



HOTEL PROPERTIES LIMITED

(REG. NO. 198000348Z)

First Quarter Financial Statements

1(a)(i) Income Statement

	GROUP \$'000	
	Quarter ended Mar 31, 2017	Quarter ended Mar 31, 2016
Revenue	144,847	143,670
Cost of sales	(98,687)	(99,203)
Gross profit	46,160	44,467
Other operating income	1,656	2,582
Administrative expenses	(15,128)	(14,815)
Other operating expenses	(359)	(386)
Finance costs	(7,000)	(8,045)
Share of results of associates and jointly controlled entities	2,424	3,018
Profit before income tax	27,753	26,821
Income tax expense	(6,763)	(6,288)
Profit after income tax	20,990	20,533
Attributable to:		
Shareholders of the Company	16,079	14,339
Non-controlling interests	4,911	6,194
	20,990	20,533

1(a)(ii) Notes to the income statement:

	GROUP \$'000	
	Quarter ended Mar 31, 2017	Quarter ended Mar 31, 2016
Other income including interest income*	1,089	1,611
Depreciation and amortisation	(13,764)	(13,423)
Fair value gain in held-for-trading investments*	131	902
Foreign exchange gain (loss)*	282	(108)
Adjustment for under provision of tax in respect of prior years	(1,081)	(1,484)
Write-back of impairment of available-for-sale investments*	-	40
Gain on disposal of property, plant and equipment*	148	-

Note:

* Included in other operating income (expenses)

1(a)(iii) Statement of Comprehensive Income

	GROUP \$'000	
	Quarter ended Mar 31, 2017	Quarter ended Mar 31, 2016
Profit after income tax	20,990	20,533
Other comprehensive income (loss) (net of tax):		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Exchange differences on translating foreign operations	(4,501)	1,781
Decrease in other reserves	(1,385)	(5,705)
Share of other comprehensive loss of associates and jointly controlled entities	(4,314)	(16,115)
	(10,200)	(20,039)
Other comprehensive loss for the period, net of tax	(10,200)	(20,039)
Total comprehensive income	10,790	494
Attributable to:		
Shareholders of the Company	7,290	(4,039)
Non-controlling interests	3,500	4,533
	10,790	494

1(b)(i) Statements of Financial Position

	GROUP		COMPANY	
	\$'000		\$'000	
	Mar 31, 2017	Dec 31, 2016	Mar 31, 2017	Dec 31, 2016
ASSETS				
Current assets:				
Cash and bank balances	163,101	117,179	5,785	18,187
Held-for-trading investments	694	806	-	-
Trade and other receivables	42,861	111,387	2,766	2,353
Amount due from associates and jointly controlled entities	191,985	194,382	5,511	5,511
Amount due from subsidiaries	-	-	930,290	902,429
Inventories	8,370	9,422	179	184
Completed properties held for sale	145,031	144,984	-	-
Total current assets	552,042	578,160	944,531	928,664
Non-current assets:				
Associates and jointly controlled entities	585,611	590,339	-	-
Subsidiaries	-	-	413,587	450,860
Available-for-sale investments	61,804	57,025	-	-
Property, plant and equipment	1,231,722	1,245,447	228,467	228,565
Investment properties	686,348	686,348	-	-
Derivative financial instruments	15,857	12,489	15,857	12,489
Deferred tax assets	4,136	4,236	-	-
Intangible assets	6,073	6,160	-	-
Total non-current assets	2,591,551	2,602,044	657,911	691,914
Total assets	3,143,593	3,180,204	1,602,442	1,620,578
LIABILITIES AND EQUITY				
Current liabilities:				
Short-term borrowings	283,957	282,220	69,980	24,992
Trade and other payables	102,927	126,829	14,137	24,604
Amount due to subsidiaries	-	-	45,223	44,456
Income tax payable	18,923	17,511	155	-
Perpetual capital securities ⁽¹⁾	153,700	-	153,700	-
Total current liabilities	559,507	426,560	283,195	94,052
Non-current liabilities:				
Advances from subsidiaries	-	-	22,404	22,980
Long-term borrowings	683,460	710,087	400,867	455,503
Deferred tax liabilities	15,192	15,221	948	1,004
Total non-current liabilities	698,652	725,308	424,219	479,487
Share capital and reserves:				
Share capital	721,143	719,693	721,143	719,693
Reserves	1,074,680	1,073,536	173,885	178,999
Equity attributable to shareholders of the Company	1,795,823	1,793,229	895,028	898,692
Perpetual capital securities	-	148,347	-	148,347
	1,795,823	1,941,576	895,028	1,047,039
Non-controlling interests	89,611	86,760	-	-
Total equity	1,885,434	2,028,336	895,028	1,047,039
Total liabilities and equity	3,143,593	3,180,204	1,602,442	1,620,578

Note:

- (1) Perpetual capital securities was reclassified to current liabilities as at Mar 31, 2017, as it has been redeemed in full on May 4, 2017. Distribution payable was accrued accordingly.
- (2) The Company issued S\$150 million 4.650% subordinated perpetual securities on May 5, 2017.

1(b)(ii) Aggregate Amount of Group's Borrowings and Debt Securities**Amount repayable in one year or less, or on demand**

As at Mar 31, 2017		As at Dec 31, 2016	
Secured	Unsecured	Secured	Unsecured
\$213,977,000	\$69,980,000	\$257,228,000	\$24,992,000

Amount repayable after one year

As at Mar 31, 2017		As at Dec 31, 2016	
Secured	Unsecured	Secured	Unsecured
\$301,577,000	\$381,883,000	\$283,505,000	\$426,582,000

Details of any collateral

The above are secured by legal mortgages on properties of the Company and some subsidiaries, fixed and floating charges on assets of the Company and some subsidiaries and pledge of shares of certain subsidiaries.

1(c) Consolidated Statement of Cash Flows

	Quarter ended Mar 31, 2017 \$'000	Quarter ended Mar 31, 2016 \$'000
Cash flows from operating activities:		
Profit before income tax and share of results of associates and jointly controlled entities	25,329	23,803
Adjustments for:		
Amortisation of intangible assets	84	83
Depreciation expense	13,680	13,340
Share-based payment expense	657	1,460
Write-back of impairment of available-for-sale investments	-	(40)
Gain on disposal of property, plant and equipment	(148)	-
Finance costs	7,000	8,045
Interest income	(217)	(821)
Profit before working capital changes	46,385	45,870
Trade and other payables	(21,885)	(16,342)
Receivables and prepayments	67,369	(9,578)
Held-for-trading investments	112	(8,082)
Inventories	818	690
Cash generated from operations	92,799	12,558
Income tax paid	(5,113)	(5,177)
Net cash from operating activities	87,686	7,381
Cash flows used in investing activities:		
Additional property, plant and equipment	(15,782)	(16,926)
Additional available-for-sale investment	(6,164)	(665)
Net (investment in) repayment from associates and jointly controlled entities	(1,374)	4,027
Proceeds from disposal of property, plant and equipment	297	159
Cash used in investing activities	(23,023)	(13,405)
Cash flows used in financing activities:		
Interest received	217	821
Finance costs paid	(6,798)	(7,799)
Non-controlling shareholders	455	472
Additional borrowings	24,417	65,783
Repayment of borrowings	(36,426)	(96,946)
Cash used in financing activities	(18,135)	(37,669)
Net increase (decrease) in cash and cash equivalents	46,528	(43,693)
Cash and cash equivalents at beginning of period	113,371	155,107
Effect of exchange rate changes on cash balances held in foreign currencies	(484)	(1,859)
Cash and cash equivalents at end of period	159,415	109,555

Cash and cash equivalents at end of period

The cash and cash equivalents as at Mar 31, 2017, for the purposes of Consolidated Statement of Cash Flows, comprise of cash and bank balances less deposits under pledge to banks of \$3,686,000.

1(d)(i) Statement of Changes in Equity

	Share capital \$'000	Retained profits \$'000	Other reserves* \$'000	Share-holders' equity \$'000	Perpetual capital securities \$'000	Subtotal \$'000	Non-controlling interests \$'000	Total equity \$'000
GROUP								
Balance as at Jan 1, 2016	717,895	907,542	98,602	1,724,039	148,347	1,872,386	76,898	1,949,284
Total comprehensive income (loss) for the period								
Profit for the period	-	14,339	-	14,339	-	14,339	6,194	20,533
Other comprehensive loss for the period	-	-	(18,378)	(18,378)	-	(18,378)	(1,661)	(20,039)
Total	-	14,339	(18,378)	(4,039)	-	(4,039)	4,533	494
Transactions with owners, recognised directly in equity								
Recognition of share-based payments	-	-	1,460	1,460	-	1,460	-	1,460
Net movement during the period	-	-	-	-	-	-	(926)	(926)
Issue of shares	1,450	-	(1,450)	-	-	-	-	-
Total	1,450	-	10	1,460	-	1,460	(926)	534
Balance as at Mar 31, 2016	719,345	921,881	80,234	1,721,460	148,347	1,869,807	80,505	1,950,312
Balance as at Jan 1, 2017	719,693	959,967	113,569	1,793,229	148,347	1,941,576	86,760	2,028,336
Total comprehensive income (loss) for the period								
Profit for the period	-	16,079	-	16,079	-	16,079	4,911	20,990
Other comprehensive loss for the period	-	-	(8,789)	(8,789)	-	(8,789)	(1,411)	(10,200)
Total	-	16,079	(8,789)	7,290	-	7,290	3,500	10,790
Transactions with owners, recognised directly in equity								
Recognition of share-based payments	-	-	657	657	-	657	-	657
Net movement during the period	-	-	-	-	-	-	(649)	(649)
Issue of shares	1,450	-	(1,450)	-	-	-	-	-
Total	1,450	-	(793)	657	-	657	(649)	8
Reclassification	-	(1,653)	-	(1,653)	(148,347)	(150,000)	-	(150,000)
Distribution to perpetual capital securities holders	-	(3,700)	-	(3,700)	-	(3,700)	-	(3,700)
Balance as at Mar 31, 2017	721,143	970,693	103,987	1,795,823	-	1,795,823	89,611	1,885,434

* Includes asset revaluation reserve, exchange fluctuation reserve, hedge reserve, option reserve and other capital reserve.

1(d)(i) Statement of Changes in Equity (cont'd)

	Share capital \$'000	Retained profits \$'000	Other reserves** \$'000	Shareholders' equity \$'000	Perpetual capital securities \$'000	Total equity \$'000
COMPANY						
Balance as at Jan 1, 2016	717,895	61,960	117,069	896,924	148,347	1,045,271
Total comprehensive income (loss) for the period						
Loss for the period	-	(1,747)	-	(1,747)	-	(1,747)
Other comprehensive income for the period	-	-	3,196	3,196	-	3,196
Total	-	(1,747)	3,196	1,449	-	1,449
Transactions with owners, recognised directly in equity						
Recognition of share-based payments	-	-	1,460	1,460	-	1,460
Issue of shares	1,450	-	(1,450)	-	-	-
Total	1,450	-	10	1,460	-	1,460
Balance as at Mar 31, 2016	719,345	60,213	120,275	899,833	148,347	1,048,180
Balance as at Jan 1, 2017	719,693	58,423	120,576	898,692	148,347	1,047,039
Total comprehensive income for the period						
Profit for the period	-	300	-	300	-	300
Other comprehensive income for the period	-	-	732	732	-	732
Total	-	300	732	1,032	-	1,032
Transactions with owners, recognised directly in equity						
Recognition of share-based payments	-	-	657	657	-	657
Issue of shares	1,450	-	(1,450)	-	-	-
Total	1,450	-	(793)	657	-	657
Reclassification	-	(1,653)	-	(1,653)	(148,347)	(150,000)
Distribution to perpetual capital securities holders	-	(3,700)	-	(3,700)	-	(3,700)
Balance as at Mar 31, 2017	721,143	53,370	120,515	895,028	-	895,028

** Includes asset revaluation reserve, hedge reserve and option reserve.

1(d)(ii) Details of Any Changes in Company's Issued Share Capital

The Company issued 351,900 new ordinary shares for the current quarter under review upon vesting of performance shares granted in conjunction with the Hotel Properties Limited Performance Share Plan.

The newly issued shares rank pari passu in all respects with the existing shares of the Company.

As at Mar 31, 2017, the number of outstanding share options under the Company's Share Option Schemes was 13,045,000 (as at Mar 31, 2016: 13,045,000), and the number of outstanding performance shares under the Company's Performance Share Plan was 1,055,700 (as at Mar 31, 2016: 1,507,600).

1(d)(iii) Total Number of Issued Shares

	Mar 31, 2017	Dec 31, 2016
Total number of issued shares excluding treasury shares	520,434,551	520,082,651

1(d)(iv) Statement Showing All Sales, Transfers, Cancellation and/or Use of Treasury Shares

Not applicable. There is no treasury share as at the end of the current financial period reported on.

1(d)(v) Statement Showing All Sales, Transfers, Cancellation and/or Use of Subsidiary Holdings

Not applicable. There is no subsidiary holdings as at the end of the current financial period reported on.

2. Audit Statement

The figures have not been audited or reviewed.

3. Auditors' Report

Not applicable.

4. Changes in Accounting Policies

The Group and Company have followed the same accounting policies and methods of computation as in the most recently audited annual financial statements except as explained in paragraph 5 below.

5. Reasons for and Effect of Changes in Accounting Policies

The Group has adopted all relevant revised Singapore Financial Reporting Standards ("FRS") and amendments that are mandatory for financial years beginning on or after January 1, 2017. The adoption of these revised FRSs and amendments has no significant impact to the Group.

6. Earnings Per Ordinary Share

	Quarter ended Mar 31, 2017	Quarter ended Mar 31, 2016
Based on the weighted average number of ordinary shares in issue	2.65 cents	2.32 cents
On a fully diluted basis	2.64 cents	2.31 cents

Earnings per ordinary share is calculated based on net profit attributable to ordinary shareholders after deducting provision for distribution to perpetual capital securities holders.

7. Net Asset Value

	Mar 31, 2017	Dec 31, 2016
GROUP	\$3.45	\$3.45
COMPANY	\$1.72	\$1.73

Net asset value per ordinary share is calculated based on net assets excluding perpetual capital securities that is attributable to the ordinary shareholders divided by the number of issued shares of the Company.

8. Review of Performance

The Group recorded a revenue of \$144.8 million for the first quarter ended March 31, 2017, a marginal increase over Group revenue of \$143.7 million for the corresponding quarter last year. This is mainly attributable to contributions from newly acquired The Boathouse, Phuket and newly refurbished Four Seasons Resort Bali at Jimbaran Bay and Four Seasons Resort Maldives at Kuda Huraa.

The Group's share of results of associates and jointly controlled entities decreased from \$3 million for Q1 2016 to \$2.4 million for Q1 2017 mainly due to lower contribution from The Interlace condominium development at Alexandra Road, Singapore and some hotels and resorts held by associates of the Group.

During the quarter under review, the Group generated strong cashflow from operations of \$92.8 million (Q1 2016: \$12.6 million) mainly due to collection of receivables. This resulted in lower borrowings and a decrease in finance cost.

After taking into account taxes and non-controlling interests, the net profit attributable to shareholders for the quarter ended March 31, 2017, was \$16.1 million, a 12% increase from the \$14.3 million reported for the corresponding quarter last year.

9. Variance from Previous Forecast or Prospect Statement

Not applicable.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

In view of the uncertainties in the global economy, the Group expects the business environment to be challenging. In Singapore, the latest release of first quarter 2017 real estate statistics by Urban Redevelopment Authority indicated a revival of buying activity in the private residential property market, although prices continued to fall. In London, the Group is expecting completion of Holland Park Villas and Burlington Gate developments later this year.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on? None

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? None

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12. If no dividend has been declared/recommended, a statement to that effect

No dividend has been declared/recommendeded by the Company for the current financial period reported on.

13. Interested Person Transactions ("IPT")

The Group has not obtained a general mandate from shareholders for IPTs.

Name of Interested Person	Aggregate value of all IPT during the financial period ended Mar 31, 2017 (excluding transactions below \$100,000 and transactions conducted under the shareholders' mandate pursuant to Rule 920) \$'000	Aggregate value of all IPT conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions below \$100,000) \$'000
Associates* of Mr Ong Beng Seng / Mr David Fu Kuo Chen		
- Rental income	2,322	-
- Management fee income	367	-
- Management fee expense	229	-
- Equity contribution	565	-

Note:

* "Associate" in relation to a director, chief executive officer or controlling shareholder means

- his immediately family;
- the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and
- any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more.

14. Negative Assurance Confirmation pursuant to Rule 705(5) of the Listing Manual

The Board confirms that, to the best of its knowledge, nothing has come to the attention of the Board which may render the first quarter 2017 unaudited financial statements to be false or misleading in any material respect.

15. Confirmation pursuant to Rule 720(1) of the Listing Manual

The Company confirms that it has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1).

BY ORDER OF THE BOARD

Lo Swee Oi
Company Secretary
May 12, 2017