HÖEGH LNG

INTERIM RESULTS FOR THE QUARTER ENDED 30 SEPTEMBER 2017

Highlights

- EBITDA[1] of USD 31.6 million, or USD 40.6 million adjusted for non-recurring items
- Net profit after tax of USD 1.1 million, or USD 10.8 million adjusted for non-recurring items
- Dividend of USD 0.125 per share paid in the third quarter of 2017

Subsequent events

- Dividend of USD 0.125 per share declared in the fourth quarter of 2017
- Höegh LNG Partners raised USD 115 million in perpetual preferred equity
- Financial close for up to USD 230 million in debt financing for FSRU #8
- Agreement to sell remaining 49% interest in Höegh Grace to Höegh LNG Partners
- Repayment of the 2012/2017 HLNG01 bond

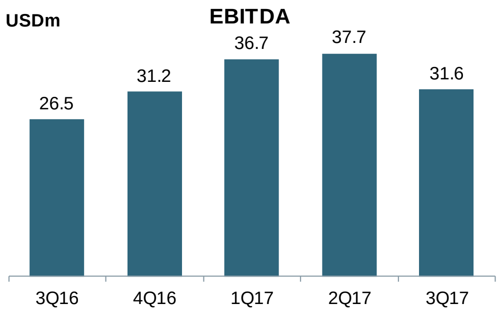
Strengthened financial platform

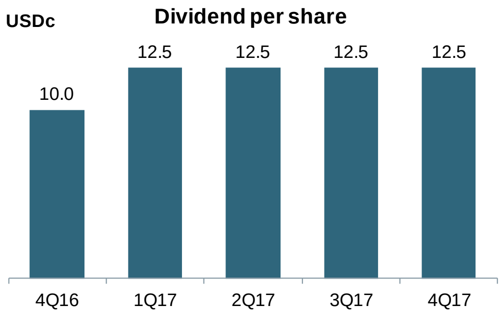
Höegh LNG reports EBITDA of USD 31.6 million for the third quarter of 2017, down from the previous quarter owing to a provision made with regards to performance guarantees on Neptune and GDF Suez Cape Ann relating to the initial years when they were operated as LNG carriers, partly offset by a reversal of provisions for certain sales-tax-related accruals. Adjusted for these non-recurring items, EBITDA was USD 40.6 million in the quarter, allowing for another quarter of USD 0.125 per share in dividend payments.

In October, Höegh LNG Partners raised net proceeds of USD 111 million in perpetual preferred equity. The issue is in accordance with Höegh LNG's financial strategy and demonstrates its diversified capital market access provided by having two publicly stock listed companies. The proceeds add to group solidity and liquidity, and enables the dropdown of the remaining 49% of Höegh Grace to Höegh LNG Partners.

The long-term outlook for the FSRU market remains solid because of increasing LNG supply and attractive pricing of the commodity. However, FSRU projects are complex in nature, with timelines conditional on a host of factors. Höegh LNG has this year experienced setbacks related to the three projects under development owing to factors beyond its control. Nevertheless, the group remains confident that it will secure further growth through its current backlog of FSRU contracts and from new FSRU contract awards in an active tendering market.

Table: Reported EBITDA and declared dividend per share





[1] Please see the list of abbreviations in Appendix 1.

Group financial review[2]

Höegh LNG Holdings Ltd. (Höegh LNG Holdings or the company) and its subsidiaries (together Höegh LNG or the group) reported EBITDA of USD 31.6 million for the third quarter, compared with USD 37.7 million for the previous quarter. The decrease follows a provision made in relation to performance claims on Neptune and GDF Suez Cape Ann relating to the initial years when they were operated as LNG carriers. This had a negative impact of USD 11.9 million on Höegh LNG's accounts[3], which was partly offset by the reversal of certain sales-tax-related accruals of USD 2.9 million.

Depreciation totalled USD 11.2 million, up from USD 10.6 million in the second quarter owing to a full-quarter recognition of Höegh Giant, which was delivered in April 2017. Net financial expenses decreased by USD 0.5 million to USD 16.1 million in the quarter, mainly because of lower negative exchange rate adjustments. This resulted in a profit before tax of USD 4.3 million, down from USD 10.2 million in the second quarter. Net profit was USD 1.1 million, down from USD 8.5 million in the preceding quarter.

Operating cash flows increased by USD 2.5 million to USD 35.7 million in the third quarter. Other sources comprised proceeds of USD 170 million from the sale of marketable securities and USD 0.8 million in net other investing and financing items. Uses during the quarter consisted primarily of USD 36.6 million in debt service, dividend payments of USD 17.1 million comprising dividends of USD 9.5 million paid to shareholders of the parent company and USD 7.6 million paid to non-controlling interests in Höegh LNG Partners LP (Höegh LNG Partners). Net cash flows for the quarter were positive at USD 152.8 million, compared with a negative USD 45.6 million for the second quarter.

At 30 September 2017, Höegh LNG had USD 285 million in current cash and marketable securities (30 June 2017: USD 303.2 million) and net interest-bearing debt of USD 961.9 million (30 June 2017: USD 947.2 million). Book equity at 30 September 2017, after adjusting for the mark-to-market of interest rate swaps, was USD 648.9 million (30 June 2017: USD 664.3 million), equivalent to an adjusted book equity ratio of 32.7% (33.3%).

Table: selected financial items

USD'000	3Q 2017	2Q 2017	1Q 2017	4Q 2016	3Q 2016
Total income	64 049	70 589	68 659	62 275	58 056
EBITDA	31 596	37 658	36 679	31 183	26 492
EBIT	20 357	26 704	27 404	22 067	17 265
Profit (loss) after tax	1 108	8 539	11 445	828	3 334
Total assets	1 991 983	2 001 957	1 842 987	1 713 461	1 616 466
Equity adjusted for hedging reserves	648 872	664 316	672 272	677 110	576 441
Net interest-bearing debt	(961 875)	(947 153)	(705 489)	(584 911)	(663 129)
Equity ratio adjusted for hedging	32.7 %	33.3 %	36.6 %	39.7 %	35.7 %

[2] The interim consolidated 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 second quarter of 2017.

[3] Please see note 3 for further details – Contingent liabilities

Corporate/other activities

Sale of remaining 49% equity interest in Höegh Grace to Höegh LNG Partners

On 16 November 2017, Höegh LNG Holdings agreed to sell the remaining 49% 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 is USD 172.5 million, less USD 86.6 million in pro rata indebtedness estimated to be outstanding under the credit facility related to Höegh Grace at the closing date of the transaction, which is expected to be in the start of January 2018. HMLP intends to settle the purchase price with a combination of cash at hand and a drawing under its revolving credit facility

Höegh LNG Holdings has further initiated a review of the current incentive distribution right (IDR) structure under the Partnership Agreement between the Company and Höegh LNG Partners, with a view to optimize the group's overall cost of capital and to prepare for future transactions from HLNG's pipeline of FSRU drop down candidates.

USD 115 million preferred equity issue in Höegh LNG Partners

Höegh LNG Partners announced the public offering and pricing of four million cumulative redeemable preferred units, plus 600,000 units in over-allotment options on 28 September 2017. The offering was oversubscribed and, after the exercise of over-allotment options, net proceeds to Höegh LNG Partners were USD 111.4 million. The preferred units have a distribution of 8.75% per annum of the stated liquidation preference of USD 25 per unit. The units are listed on the New York Stock Exchange under the ticker HMLP-A.

The funds raised in this transaction will appear as equity in Höegh LNG's consolidated financial statements from the fourth quarter of 2017. Höegh LNG Partners' proceeds from the offering have been applied to repaying the USD 34.4 million seller's credit, as well as to partly fund the acquisition of the remaining 49% ownership interest of Höegh Grace.

Debt financing for FSRU #8 in financial close

In July 2017, Höegh LNG received commitment letters for a debt financing of up to USD 230 million for FSRU #8, which is scheduled for delivery from Hyundai Heavy Industries in the first quarter of 2018. On 13 November 2017, the final documentation was signed.

Quarterly dividend of USD 0.125 per share

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

The board of directors of Höegh LNG Holdings declared a further cash dividend of USD 0.125 per share on 15 November 2017. Shares will trade ex-dividend on 7 December 2017. Shareholders recorded in the VPS following the close of trading on the Oslo Stock Exchange on 8 December 2017 will be entitled to the dividend, which will be payable on or around 15 December 2017.

Distribution from Höegh LNG Partners

Höegh LNG Partners declared a quarterly distribution of USD 0.43 per unit for the second quarter on 19 October 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 third quarter 2017 on 14 November 2017.

Repayment of 2012/2017 HLNG01

On 3 October 2017, Höegh LNG repaid the outstanding amount under the HLNG01 bond loan and settled the associated swaps, totalling approximately USD 104 million.

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 stands at 0.40 this far in 2017, up from zero following the first lost-time incident in two years.

In accordance with nominations from the charterers, the FSRUs in operation delivered 17% more gas in the third quarter than in the second quarter of 2017.

Table: Technical availability of fleet and safety performance

	YTD 2017	2016	2015	2014	2013
Technical availability	99.8 %	99.9 %	100.0 %	99.7 %	99.9 %
Lost Time Injury Frequency*	0.40	0.00	0.73	0.44	1.07

*Calculated per million exposure hours for seagoing personel only.

Global Energy Infrastructure Ltd Pakistan FSRU project update

In December 2016, Höegh LNG signed a 20-year FSRU contract with GEI in Pakistan, which among other was conditional on GEI putting in place the associated infrastructure required to connect the FSRU to the domestic pipeline grid. As part of this process, a consortium consisting of Qatar Petroleum, ExxonMobil, Total, Mitsubishi and Höegh LNG was formed with the intention to build, finance and operate the infrastructure based on an agreement with GEI. The consortium has spent considerable time and resources on finding its final form and structure, however by mid-November it has been concluded that no agreement with GEI could be found and the consortium has consequently been dissolved. Due to the withdrawal of the LNG sellers from the infrastructure consortium, and the delays to the original start-up date for the GEI project, Höegh LNG is evaluating its options with respect to the FSRU contract with GEI.

Höegh LNG also pursues alternative opportunities for the FSRU intended to serve the GEI project and remains optimistic it will ultimately be partner in an FSRU development in Pakistan; however, project development is still in its initial stage and no timeline can be indicated at this stage.

Quantum Power Ghana FSRU project update

The Quantum Power/Höegh LNG FSRU project in Ghana remains subject to government approval. In the third quarter, the government of Ghana reached an agreement with Gazprom over long-term gas supply, underpinning the country's desire to replace expensive liquid fuels with attractively priced LNG. The Quantum Power/Höegh LNG regasification solution represents a fast-track alternative for Ghana to import LNG, and the dialogue between government entities and Quantum Power is continuing with the target of reaching an agreement.

A positive award will lead to FID pending financial close for the offshore pipeline and spread mooring system to connect the FSRU to the onshore gas grid in eastern Ghana. Start-up under the FSRU contract is expected nine to 12 months after construction begins.

Penco LNG Chile FSRU project update

The revised environmental impact study (EIS) process for the GNL Penco FSRU terminal in Chile proceeds with the consultation between local environmental authorities and an indigenous interest association. GNL Penco is currently in dialogue with both parties, and the stages undertaken, concluded and documented so far are considered in line with the local authorities' requirements. The indigenous consultation process is one of the steps required before the environmental license may be granted to the GNL Penco FSRU terminal. Provided that no recourse is made against it, the project will make further progress towards FID, however until the FID is made there will still be uncertainties regarding the project's timeline

GNL Penco has also initiated a revised engineering, procurement and construction (EPC) contract tender for the terminal and related infrastructure, and has recently received several high-quality offers for the terminal and related infrastructure.

The project is backed by a strong commercial platform thanks to Penco's main customer's firm long-term contract to deliver electricity to the Chilean market, and Höegh LNG remains committed to delivering the FSRU to the project.

Update on strategic FSRU alliance with Nakilat

Following the announcement in July that Höegh LNG and Nakilat formed a strategic alliance in the FSRU market, the parties have started discussions on several FSRU projects they intend to undertake. The parties intend to select the first joint project soon, to be pursued on a joint and exclusive basis.

Time charter with Gas Natural Fenosa

Höegh LNG has entered into a time charter with Gas Natural SDG, SA (GNF), under which Höegh LNG will provide an FSRU to GNF's portfolio of LNG assets. Höegh LNG will earn a LNG carrier spot-market-linked day rate until GNF puts the FSRU into regasification operations, after which it will earn a pre-defined FSRU day rate. The time charter commences in early 2018 and has an initial term of three years, or longer if on FSRU terms. Höegh LNG will initially assign the FSRU Höegh Giant to the contract, and has full substitution rights.

Total purchases Engie's LNG activities

On 8 November 2017 Total announced that it was acquiring the bulk of Engie's LNG assets, including the two FSRUs Neptune and GDF Suez Cape Ann which are on charter to Engie and partly owned by Höegh LNG Partners. Following from this transaction the number of units Höegh LNG has on charter to Total will increase to three.

Business development activity

Business development activity remains high and increased during the quarter, driven by the competitive pricing of LNG and the increasing volumes of the commodity available globally. Höegh LNG is currently involved in several advanced tendering processes with start-up between 2018 and 2021.

Given its experience and leading position in the FSRU market, Höegh LNG is approached from time to time by existing or potential customers seeking to explore small-scale floating LNG solutions. Höegh LNG has developed various designs to meet such demand. However, 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.

As with barge and small-scale developments and investments, Höegh LNG has substantial experience in planning and building associated infrastructure such as jetties, mooring structures and pipelines. Höegh LNG will continue to develop such infrastructure in order to facilitate the uptake of new FSRU projects. However, any investment in such assets will need to match overall investment criteria.

Newbuilding programme

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 construction of the FSRUs is progressing according to budget and schedule.

Market

During the first nine months of 2017, global LNG trade reached 217 million tonnes, up 12% from the same period in 2016. The largest contributors to growth have been China (up seven million tonnes), Korea (up 4.5 million tonnes), Mexico (up three million tonnes), Italy (up 2.6 million tonnes) and Japan (up 2.1 million tonnes), with the incremental volume coming from Australia, the USA, Malaysia, Angola and Nigeria.

At 31 December 2016, global liquefaction capacity totalled 340 million tonnes while exports were 264 million tonnes. This far in 2017, LNG export facilities with a nameplate capacity of 17.5 million tonnes have produced their first cargoes, with another 85 million tonnes to follow in coming years. Plans to increase Qatari production by 30%, or close to 24 million tonnes annually, adds further to future volume growth potential. Assuming full utilisation of existing export facilities and those under construction, the upside for LNG volumes is as high as 80% compared with the 2016 trade figures.

The LNG market has shifted from a seller's to a buyer's market due to the elevated growth in LNG supply. This trend is reflected in LNG contract terms, which are becoming more flexible. Given the opportunity to buy LNG for shorter periods of time, in smaller quantities and at attractive prices, more consumers can access LNG markets and thereby support demand for LNG and ultimately for FSRUs.

With global LNG supply set to increase significantly, additional markets and pockets of demand will need to be identified and developed. Egypt, Colombia and Pakistan are examples of markets which have been opened up over the past two years, and additional entrants could potentially be Hong Kong and Croatia. The common denominator for all these markets is that FSRUs have been used as the instrument for providing quick access to LNG markets. The fast-track and low-cost qualities of FSRUs have been widely recognised, with both LNG producers and downstream developers embracing the technology for LNG imports.

Demand for FSRUs is growing as LNG becomes more easily available. The traditional leasing model, where FSRU charterers turn to FSRU providers to secure terminals on fixed terms for a pre-defined period remains the backbone of the market. However, certain integrated LNG developments prefer to own their own FSRUs, and these add to the already healthy and growing demand for leased units.

Overall tendering activity remains high, and new projects continue to come to market with requests for FSRUs. While some of these tenders are at an advanced stage with a predictable timeline to the final investment decision, other FSRU projects need to overcome more obstacles before coming to fruition.

The fleet of FSRUs stands at 28 units, while the orderbook consists of 12 units, of which four have been ordered directly by projects, and these will therefore not be available to the general market. In addition, regasification components have been ordered by various parties for converting LNG carriers to FSRUs.

The LNG carrier market represents a fall-back option for modern FSRUs. LNGC rates have since the end of the third quarter firmed significantly and has recently reached a level of USD 60,000 per day in the Atlantic, and above USD 50,000 per day in the Pacific. This increase is driven by the abovementioned increased in LNG supply, longer sailing distances as much US LNG is sold to Asia and a seasonal increase in LNG consumption. Going forward, a further increase in LNG supply should continue to support LNGC demand and cater for a sustainable increase in LNGC rate environment from average 2017 levels.

Outlook

Höegh LNG has the platform to retain a leading position in the FSRU market, and is confident it will reach its goal of having 12 FSRUs in operation or under construction by 2019. Large-scale FSRU remains the core offering, and with experience in planning and building associated infrastructure and design expertise for barge-based FSRUs and small-scale LNG developments, Höegh LNG finds itself a preferred partner for FSRU project developers. Finally, with a diversified financial platform, built-in scale and flexibility in its fleet, a solid track record, and a diversified client and partnership base mean Höegh LNG is well positioned to take advantage of further growth opportunities.

INTERIM CONSOLIDATED STATEMENT OF INCOME

USD'000	Note	*Unaudited* 3Q 2017	*Unaudited* 2Q 2017	*Unaudited* 3Q 2016	*Unaudited* YTD 2017	*Unaudited* YTD 2016
Freight revenues		69 977	65 221	53 539	199 713	157 010
Management and other income		1 991	1 968	1 042	4 669	3 514
Share of results from investments in joint ventures		(7 919)	3 400	3 475	(1 085)	10 115
Total income		**64 049**	**70 589**	**58 056**	**203 297**	**170 639**
Charterhire expenses		(8 947)	(8 850)	(8 888)	(26 549)	(26 471)
Bunker and other voyage related expenses		(68)	(492)	(157)	(652)	(254)
Operating expenses		(13 329)	(13 038)	(12 113)	(38 110)	(33 167)
Project administrative expenses		(4 625)	(4 844)	(2 862)	(13 785)	(8 724)
Group administrative expenses		(3 825)	(3 940)	(5 251)	(12 918)	(14 881)
Business development expenses		(1 659)	(1 767)	(2 293)	(5 349)	(7 044)
Operating profit before depreciation and impairment	4	**31 596**	**37 658**	**26 492**	**105 934**	**80 098**
Depreciation		(11 239)	(10 574)	(9 227)	(31 087)	(25 732)
(Impairment) / reversal of impairment		-	(380)	-	(380)	-
Operating profit after depreciation and impairment		**20 357**	**26 704**	**17 265**	**74 467**	**54 366**
Interest income		530	754	346	1 650	1 159
Interest expenses		(16 606)	(16 310)	(14 257)	(46 727)	(41 845)
Income from other financial items		562	655	1 701	2 104	4 912
Expenses from other financial items		(569)	(1 636)	(597)	(3 693)	(2 991)
Net financial items		**(16 083)**	**(16 537)**	**(12 807)**	**(46 666)**	**(38 765)**
Ordinary profit before tax		**4 274**	**10 167**	**4 458**	**27 801**	**15 601**
Corporate income tax		(3 166)	(1 628)	(1 124)	(6 710)	(2 417)
Profit for the period		**1 108**	**8 539**	**3 334**	**21 091**	**13 184**
Profit for the period attributable to (from):						
Equity holders of the parent		1 206	3 530	172	10 517	4 710
Non-controlling interests		(98)	5 009	3 162	10 574	8 474
		1 108	**8 539**	**3 334**	**21 091**	**13 184**
Earnings per share attributable to equity holders of the parent during the period:						
Basic and diluted earnings per share		0.02	0.05	-	0.14	0.06

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

USD'000	Note	*Unaudited* 3Q 2017	*Unaudited* 2Q 2017	*Unaudited* 3Q 2016	*Unaudited* YTD 2017	*Unaudited* YTD 2016
Profit for the period		**1 108**	**8 539**	**3 334**	**21 091**	**13 184**
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		6 787	(2 802)	9 873	2 416	(15 543)
Share of other comprehensive income from joint ventures		2 755	(1 066)	5 991	5 380	(12 502)
Other comprehensive income (loss) for the period net of tax	7	**9 542**	**(3 868)**	**15 864**	**7 796**	**(28 045)**
Total comprehensive income (loss)		**10 650**	**4 671**	**19 198**	**28 887**	**(14 861)**
Total comprehensive income attributable to (from):						
Equity holders of the parent		9 152	317	13 041	15 280	(17 479)
Non-controlling interests		1 498	4 354	6 157	13 607	2 618
		10 650	**4 671**	**19 198**	**28 887**	**(14 861)**

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		Unaudited	*Unaudited*	*Audited*
		2017	**2017**	**2016**
USD'000	Note	30 Sep	30 June	31 Dec
ASSETS				
Non-current assets				
Intangible assets				
Deferred tax assets		478	382	353
Tangible assets				
Investments in FSRUs		1 396 513	1 407 231	1 139 734
Investments in new buildings under construction		202 046	196 606	129 678
Other non-current financial assets	7	27 867	16 441	22 123
Other non-current assets		20 404	20 733	22 120
Shareholder loans		3 198	-	943
Restricted cash		13 923	14 076	18 580
Total non-current assets		**1 664 429**	**1 655 469**	**1 333 531**
Current assets				
Bunkers and inventories		746	738	745
Trade and other receivables		40 995	37 882	40 539
Shareholder loans		-	4 623	6 275
Marketable securities		23 552	192 828	135 751
Other current financial assets	7	781	94	-
Restricted cash		12 927	14 550	10 274
Cash and cash equivalents		248 553	95 773	186 346
Total current assets		**327 554**	**346 488**	**379 930**
TOTAL ASSETS		**1 991 983**	**2 001 957**	**1 713 461**
EQUITY AND LIABILITIES				
Equity				
Share capital		772	772	769
Other paid-in capital		551 896	551 443	550 659
Capital reserves		(47 857)	(55 802)	(53 853)
Retained earnings		(53 089)	(44 220)	(51 599)
Equity attributable to equity holders of the parent		**451 722**	**452 193**	**445 976**
Non-controlling interests		123 898	129 330	150 087
Total equity		**575 620**	**581 523**	**596 063**
Non-current liabilities				
Deferred tax liability		9 288	7 549	6 114
Non-current interest-bearing debt	6	1 104 447	1 111 781	786 567
Investments in joint ventures		44 234	39 071	48 530
Other non-current financial liabilities	7	15 936	16 490	16 938
Deferred revenue		4 381	4 841	5 761
Total non-current liabilities		**1 178 286**	**1 179 732**	**863 910**
Current liabilities				
Current interest-bearing debt	6	156 383	152 599	149 295
Income tax payable		3 292	2 525	1 109
Trade and other payables		11 823	13 908	19 023
Other current financial liabilities	7	42 292	48 675	57 890
Other current liabilities		24 287	22 995	26 171
Total current liabilities		**238 077**	**240 702**	**253 488**
TOTAL EQUITY AND LIABILITIES		**1 991 983**	**2 001 957**	**1 713 461**

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

USD'000	*Unaudited* 3Q 2017	*Unaudited* 2Q 2017	*Unaudited* 3Q 2016	*Unaudited* YTD 2017	*Unaudited* YTD 2016
Operating activities:					
Profit (loss) before tax for the period	4 274	10 167	4 458	27 801	15 601
Non-cash adjustment to reconcile profit before tax to net operational cash flow					
Depreciation FSRUs, drydocking and equipment	11 239	10 574	9 227	31 087	25 733
Impairment (reversal of impairment)	-	380	-	380	-
Fair value adjustments on marketable securities	(614)	(995)	(1 495)	(2 469)	(4 556)
Interest income	(530)	(754)	(346)	(1 651)	(965)
Interest cost	16 606	16 310	14 257	46 726	41 845
Net loss (income) on interest rate hedges	51	340	(206)	417	(355)
Currency loss on restricted cash balances	-	-	-	-	-
Share based payment cost and board remuneration not paid-out	541	789	572	1 827	1 593
Share of profit from investments in joint ventures	7 919	(3 400)	(3 475)	1 085	(10 114)
Working capital adjustments		-	-	-	-
Changes in inventories, receivables and payables	(3 143)	297	(3 890)	(7 386)	(15 389)
Dividend received from joint ventures	-	-	-	-	-
Payment of income tax	(633)	(515)	(7)	(1 079)	(340)
i) Net cash flow from operating activities	**35 710**	**33 192**	**19 094**	**96 738**	**53 053**
Investing activities:					
Investments in marketable securities	(110)	(110)	-	(105 331)	-
Proceeds from sale of marketable securities	170 000	20 000	25 000	220 000	46 269
Investments in FSRUs, drydocking and new buildings	(2 099)	(237 552)	(3 114)	(350 690)	(232 256)
Net proceeds from sale of LNG Libra	-	-	-	-	17 978
Investments in intangibles, equipment and other	(526)	(405)	(647)	(1 314)	(780)
Interest received	339	326	-	1 067	-
Repayment of shareholder loans	1 425	1 398	1 750	4 021	5 900
ii) Net cash flow from investing activities	**169 029**	**(216 343)**	**22 990**	**(232 247)**	**(162 889)**
Financing activities:					
Purchase of own shares	-	(198)	-	(198)	-
Dividend paid to non-controlling interests (HMLP)	(7 585)	(7 585)	(4 558)	(22 446)	(13 666)
Dividend paid to shareholders of the parent	(9 504)	(9 503)	(7 567)	(28 510)	(22 696)
Proceeds from borrowings	-	190 600	66	367 560	200 066
Payment of debt issuance cost	-	(36)	-	(1 964)	(2 419)
Repayment of borrowings	(18 353)	(15 177)	(15 177)	(60 732)	(42 217)
Interest paid	(18 294)	(17 530)	(14 278)	(49 598)	(40 139)
Payment to unwind swaps	-	-	-	(8 403)	-
(Increase) decrease in restricted cash	1 777	(3 048)	326	2 006	3 338
iii) Net cash flow from financing activities	**(51 959)**	**137 523**	**(41 187)**	**197 716**	**82 267**
Net increase/(decrease) in cash and cash equivalents (i+ii+iii)	**152 780**	**(45 628)**	**898**	**62 207**	**(27 569)**
Current cash and cash equivalents at the beginning of the period	95 773	141 401	69 156	186 346	97 623
Current cash and cash equivalents at the end of the period	**248 553**	**95 773**	**70 054**	**248 553**	**70 054**

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

	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 7)	Other capital reserves	Retained earnings	**Total**	Non-controlling interests (Note 7) [1]	**Total equity**
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							10 517	10 517	10 574	21 091
Other comprehensive income / (loss)					4 764			4 764	3 032	7 796
Total comprehensive income	-	-	-	-	*4 764*	-	*10 517*	*15 281*	*13 607*	*28 887*
Capital contribution to HMLP							(1 112)	(1 112)	1 112	-
MLP dividend to non-controlling interests								-	(22 450)	(22 450)
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							(28 510)	(28 510)	-	(28 510)
Share-based payment cash settled				(15)				(15)	-	(15)
Share-based payment costs				1 312				1 312	251	1 563
At 30 September 2017 (Unaudited)	**772**	**446 945**	**(12)**	**104 963**	**(45 063)**	**(2 794)**	**(53 089)**	**451 722**	**123 898**	**575 620**

[1] *Equity of USD 123.9 million attributable to non-controlling interests at 30 September 2017 includes a negative USD 28.2 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

	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 7)	Other capital reserves	Retained earnings	**Total**	Non-controlling interests (Note 7) [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 (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 15 November 2017.

The weighted average shares outstanding for the quarter ended 30 September 2017, was 77,244,746, and outstanding options amounted to 1,911,276.

2. BASIS FOR PREPARATION AND ACCOUNTING POLICIES

The interim consolidated financial statements for the period ended 30 September 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 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 the IFRS implies use of estimates, which are based on judgements and assumptions which 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

At 30 September 2017, the company held 46.4% of the units in Höegh LNG Partners. Höegh LNG Partners is consolidated on the basis of 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, with the current composition of the board of directors of HMLP as 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 detailed description.

Significant estimates and assumptions

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

Contingent liabilities

Höegh LNG is an international company which, 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 in.

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. Pursuant to the charters, 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 the maximum average daily boil-off allowed under the time charter. The charters for the Neptune and GDF Suez Cape Ann commenced in 2009 and 2010 respectively. On 8 September 2017, the charterer notified the joint ventures that it was formally making a claim for compensation in accordance with the provisions of the charters for a stated quantity of LNG exceeding the maximum average daily boil-off since the commencement of the charters. The claim asserted a gross amount of compensation of USD 58 million for the excess boil-off volume, but the claim recognized that the calculations for the amount required adjustment for allowable exclusions under the charters and requested the joint ventures provide updated calculations, including the exclusions. Depending on interpretations of the contractual provisions including exclusions to the performance standards and based on currently available information, it is estimated that Höegh LNG's 50% share of the excess boil-off claim could range from zero or negligible amounts to approximately USD 29 million, or the gross amount claimed by the charterer. Provisions are recorded for loss contingencies or claims when it is probable that a liability will be incurred and the amount of loss can be reasonably estimated. At 30 September 2017, the joint ventures determined that the liability associated with the boil-off claim was probable and could be reasonably estimated, resulting in a total provision of USD 23.7 million which was recorded as a reduction of time charter revenues. Höegh LNG's 50% share of the accrual was approximately USD 11.9 million. The claim may ultimately be settled through negotiation or arbitration. The joint ventures will continue to monitor this issue and adjust the provisions, as might be required, based on additional information and further developments. Höegh LNG and the other major owner guarantee the performance and payment obligations of the joint ventures under the time charters. The guarantees are joint and several for the performance obligations and several for the payment obligations.

To the extent that an excess boil-off claim results in a settlement, Höegh LNG will indemnify HMLP for its share of the cash impact of any settlement.

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) has been challenging the use of similar lease structures and has been engaged in litigation in one case, which was decided in the autumn of 2015 in favour of HMRC. In the event of a formal challenge by HMRC regarding the lessors' right to claim capital allowances, this would 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 on Höegh LNG. Leif Höegh (UK) Ltd, as managing owner and operator of the vessels, has been in dialogue with HMRC on this matter since 2005 and has presented the factual background to 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 detailed 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 operation 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 third quarter and year to date of 2017 and 2016 respectively.

Table: segment information

			Group ex. HMLP							
Segment information USDm	**HMLP**		**Operations**		**BD and project execution**		**Corporate and other**		**Total**	
Income statement	Q3 2017	Q3 2016	Q3 2017	Q3 2016	Q3 2017	Q3 2016	Q3 2017	Q3 2016	Q3 2017	Q3 2016
Freight revenues	37.5	24.8	32.4	28.7	-	-	-	-	70.0	53.5
Management and other income	0.1	-	0.6	1.0	1.3	-	-	-	2.0	1.0
Share of results from inv. in JVs	(9.2)	2.4	1.3	1.1	-	-	-	-	(7.9)	3.5
TOTAL INCOME	**28.4**	**27.2**	**34.3**	**30.8**	**1.3**	**-**	**-**	**-**	**64.1**	**58.0**
Charterhire expenses	-	-	(8.9)	(8.9)	-	-	-	-	(8.9)	(8.9)
Bunker and other voyage related expenses	-	-	(0.1)	(0.1)	-	-	-	-	(0.1)	(0.1)
Operating expenses	(6.0)	(4.8)	(7.3)	(6.9)	(0.1)	(0.4)	-	-	(13.4)	(12.1)
Project administrative expenses	(0.7)	(0.6)	(1.6)	(1.2)	(2.3)	(1.0)	-	-	(4.6)	(2.8)
Group administrative expenses	(1.3)	(1.7)	-	-	-	-	(2.5)	(3.5)	(3.8)	(5.2)
Business development expenses	-	-	-	-	(1.7)	(2.4)	-	-	(1.7)	(2.4)
EBITDA	**20.4**	**20.1**	**16.4**	**13.7**	**(2.8)**	**(3.8)**	**(2.5)**	**(3.5)**	**31.6**	**26.5**

Segment information USDm	**HMLP**		**Operations**		**BD and project excecution**		**Corporate and other**		**Total**	
Selected items in Financial Position	30 Sep 2017	30 Sep 2016	30 Sep 2017	30 Sep 2016	30 Sep 2017	30 Sep 2016	30 Sep 2017	30 Sep 2016	30 Sep 2017	30 Sep 2016
Tangible assets										
Investments in FSRUs and NBs	832	560	564	588	202	98	-	-	1 598	1 246
Liabilities									-	-
Interest-bearing debt	487	338	375	395	-	-	398	222	1 260	955

			Group ex. HMLP							
Segment information USDm	**HMLP**		**Operations**		**BD and project execution**		**Corporate and other**		**Total**	
Income statement	YTD 2017	YTD 2016	YTD 2017	YTD 2016	YTD 2017	YTD 2016	YTD 2017	YTD 2016	YTD 2017	YTD 2016
Freight revenues	111,2	72,1	88,4	85,0	-	-	-	-	199,7	157,1
Management and other income	0,1	-	2,1	3,3	2,4	0,1	-	-	4,7	3,4
Share of results from inv. in JVs	(4,7)	6,8	3,6	3,3	-	-	-	-	(1,1)	10,1
TOTAL INCOME	**106,6**	**78,9**	**94,1**	**91,6**	**2,4**	**0,1**	**-**	**-**	**203,3**	**170,6**
Charterhire expenses	-	-	(26,5)	(26,5)	-	-	-	-	(26,5)	(26,5)
Bunker and other voyage related expenses	(0,1)	-	(0,6)	(0,1)	-	-	-	-	(0,7)	(0,1)
Operating expenses	(18,1)	(13,4)	(19,5)	(18,9)	(0,7)	(0,9)	-	-	(38,2)	(33,2)
Project administrative expenses	(2,7)	(2,2)	(5,1)	(4,0)	(5,9)	(2,5)	-	-	(13,8)	(8,8)
Group administrative expenses	(4,3)	(4,7)	-	-	-	-	(8,5)	(10,1)	(12,9)	(14,8)
Business development expenses	-	-	-	-	(5,4)	(7,1)	-	-	(5,3)	(7,1)
EBITDA	**81,4**	**58,6**	**42,4**	**42,1**	**(9,6)**	**(10,4)**	**(8,5)**	**(10,1)**	**105,9**	**80,1**

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 to 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 0.6 million in the third quarter of 2017 (compared with USD 1 million in the second 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. At 30 September 2017, total remaining capital expenditures relating to these commitments were about USD 0.65 billion, including yard payments, project expenses, finance costs and contingencies. Some USD 0.3 billion of this is payable by September 2018, with the remainder falling due by the second quarter of 2019. Incremental capital expenditures relating to potential vessel modification is not included in this figure.

Total available liquidity at 30 September 2017 was USD 485 million, which includes USD 285 million in current cash and marketable securities and USD 200 million of USD 230 million in commitments under the debt financing facility for FSRU #8, which was signed in a subsequent event on 13 November 2017. When conditions relating to long-term employment of Höegh Giant and FSRU #8 are met, the available amount under the respective financing facilities may be increased by up to USD 29 million and USD 30 million respectively. 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 at 30 September 2017 was used to settle the unsecured bond and the associated swap agreement maturing in the fourth quarter 2017.

Table: Interest-bearing debt

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	76 293	15 248	15 248	72 347	194 385
Höegh Grace facility	13 250	13 250	153 625	-	-	180 125
Methane Ventures Limited facility	8 088	-	-	-	-	8 088
Höegh Gallant facility	13 146	13 146	130 737	-	-	157 029
PGN FSRU Lampung facility	19 062	19 062	19 062	30 845	71 881	159 912
Höegh Giant facility	12 707	12 707	12 707	12 707	136 597	187 423
Bond debt**	74 881	-	130 000	-	188 144	393 026
Interest-bearing debt outstanding	**156 383**	**134 458**	**461 380**	**58 799**	**468 969**	**1 279 989**
Debt issuance cost						(19 158)
Total interest-bearing debt						**1 260 830**

*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 Gurantee 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 September 2017, Höegh LNG holds own HLNG01 bonds totaling NOK 153 million.

USD'000	HLNG, net of HMLP	HMLP	Total
Mortgage debt	389 896	497 066	886 963
Unsecured bond debt	393 026	-	393 026
Debt issuance costs	(8 786)	(10 373)	(19 158)
Interest-bearing debt	**774 137**	**486 694**	**1 260 830**
Cash and marketable securities	256 178	28 855	285 032
Long-term restricted cash	-	13 923	13 923
Net interest-bearing debt, equity method	**517 959**	**443 916**	**961 875**
Proportionate share of joint venture debt	116 957	230 893	347 850
Proportionate share of joint venture debt issuance costs	-	(338)	(338)
Proportionate share of joint venture interest-bearing debt	**116 957**	**230 555**	**347 512**
Proportionate share of joint venture cash and marketable securities	10 500	6 538	17 038
Proportionate share of joint venture long-term restricted cash	-	12 587	12 587
Proportionate share of joint venture net interest-bearing debt	**106 457**	**211 431**	**317 887**

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.

At 30 September 2017, the mark-to-market (MTM) valuation of the interest-rate swaps was recognised in the financial position with a net liability of USD 88.2 million, of which USD 71.9 million was classified as non-current liabilities, USD 35.1 million as current liabilities, USD 0.8 million as current assets and USD 18 million as non-current assets. USD 73.3 million of the mark-to-market valuation of the interest rate swaps was recognised as hedge reserves in consolidated equity at 30 September 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 67.5 million of the table below.

In the third quarter of 2017, USD 9.5 million relating to the interest-rate swaps was recorded as a gain under other comprehensive income (OCI), compared with a loss of USD 3.8 million in the previous quarter.

Table: Interest-rate swaps in Financial Position

MtMs of cash flow hedges in the Financial Position (USD'000)	30 Sep 2017	30 June 2017	31 Mar 2017	31 Dec 2016	30 Sep 2016
MTMs presented as financial assets	18 787	5 586	8 435	8 485	-
Total MtMs presented as financial liabilities	(39 444)	(45 974)	(51 183)	(56 967)	(72 067)
Total MtMs in the joint ventures	(67 562)	(70 317)	(69 250)	(72 942)	(96 643)
Net MtMs of cash flow hedges	**(88 219)**	**(110 705)**	**(111 998)**	**(121 424)**	**(168 710)**
Net foreign exchange losses under cross currency swaps included in MtM	17 625	30 621	36 123	43 258	37 117
Accumulated break cost paid	(4 285)	(4 285)	(4 285)	(4 285)	(4 285)
Accumulated loss on swaps in profit or loss	1 627	1 576	1 236	1 404	1 565
Interest rate swaps recorded against equity	**(73 253)**	**(82 793)**	**(78 924)**	**(81 047)**	**(134 313)**
Attributable to non-controlling interests	(28 190)	(29 785)	(29 122)	(29 988)	(33 521)
Attributable to equity holders of the parent	(45 063)	(53 008)	(49 802)	(51 059)	(100 792)

8. SUBSEQUENT EVENTS

- Dividend of USD 0.125 per share declared in the fourth quarter of 2017
- Höegh LNG Partners raised USD 111.4 million in perpetual preferred equity
- Financial close for up to USD 230 million in debt financing for FSRU #8
- Agreement to sell remaining 49% interest in Höegh Grace to Höegh LNG Partners
- Repayment of the 2012/2017 HLNG01 bond

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 on 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 (APMS)

Höegh LNG's financial information is prepared in accordance with the 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 OSK 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