



HOTEL PROPERTIES LIMITED

(REG. NO. 198000348Z)

Full Year Financial Statements and Dividend Announcement

1(a)(i) Income Statement

	GROUP \$'000	
	Year ended Dec 31, 2012	Year ended Dec 31, 2011
Revenue	542,838	493,825
Cost of sales	(378,230)	(349,366)
Gross profit	164,608	144,459
Other operating income	6,586	2,527
Administrative expenses	(57,818)	(55,518)
Other operating expenses	(8,865)	(3,370)
Finance costs	(25,209)	(29,300)
Share of results of associates and jointly controlled entities	52,561	33,112
Profit before income tax and fair value changes in investment properties	131,863	91,910
Gain (Loss) on fair value changes:		
Share of fair value loss on investment properties of associates	(486)	-
Fair value gain on investment properties	28,065	-
	27,579	-
Profit before income tax	159,442	91,910
Income tax expense	(20,340)	(13,476)
Profit after income tax	139,102	78,434
Attributable to:		
Shareholders of the Company	129,698	70,441
Non-controlling interests	9,404	7,993
	139,102	78,434

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

	GROUP \$'000	
	Year ended Dec 31, 2012	Year ended Dec 31, 2011
Investment income	185	228
Other income including interest income	2,370	2,299
Depreciation and amortisation	(50,435)	(50,198)
Allowance for doubtful trade receivables	(139)	(19)
Fair value gain (loss) in held-for-trading investments*	4,031	(2,761)
Foreign exchange (loss) gain*	(303)	841
Adjustment for over provision of tax in respect of prior years	965	1,305
Plant and equipment written off	-	(63)
Impairment of intangible assets*	(3,088)	(1,189)
Impairment of available-for-sale investments*	(1,483)	-
Net gain on disposal of available-for-sale investments*	-	240
(Loss) Gain on liquidation of associates/jointly controlled entity*	(60)	260
Gain on disposal of property, plant and equipment	192	220

Note:

* Included in other operating income (expenses)

1(a)(iii) Statement of Comprehensive Income

	GROUP \$'000	
	Year ended Dec 31, 2012	Year ended Dec 31, 2011
Profit after income tax	139,102	78,434
Other comprehensive income (after tax):		
Exchange differences on translating foreign operations	(20,978)	(3,274)
Increase in hedge reserve	-	1,207
Decrease in other capital reserve	(610)	(589)
Share of other comprehensive income of associates and jointly controlled entities	(1,769)	(1,470)
	(23,357)	(4,126)
Total comprehensive income	115,745	74,308
Attributable to:		
Shareholders of the Company	107,760	65,937
Non-controlling interests	7,985	8,371
	115,745	74,308

1(b)(i) Statements of Financial Position

	GROUP \$'000			COMPANY \$'000	
	Dec 31, 2012	Dec 31, 2011 (restated)	Dec 31, 2010 (restated)	Dec 31, 2012	Dec 31, 2011
ASSETS					
Current assets:					
Cash and cash equivalents	83,189	76,232	84,032	9,754	11,920
Held-for-trading investments	3,342	13,374	1,940	-	-
Available-for-sale investments	16,207	-	-	-	-
Trade and other receivables	40,630	36,837	85,414	2,964	2,521
Amount due from associates and jointly controlled entities	43,882	41,958	45,053	7,731	8,451
Amount due from subsidiaries	-	-	-	646,013	527,853
Inventories	8,178	8,416	7,951	620	669
Development properties	271,750	295,024	290,883	-	-
Completed properties held for sale	28,344	38,207	54,138	-	-
Total current assets	495,522	510,048	569,411	667,082	551,414
Non-current assets:					
Associates and jointly controlled entities	694,472	514,841	479,423	1,061	1,061
Subsidiaries	-	-	-	684,324	725,610
Available-for-sale investments	9,417	28,342	20,790	-	-
Other long-term prepayments	440	552	630	-	-
Property, plant and equipment	962,374	995,799	990,864	226,351	227,859
Investment properties	661,626	633,560	633,560	-	-
Deferred tax assets	2,307	1,936	657	-	-
Intangible assets	6,964	10,565	12,139	-	-
Total non-current assets	2,337,600	2,185,595	2,138,063	911,736	954,530
Total assets	2,833,122	2,695,643	2,707,474	1,578,818	1,505,944
LIABILITIES AND EQUITY					
Current liabilities:					
Bank loans	133,968	240,547	450,831	89,970	137,938
Trade and other payables	95,708	99,812	95,040	25,515	24,730
Derivative financial instruments	-	-	1,207	-	-
Amount due to subsidiaries	-	-	-	44,456	44,456
Income tax payable	12,027	11,383	9,847	895	632
Total current liabilities	241,703	351,742	556,925	160,836	207,756
Non-current liabilities:					
Advances from subsidiaries	-	-	-	129,804	128,781
Long-term bank loans	856,025	852,991	693,888	294,078	333,858
Other long-term liabilities	3,038	3,963	7,185	-	-
Deferred tax liabilities	17,175	14,534	13,912	939	1,124
Total non-current liabilities	876,238	871,488	714,985	424,821	463,763
Share capital and reserves:					
Share capital	686,139	684,530	683,926	686,139	684,530
Reserves	789,531	710,483	668,354	158,675	149,895
Equity attributable to shareholders of the Company	1,475,670	1,395,013	1,352,280	844,814	834,425
Perpetual capital securities	148,347	-	-	148,347	-
	1,624,017	1,395,013	1,352,280	993,161	834,425
Non-controlling interests	91,164	77,400	83,284	-	-
Total equity	1,715,181	1,472,413	1,435,564	993,161	834,425
Total liabilities and equity	2,833,122	2,695,643	2,707,474	1,578,818	1,505,944

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

As at Dec 31, 2012		As at Dec 31, 2011	
Secured	Unsecured	Secured	Unsecured
\$44,242,000	\$89,970,000	\$105,305,000	\$137,938,000

Amount repayable after one year

As at Dec 31, 2012		As at Dec 31, 2011	
Secured	Unsecured	Secured	Unsecured
\$564,985,000	\$294,078,000	\$522,621,000	\$333,858,000

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

	Year ended Dec 31, 2012 \$'000	Year ended Dec 31, 2011 \$'000
Cash flows from operating activities:		
Profit before income tax and share of results of associates and jointly controlled entities	107,367	58,798
Adjustments for:		
Amortisation of intangible assets	322	327
Depreciation expense	50,113	49,871
Share-based payment expense	1,968	1,972
Plant and equipment written off	-	63
Impairment of intangible assets	3,088	1,189
Impairment of available-for-sale investments	1,483	-
Fair value gain in investment properties	(28,065)	-
Net gain on disposal of available-for-sale investments	-	(240)
Loss (Gain) on liquidation of associates/jointly controlled entity	60	(260)
Gain on disposal of property, plant and equipment	(192)	(220)
Finance costs	25,209	29,300
Interest income	(1,974)	(1,694)
Dividend income	(185)	(228)
Profit before working capital changes	159,194	138,878
Trade and other payables	(2,337)	2,033
Completed properties held for sale	8,729	13,913
Development properties and expenditure	30,708	4,360
Receivables and prepayments	(5,010)	48,697
Held-for-trading investments	10,032	(11,434)
Inventories	(134)	(444)
Cash generated from operations	201,182	196,003
Dividend received	185	228
Income tax paid	(17,032)	(12,562)
Net cash from operating activities	184,335	183,669
Cash flows used in investing activities:		
Additional available-for-sale investments	-	(8,000)
Additional property, plant and equipment	(40,070)	(57,213)
Net investment in associates and jointly controlled entities	(138,361)	(947)
Proceeds from disposal of available-for-sale investments	-	240
Proceeds from liquidation of associates	-	260
Proceeds from disposal of property, plant and equipment	1,029	1,485
Cash used in investing activities	(177,402)	(64,175)
Cash flows from (used in) financing activities:		
Interest received	1,974	1,694
Finance costs paid	(31,520)	(35,782)
Dividend paid	(25,303)	(25,286)
Distribution to perpetual capital securities holders	(4,632)	-
Advances from (Repayment to) non-controlling shareholders	6,664	(13,396)
Additional borrowings	251,465	247,610
Repayment of borrowings	(345,532)	(301,700)
Decrease (Increase) in deposits under pledge to bank	195	(3,076)
Net proceeds from issue of perpetual capital securities	148,347	-
Proceeds from issue of shares	864	110
Cash from (used in) financing activities	2,522	(129,826)
Net increase (decrease) in cash and cash equivalents	9,455	(10,332)
Cash and cash equivalents at beginning of year	72,477	83,337
Effect of exchange rate changes on cash balances held in foreign currencies	(2,105)	(528)
Cash and cash equivalents at end of year	79,827	72,477

Cash and cash equivalents at end of year

The cash and cash equivalents as at Dec 31, 2012, for the purposes of Consolidated Statement of Cash Flows, comprise of cash and cash equivalents less deposits under pledge to banks of \$3,362,000.

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

	Share capital \$'000	Retained profits \$'000	Other reserves* \$'000	Shareholders' equity \$'000	Perpetual capital securities \$'000	Subtotal \$'000	Non-controlling interests \$'000	Total equity \$'000
GROUP								
Balance as at Jan 1, 2011, as previously reported	683,926	529,234	129,940	1,343,100	-	1,343,100	81,686	1,424,786
Effect of adopting Amendments to FRS 12	-	9,180	-	9,180	-	9,180	1,598	10,778
Balance as at Jan 1, 2011, as restated	683,926	538,414	129,940	1,352,280	-	1,352,280	83,284	1,435,564
Final dividends for the previous year, paid	-	(25,286)	-	(25,286)	-	(25,286)	-	(25,286)
Share-based payments during the year	-	-	1,972	1,972	-	1,972	-	1,972
Total comprehensive income (loss) for the year	-	70,441	(4,504)	65,937	-	65,937	8,371	74,308
Net movement during the year	-	-	-	-	-	-	(14,255)	(14,255)
Transfer during the year	494	-	(494)	-	-	-	-	-
Issue of shares	110	-	-	110	-	110	-	110
Balance as at Dec 31, 2011	684,530	583,569	126,914	1,395,013	-	1,395,013	77,400	1,472,413
Final dividends for the previous year, paid	-	(25,303)	-	(25,303)	-	(25,303)	-	(25,303)
Issue of perpetual capital securities	-	-	-	-	148,347	148,347	-	148,347
Distribution to perpetual capital securities holders	-	(4,632)	-	(4,632)	-	(4,632)	-	(4,632)
Share-based payments during the year	-	-	1,968	1,968	-	1,968	-	1,968
Total comprehensive income (loss) for the year	-	129,698	(21,938)	107,760	-	107,760	7,985	115,745
Net movement during the year	-	-	-	-	-	-	5,779	5,779
Transfer during the year	745	-	(745)	-	-	-	-	-
Issue of shares	864	-	-	864	-	864	-	864
Balance as at Dec 31, 2012	686,139	683,332	106,199	1,475,670	148,347	1,624,017	91,164	1,715,181

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

	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, 2011	683,926	35,252	115,555	834,733	-	834,733
Final dividends for the previous year, paid	-	(25,286)	-	(25,286)	-	(25,286)
Share-based payments during the year	-	-	1,972	1,972	-	1,972
Total comprehensive income (loss) for the year	-	22,896	-	22,896	-	22,896
Transfer during the year	494	-	(494)	-	-	-
Issue of shares	110	-	-	110	-	110
Balance as at Dec 31, 2011	684,530	32,862	117,033	834,425	-	834,425
Final dividends for the previous year, paid	-	(25,303)	-	(25,303)	-	(25,303)
Issue of perpetual capital securities	-	-	-	-	148,347	148,347
Distribution to perpetual capital securities holders	-	(4,632)	-	(4,632)	-	(4,632)
Share-based payments during the year	-	-	1,968	1,968	-	1,968
Total comprehensive income (loss) for the year	-	37,492	-	37,492	-	37,492
Transfer during the year	745	-	(745)	-	-	-
Issue of shares	864	-	-	864	-	864
Balance as at Dec 31, 2012	686,139	40,419	118,256	844,814	148,347	993,161

** Includes asset revaluation reserve and option reserve.

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

The Company issued 346,500 new ordinary shares since the end of the previous period reported on upon vesting of performance shares and exercise of subscription rights by senior executives of the Company granted in conjunction with the Hotel Properties Limited Performance Share Plan and Share Option Scheme 2000.

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

As at Dec 31, 2012, the number of outstanding share options under the Company's Share Option Schemes was 10,100,000 (as at Dec 31, 2011: 9,275,000), and the number of outstanding performance shares under the Company's Performance Share Plan was 1,759,500 (as at Dec 31, 2011: 1,996,000).

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

	Dec 31, 2012	Dec 31, 2011
Total number of issued shares excluding treasury shares	507,059,351	506,067,851

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

Not applicable. There is no treasury share as at the end of the current financial year 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 new/revised Singapore Financial Reporting Standards ("FRS") that are mandatory for financial years beginning on or after January 1, 2012 as detailed below.

Amendments to FRS 12 Income Tax

The amendments to FRS 12 provide a practical approach for measuring deferred tax liabilities and deferred tax assets when investment property is measured using the fair value model in FRS 40 *Investment Property*. The amendments introduce a presumption that an investment property is recovered entirely through sale unless rebutted. As a result, deferred tax liabilities of \$10.8 million are adjusted against retained profits brought forward and non-controlling interests.

6. Earnings Per Share

	Year ended Dec 31, 2012	Year ended Dec 31, 2011
Based on the weighted average number of ordinary shares in issue	25.62 cents	13.93 cents
On a fully diluted basis	25.49 cents	13.92 cents

7. Net Asset Value

	Dec 31, 2012	Dec 31, 2011 (restated)
GROUP	\$2.91	\$2.76
COMPANY	\$1.67	\$1.65

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

For the year ended December 31, 2012, the Group achieved a revenue of \$542.8 million, which is 10% higher than the \$493.8 million recorded last year. The increase was mainly attributable to income recognition from the Tomlinson Heights condominium development on percentage of completion basis as well as better performances by the Group's hotels and resorts, especially those in Singapore and the Maldives.

The Group's share of results of associates and jointly controlled entities has also improved significantly from \$33.1 million for year 2011 to \$52.6 million for the year ended December 31, 2012, mainly due to higher profit recognized from The Interlace condominium development at Alexandra Road, Singapore, and d'Leedon condominium development at Farrer Road, Singapore.

During the year under review, the Group has made investments in various new associates and jointly controlled entities including Bilila Lodge, Tanzania, which had recently been reflagged as Four Seasons Safari Lodge Serengeti, Gili Lankanfushi, Maldives, Westcliff Hotel, Johannesburg, and a property at Old Burlington Street, London. This has attributed to the increase in Associates and jointly controlled entities balance in the Group's Statement of Financial Position.

Group profit before tax and fair value changes in investment properties for the year ended December 31, 2012, was \$131.9 million compared to \$91.9 million last year.

After adjusting for fair value gain on investment properties of \$27.6 million (2011: Nil), income tax and non-controlling interests, Group net profit attributable to shareholders for the year ended December 31, 2012, was \$129.7 million compared to \$70.4 million last year.

9. Variance from Previous Forecast or Prospect Statement

Not applicable.

10. Outlook

The global economic outlook remains uncertain. Competitive pressure on room rates and escalating operating costs are also some of the challenges expected for the Group's hotel business. The Group will continue its strategy of owning and operating hotels and resorts under strong hospitality brands and in diversified locations.

On the property front, the Singapore market has been dampened by the series of cooling measures implemented by the government. Nevertheless, the demand for quality developments in good locations are expected to be sustainable, especially from first-time local buyers.

11. Dividend

(a) Current Financial Period Reported On

The Board of Directors has recommended a first and final one-tier tax exempt cash dividend of 4 cents per ordinary share, and a one-tier tax exempt special dividend of 3.5 cents per ordinary share, in respect of the current financial year reported on. Payment of the said dividend is subject to the approval of shareholders at the forthcoming Annual General Meeting.

(b) Corresponding Period of the Immediately Preceding Financial Year

The Company declared a first and final one-tier tax exempt cash dividend of 2 cents per ordinary share and a one-tier tax exempt special dividend of 3 cents per ordinary share in respect of the immediately preceding financial year.

(c) Date payable

Will be announced at a later date.

(d) Books closure date

Notice will be given at a later date of the date of closure of the transfer books and register of members.

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

Not applicable.

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 year ended Dec 31, 2012 (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	13,387	-
- Management fee income	404	-
- Management fee expense	814	-
- Equity contribution	31,146	-

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. Segmental Revenue and Results

Information by business segment

Year ended December 31, 2012

	Hotels \$'000	Properties \$'000	Others \$'000	Elimination \$'000	Consolidated \$'000
REVENUE					
External sales	442,502	100,223	113		542,838
Inter-segment sales		402		(402)	-
Total revenue	442,502	100,625	113	(402)	542,838
RESULTS					
Earnings before interest, tax and fair value changes in investment properties	77,053	23,587	1,897		102,537
Finance costs					(25,209)
Interest income					1,974
Share of results of associates and jointly controlled entities before fair value changes in investment properties	(2,824)	54,652	733		52,561
Profit before fair value changes					131,863
Fair value changes in investment properties		27,579			27,579
Profit before income tax					159,442
Income tax expense					(20,340)
Non-controlling interests					(9,404)
Profit attributable to shareholders of the Company					129,698

14. **Segmental Revenue and Results (cont'd)**

Year ended December 31, 2011

	Hotels \$'000	Properties \$'000	Others \$'000	Elimination \$'000	Consolidated \$'000
REVENUE					
External sales	418,637	75,182	6		493,825
Inter-segment sales		368		(368)	-
Total revenue	418,637	75,550	6	(368)	493,825
RESULTS					
Earnings before interest, tax and fair value changes in investment properties	72,180	16,256	(2,032)		86,404
Finance costs					(29,300)
Interest income					1,694
Share of results of associates and jointly controlled entities before fair value changes in investment properties	(1,348)	34,651	(191)		33,112
Profit before fair value changes					91,910
Fair value changes in investment properties					-
Profit before income tax					91,910
Income tax expense					(13,476)
Non-controlling interests					(7,993)
Profit attributable to shareholders of the Company					70,441

15. **Review of Performance by Business Segments**

Please refer to item 8 above.

16. **Breakdown of Sales and Operating Profit**

	Latest Financial Year \$'000 Group	Previous Financial Year \$'000 Group	% increase/(decrease) Group
(a) Sales reported for first half year	261,154	237,615	9.91
(b) Operating profit after tax before deducting non-controlling interests reported for first half year**	57,369	37,556	52.76
(c) Sales reported for second half year	281,684	256,210	9.94
(d) Operating profit after tax before deducting non-controlling interests reported for second half year**	54,154	40,878	32.48

** excludes fair value gain (loss) on investment properties.

17. **Breakdown of Total Annual Dividend**

	Latest Full Year (\$'000)	Previous Full Year (\$'000)
Ordinary	38,029	25,303
Preference	-	-
Total:	38,029	25,303

18. **Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13) of the Listing Manual**

There are currently no persons occupying managerial positions in the Company or any of its principal subsidiaries who are relatives of a director or chief executive officer or substantial shareholder of the Company.

BY ORDER OF THE BOARD

Lo Swee Oi
Company Secretary
February 26, 2013