	-	-	65.2	52.3
Management and other income	-	-	0.8	1.4	1.2	-	-	-	2.0	1.5
Share of results from inv. in JVs	2.3	2.2	1.1	1.1	-	-	-	-	3.4	3.3
TOTAL INCOME	39.1	26.3	30.3	30.7	1.2	-	-	-	70.6	57.1
Charterhire expenses	-	-	(8.9)	(8.8)	-	-	-	-	(8.9)	(8.8)
Bunker and other voyage related expenses	-	-	(0.5)	-	-	-	-	-	(0.5)	-
Operating expenses	(5.9)	(4.6)	(6.9)	(6.8)	(0.2)	(0.3)	-	-	(13.0)	(11.7)
Project administrative expenses	(1.0)	(0.8)	(1.7)	(1.4)	(2.1)	(0.8)	-	-	(4.8)	(3.0)
Group administrative expenses	(1.4)	(1.5)	-	-	-	-	(2.5)	(3.3)	(3.9)	(4.8)
Business development expenses	-	-	-	-	(1.8)	(1.8)	-	-	(1.8)	(1.8)
EBITDA	30.8	19.4	12.3	13.7	(2.9)	(2.9)	(2.5)	(3.3)	37.7	27.0

Segment information USDm	HMLP		Operations		BD and project execution		Corporate and other		Total	
			30 Jun	30 Jun	30 Jun	30 Jun	30 Jun	30 Jun	30 Jun	30 Jun
			2017	2016	2017	2016	2017	2016	2017	2016
Selected items in Financial Position										
Tangible assets										
Investments in FSRUs and NBs	839	564	568	591	197	92	-	-	1 604	1 247
Liabilities										
Interest-bearing debt	497	345	382	403	-	-	385	218	1 264	966

Segment information USDm	HMLP		Group ex. HMLP						Total	
			Operations		BD and project execution		Corporate and other			
			YTD	YTD	YTD	YTD	YTD	YTD		
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Income statement										
Freight revenues	73.7	47.3	56.0	56.3	-	-	-	-	129.7	103.5
Management and other income	0.0	-	1.5	2.3	1.1	0.1	-	-	2.7	2.5
Share of results from inv. in JVs	4.5	4.4	2.3	2.2	-	-	-	-	6.8	6.6
TOTAL INCOME	78.2	51.7	59.8	60.8	1.1	0.1	-	-	139.2	112.6
Charterhire expenses	-	-	(17.6)	(17.6)	-	-	-	-	(17.6)	(17.6)
Bunker and other voyage related expenses	(0.1)	-	(0.5)	-	-	-	-	-	(0.6)	-
Operating expenses	(12.1)	(8.6)	(12.2)	(12.0)	(0.6)	(0.5)	-	-	(24.8)	(21.1)
Project administrative expenses	(2.0)	(1.6)	(3.5)	(2.8)	(3.6)	(1.5)	-	-	(9.2)	(6.0)
Group administrative expenses	(3.0)	(3.0)	-	-	-	-	(6.0)	(6.6)	(9.0)	(9.5)
Business development expenses	-	-	-	-	(3.7)	(4.7)	-	-	(3.7)	(4.8)
EBITDA	61.0	38.5	26.0	28.4	(6.8)	(6.6)	(6.0)	(6.6)	74.3	53.6

The composition of Höegh LNG's operating segments was changed with effect from 1 January 2017. The group's activities are now focused on three operating segments, namely HMLP, operations and business development and project execution. Activities which are not part of operations are included in corporate and other. The segment structure is in line with the way the group's operations are managed and monitored internally. Höegh LNG's chief operating decision-maker is the board of directors of the company, which distributes resources and assesses the performance of the group's operating segments. The reduced EBITDA compared with previously reported segment information reflects the presentation of the new segment structure on the basis of the equity method for joint ventures rather than the proportionate method.

5. 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 million in the second quarter of 2017 (compared with USD 0.6 million in the first quarter). For a more detailed description of recurring related-party transactions, see information disclosed in Note 32 of the 2016 annual report.

6. COMMITMENTS AND FINANCING

Höegh LNG entered into two FSRU shipbuilding contracts with HHI in 2015 (FSRU #8) and 2017 (FSRU #9), with delivery in the first and fourth quarters of 2018 respectively. Furthermore, the group signed an FSRU shipbuilding contract with SHI in January 2017 (FSRU #10) with delivery in the second quarter of 2019. As of 30 June 2017, total remaining capital expenditures relating to these commitments were about USD 0.7 billion, including yard payments, project expenses, finance costs and contingencies. Some USD 0.3 billion of this is payable by June 2018, with the remainder falling due by the second quarter of 2019. Capital expenditures related to the infrastructure project in Pakistan and incremental capital expenditures relating to the project in Ghana are not included in this figure.

Total available liquidity as of 30 June 2017 was USD 503 million, which includes USD 303 million in current cash and marketable securities and USD 200 million of USD 230 million in commitments for a bank loan facility for the financing of FSRU #8, which are subject to documentation. When conditions relating to long term employment of Höegh Giant and FSRU #8 are met, the available amount under the respective financing facilities will increase to USD 223 million and USD 230 million, respectively, increasing total available liquidity to USD 566 million. In addition, the company plans to raise debt financing before delivery for FSRUs #9 and #10. Approximately USD 104 million of the current cash and marketable securities as of 30 June 2017 will be used to settle the unsecured bond and the associated swap agreement maturing in the fourth quarter 2017

Table: interest-bearing debt

Specification 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	76 293	15 248	15 248	76 159	198 197
Höegh Grace facility	13 250	13 250	156 938	-	-	183 438
Methane Ventures Limited facility	8 005	-	-	-	-	8 005
Höegh Gallant facility	13 146	13 146	134 024	-	-	160 316
PGN FSRU Lampung facility	19 062	19 062	19 062	19 062	88 428	164 678
Höegh Giant facility	12 707	12 707	12 707	12 707	139 773	190 600
Bond debt**	71 182	-	130 000	-	178 848	380 030
Interest-bearing debt outstanding	152 599	134 458	467 978	47 017	483 209	1 285 262
Debt issuance cost						(20 882)
Total interest-bearing debt						1 264 380

*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 Export Credit Guarantee Agency ("ECA") tranches, USD 106 million, will fall due in 2019. The above table assumes the ECA tranche will continue to amortize.

**HLNG01 matures in 2017 and has been swapped into USD 104 million. The negative value of the swap is presented under other current financial liabilities.

As of 30 June 2017, Höegh LNG holds own HLNG01 bonds totaling NOK 153 million.

USD'000	HLNG, net of HMLP	HMLP	Total
Mortgage debt	396 801	508 431	905 232
Unsecured bond debt	380 030	-	380 030
Debt issuance costs	(9 725)	(11 157)	(20 882)
Interest-bearing debt	767 106	497 274	1 264 380
Cash and marketable securities	275 714	27 437	303 150
Long-term restricted cash	1	14 076	14 076
Net interest-bearing debt, equity method	491 392	455 761	947 153
Proportionate share of joint venture debt	118 376	233 853	352 229
Proportionate share of joint venture debt issuance costs	-	(375)	(375)
Proportionate share of joint venture interest-bearing debt	118 376	233 478	351 854
Proportionate share of joint venture cash and marketable securities	9 645	6 339	15 984
Proportionate share of joint venture long-term restricted cash	-	12 571	12 571
Proportionate share of joint venture net interest-bearing debt	108 731	214 568	323 299

7. HEDGING RESERVES

Interest-rate swaps have been entered into for financing the group's vessels. The group has also entered into a cross-currency interest-rate swap relating to the two NOK bonds and an interest-rate swap on the USD bond.

As of 30 June 2017, the mark-to-market valuation of the interest-rate swaps was recognised in the financial position with a net liability of USD 110.7 million, of which USD 75.2 million was classified as non-current liabilities, USD 41.1 million as current liabilities and USD 5.6 million as non-current assets. USD 82.8 million of the mark-to-market valuation (MTM) of the interest rate swaps was recognised as hedge reserves in consolidated equity as of 30 June 2017.

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 70.3 million of the below table.

In the second quarter of 2017, USD 3.9 million relating to the interest-rate swaps was recorded as a loss under other comprehensive income (OCI), compared with a gain of USD 2.1 million in the previous quarter.

Table: Interest-rate swaps in Financial Position

MtMs of cash flow hedges in the Financial Position (USD'000)	30 June 2017	31 Mar 2017	31 Dec 2016	30 Sep 2016	30 Jun 2016
MTMs presented as financial assets	5 586	8 435	8 485	-	-
Total MtMs presented as financial liabilities	(45 974)	(51 183)	(56 967)	(72 067)	(85 770)
Total MtMs in the joint ventures	(70 317)	(69 250)	(72 942)	(96 643)	(102 634)
Net MtMs of cash flow hedges	(110 705)	(111 998)	(121 424)	(168 710)	(188 404)
Foreign exchange losses under cross currency sw ap included in MtM	30 621	36 123	43 258	37 117	40 741
Accumulated break cost paid	(4 285)	(4 285)	(4 285)	(4 285)	(4 285)
Accumulated loss on sw ap in profit or loss	1 576	1 236	1 404	1 565	1 771
Interest rate swaps recorded against equity	(82 793)	(78 924)	(81 047)	(134 313)	(150 177)
<i>Attributable to non-controlling interest</i>	(29 785)	(29 122)	(29 988)	(33 521)	(36 515)
<i>Attributable to equity holders of the parent</i>	(53 008)	(49 802)	(51 059)	(100 792)	(113 662)

8. SUBSEQUENT EVENTS

On 24 August 2017, Höegh LNG Partners announced it has signed a term sheet for the acquisition of a 23.5% equity stake in the companies that own the FSRUs Neptune and GDF Suez Cape Ann from its joint venture partner Mitsui O.S.K. Lines, increasing its interest in the joint ventures to 73.5%. The transaction is subject to board approvals at Höegh LNG Partners and MOL.

On 23 August 2017, Höegh LNG declared a dividend of USD 0.125 per share.

On 24 July 2017, Höegh LNG announced that it had received commitment letters for a USD 230 million debt financing for FSRU #8.

On 18 July 2017, Höegh LNG and Nakilat signed an MoU for strategic collaboration in the FSRU market.

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.

RESPONSIBILITY STATEMENT

We confirm to the best of our knowledge that the condensed set of financial statements for the period 1 January to 30 June 2017 have been prepared in accordance with IAS 34 – Interim Financial Reporting as adopted by EU, and additional requirements found in the Norwegian Securities Trading Act, and gives a true and fair view of the Høegh LNG Holdings Ltd.'s consolidated assets, liabilities, financial position and result for the period. We also confirm to the best of our knowledge that the financial review includes a fair review of important events which have occurred during the first six months of the financial year and their impact on the financial statements, any major related parties transactions, and a description of the principal risks and uncertainties.

Hamilton, Bermuda, 23 August 2017

The Board of Directors of Høegh LNG Holdings Ltd.

Morten W. Høegh
Chairman

Leif O. Høegh
Deputy Chairman

Ditlev Wedell-Wedellsborg

Andrew Jamieson

Christopher G. Finlayson

Jørgen Kildahl

Steven Rees Davies

APPENDIX 1

ALTERNATIVE PERFORMANCE MEASURES (APMS)

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 which 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 APMs. Financial APMs should not be considered 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 APMs

- *EBIT*: EBIT is defined as line item "Operating profit after depreciation and impairment" in the interim consolidated statement of income.
- *EBITDA*: EBIT plus depreciation, amortisation 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 less cash and marketable securities and restricted cash (current and non-current).
- *Equity adjusted for hedging reserves*: Total book equity adjusted for the 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. The mark-to-market value of interest-rate swaps in the group's joint ventures is recorded as part of line item "Investment in joint ventures". See note 7 for more information on hedging reserves.
- *Equity ratio adjusted for hedging reserves*: Total book equity (see above) adjusted for hedging reserves divided by total assets.

ABBREVIATIONS

Abbreviation	Definition
FSRU	Floating storage and regasification unit
HHI or Hyundai Heavy Industries	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, HMLP or the partnership	Höegh LNG Partners LP
IDR	Incentive distribution rights
LNGC	LNG carrier
MOL	Mitsui O.S.K. Lines
MLP	Master Limited Partnership
MoU	Memorandum of Understanding
NB	Newbuilding
Quantum Power	Quantum Power Ghana Gas Ltd.
SEC	Securities Exchange Commission
SHI or Samsung Heavy Industries	Samsung Heavy Industries Co., Ltd.
SPEC	Sociedad Portuaria El Cayao SA ESP
The company	Höegh LNG Holdings Ltd.
VPS	Norwegian Central Securities Depository