



HOTEL PROPERTIES LIMITED

(REG. NO. 198000348Z)

First Quarter Financial Statements

1(a)(i) Income Statement

	GROUP \$'000	
	Quarter ended Mar 31, 2018	Quarter ended Mar 31, 2017
Revenue	173,382	144,847
Cost of sales	(117,973)	(98,687)
Gross profit	55,409	46,160
Other operating income	15,548	1,656
Administrative expenses	(17,940)	(15,128)
Other operating expenses	(362)	(359)
Finance costs	(6,810)	(7,000)
Share of results of associates and jointly controlled entities	66,664	2,424
Profit before income tax	112,509	27,753
Income tax expense	(19,664)	(6,763)
Profit after income tax	92,845	20,990
Attributable to:		
Shareholders of the Company	87,484	16,079
Non-controlling interests	5,361	4,911
	92,845	20,990

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

	GROUP \$'000	
	Quarter ended Mar 31, 2018	Quarter ended Mar 31, 2017
Investment income*	261	-
Other income including interest income*	2,241	1,089
Depreciation and amortisation	(14,692)	(13,764)
Fair value gain in held-for-trading investments*	-	131
Fair value gain in investments*	12,259	-
Foreign exchange gain*	626	282
Adjustment for under provision of tax in respect of prior years	-	(1,081)
Gain on disposal of property, plant and equipment*	156	148

Note:

* Included in other operating income.

1(a)(iii) Statement of Comprehensive Income

	GROUP \$'000	
	Quarter ended Mar 31, 2018	Quarter ended Mar 31, 2017
Profit after income tax	92,845	20,990
Other comprehensive income (net of tax):		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Exchange differences on translating foreign operations	(2,103)	(4,501)
Decrease in other reserves	-	(1,385)
Share of other comprehensive income (loss) of associates and jointly controlled entities	8,333	(4,314)
	6,230	(10,200)
Other comprehensive income for the period, net of tax	6,230	(10,200)
Total comprehensive income	99,075	10,790
Attributable to:		
Shareholders of the Company	94,342	7,290
Non-controlling interests	4,733	3,500
	99,075	10,790

1(b)(i) Statements of Financial Position

	GROUP \$'000		COMPANY \$'000	
	Mar 31, 2018	Dec 31, 2017	Mar 31, 2018	Dec 31, 2017
ASSETS				
Current assets:				
Cash and bank balances	213,167	211,803	72,433	144,540
Trade and other receivables	66,982	67,825	3,654	3,488
Amount due from associates and jointly controlled entities ⁽¹⁾	161,309	199,138	5,367	5,511
Amount due from subsidiaries	-	-	842,997	994,483
Inventories	8,703	9,515	184	202
Completed properties held for sale ⁽²⁾	26,530	42,305	-	-
Total current assets	476,691	530,586	924,635	1,148,224
Non-current assets:				
Associates and jointly controlled entities ⁽¹⁾	539,957	631,522	-	-
Subsidiaries	-	-	464,307	475,364
Investments ⁽³⁾	105,860	93,353	-	-
Property, plant and equipment	1,372,965	1,372,067	226,288	226,359
Investment properties	702,359	702,359	-	-
Derivative financial instruments	10,591	12,963	10,591	12,963
Deferred tax assets	3,304	3,367	-	-
Intangible assets	15,628	15,697	-	-
Total non-current assets	2,750,664	2,831,328	701,186	714,686
Total assets	3,227,355	3,361,914	1,625,821	1,862,910
LIABILITIES AND EQUITY				
Current liabilities:				
Short-term borrowings	175,463	194,991	29,996	74,993
Trade and other payables	113,061	135,365	19,078	29,666
Amount due to subsidiaries	-	-	45,395	44,456
Income tax payable	45,616	29,045	335	-
Total current liabilities	334,140	359,401	94,804	149,115
Non-current liabilities:				
Advances from subsidiaries	-	-	126,238	157,298
Long-term borrowings	599,900	809,188	349,552	499,244
Deferred tax liabilities	17,815	18,084	806	855
Total non-current liabilities	617,715	827,272	476,596	657,397
Share capital and reserves:				
Share capital	722,593	721,143	722,593	721,143
Reserves	1,303,438	1,210,137	183,075	186,502
Equity attributable to shareholders of the Company	2,026,031	1,931,280	905,668	907,645
Perpetual capital securities	148,753	148,753	148,753	148,753
	2,174,784	2,080,033	1,054,421	1,056,398
Non-controlling interests	100,716	95,208	-	-
Total equity	2,275,500	2,175,241	1,054,421	1,056,398
Total liabilities and equity	3,227,355	3,361,914	1,625,821	1,862,910

Note:

- (1) Associates and jointly controlled entities decreased mainly due to repayment and dividends received.
- (2) Completed properties held for sale decreased mainly due to sales during the period.
- (3) Investments increased mainly due to change in fair value by reference to the market prices as at Mar 31, 2018, which was credited to Other operating income.

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, 2018		As at Dec 31, 2017	
Secured	Unsecured	Secured	Unsecured
\$145,467,000	\$29,996,000	\$119,998,000	\$74,993,000

Amount repayable after one year

As at Mar 31, 2018		As at Dec 31, 2017	
Secured	Unsecured	Secured	Unsecured
\$249,637,000	\$350,263,000	\$458,296,000	\$350,892,000

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, 2018 \$'000	Quarter ended Mar 31, 2017 \$'000
Cash flows from operating activities:		
Profit before income tax and share of results of associates and jointly controlled entities	45,845	25,329
Adjustments for:		
Amortisation of intangible assets	94	84
Depreciation expense	14,598	13,680
Share-based payment expense	409	657
Fair value gain in held-for-trading investments	-	(131)
Fair value gain in investments	(12,259)	-
Gain on disposal of property, plant and equipment	(156)	(148)
Finance costs	6,810	7,000
Interest income	(395)	(217)
Dividend income	(261)	-
Profit before working capital changes	54,685	46,254
Trade and other payables	(20,339)	(21,885)
Completed properties held for sale	16,023	-
Receivables and prepayments	175	67,369
Held-for-trading investments	-	243
Inventories	716	818
Cash generated from operations	51,260	92,799
Dividend received	261	-
Income tax paid	(3,159)	(5,113)
Net cash from operating activities	48,362	87,686
Cash flows from (used in) investing activities:		
Additional property, plant and equipment	(18,693)	(15,782)
Additional investments	(287)	(6,164)
Net repayment from (investment in and advances to) associates and jointly controlled entities	206,930	(1,374)
Proceeds from disposal of property, plant and equipment	363	297
Net cash from (used in) investing activities	188,313	(23,023)
Cash flows used in financing activities:		
Interest received	395	217
Finance costs paid	(7,624)	(6,798)
Non-controlling shareholders	1,461	455
Additional borrowings	34,174	24,417
Repayment of borrowings	(262,850)	(36,426)
Net cash used in financing activities	(234,444)	(18,135)
Net increase in cash and cash equivalents	2,231	46,528
Cash and cash equivalents at beginning of period	207,597	113,371
Effect of exchange rate changes on cash balances held in foreign currencies	(796)	(484)
Cash and cash equivalents at end of period	209,032	159,415

Cash and cash equivalents at end of period

The cash and cash equivalents as at Mar 31, 2018, for the purposes of Consolidated Statement of Cash Flows, comprise of cash and bank balances less deposits under pledge to banks of \$4,135,000.

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, 2017	719,693	959,967	113,569	1,793,229	148,347	1,941,576	86,760	2,028,336
Effect of adoption of SFRS(l)	-	134,211	(134,211)	-	-	-	-	-
Balance as at Jan 1, 2017, as restated	719,693	1,094,178	(20,642)	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	1,104,904	(30,224)	1,795,823	-	1,795,823	89,611	1,885,434
Balance as at Jan 1, 2018	721,143	1,081,845	128,292	1,931,280	148,753	2,080,033	95,208	2,175,241
Effect of adoption of SFRS(l)	-	144,678	(144,678)	-	-	-	-	-
Balance as at Jan 1, 2018, as restated	721,143	1,226,523	(16,386)	1,931,280	148,753	2,080,033	95,208	2,175,241
Total comprehensive income for the period								
Profit for the period	-	87,484	-	87,484	-	87,484	5,361	92,845
Other comprehensive income (loss) for the period	-	-	6,858	6,858	-	6,858	(628)	6,230
Total	-	87,484	6,858	94,342	-	94,342	4,733	99,075
Transactions with owners, recognised directly in equity								
Recognition of share-based payments	-	-	409	409	-	409	-	409
Net movement during the period	-	-	-	-	-	-	775	775
Issue of shares	1,450	-	(1,450)	-	-	-	-	-
Total	1,450	-	(1,041)	409	-	409	775	1,184
Balance as at Mar 31, 2018	722,593	1,314,007	(10,569)	2,026,031	148,753	2,174,784	100,716	2,275,500

* 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, 2017	719,693	58,423	120,576	898,692	148,347	1,047,039
Effect of adoption of SFRS(l)	-	110,785	(110,785)	-	-	-
Balance as at Jan 1, 2017, as restated	719,693	169,208	9,791	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	164,155	9,730	895,028	-	895,028
Balance as at Jan 1, 2018	721,143	64,197	122,305	907,645	148,753	1,056,398
Effect of adoption of SFRS(l)	-	110,785	(110,785)	-	-	-
Balance as at Jan 1, 2018, as restated	721,143	174,982	11,520	907,645	148,753	1,056,398
Total comprehensive income (loss) for the period						
Loss for the period	-	(2,416)	-	(2,416)	-	(2,416)
Other comprehensive income for the period	-	-	30	30	-	30
Total	-	(2,416)	30	(2,386)	-	(2,386)
Transactions with owners, recognised directly in equity						
Recognition of share-based payments	-	-	409	409	-	409
Issue of shares	1,450	-	(1,450)	-	-	-
Total	1,450	-	(1,041)	409	-	409
Balance as at Mar 31, 2018	722,593	172,566	10,509	905,668	148,753	1,054,421

** 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, 2018, the number of outstanding share options under the Company's Share Option Scheme was 14,225,000 (as at Mar 31, 2017: 13,045,000), and the number of outstanding performance shares under the Company's Performance Share Plan was 703,800 (as at Mar 31, 2017: 1,055,700).

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

	Mar 31, 2018	Dec 31, 2017
Total number of issued shares excluding treasury shares	520,786,451	520,434,551

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 the new financial reporting framework - Singapore Financial Reporting Standards (International) ("SFRS(I)") that are mandatory for financial years beginning on or after January 1, 2018.

The adoption of SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)* has no significant impact to the Group, other than the reclassification of the credit balance of \$221,479,000 in the asset revaluation reserve as at January 1, 2017 (date of transition) to retained earnings, and the reset of cumulative foreign currency translation reserve to nil at the date of transition by reclassifying the debit balance of \$87,268,000 in the foreign currency translation reserve at that date to retained earnings.

The Group has also adopted SFRS(I) 9 *Financial Instruments* and SFRS(I) 15 *Revenue from Contracts with Customers* that are effective for annual periods beginning on or after January 1, 2018 and are relevant to the Group's operations. The adoption of SFRS(I) 9 has resulted in a change in the Group's accounting policy on available-for-sale investments. The Group has designated these investments as financial assets at fair value through profit or loss and an amount of \$13,917,000 was reclassified from other reserves to retained earnings as at January 1, 2018. The adoption of SFRS(I) 15 has no significant impact to the Group.

6. Earnings Per Ordinary Share

	Quarter ended Mar 31, 2018	Quarter ended Mar 31, 2017
Based on the weighted average number of ordinary shares in issue	16.47 cents	2.65 cents
On a fully diluted basis	16.43 cents	2.64 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, 2018	Dec 31, 2017
GROUP	\$3.89	\$3.71
COMPANY	\$1.74	\$1.74

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 first quarter ended March 31, 2018, the Group achieved a revenue of \$173.4 million, which is 19.7% higher than the \$144.8 million recorded for the corresponding quarter last year. The increase was mainly attributable to sale of completed condominium units from the Tomlinson Heights development.

The Group's share of results of associates and jointly controlled entities increased significantly from \$2.4 million for Q1 2017 to \$66.7 million for Q1 2018, mainly due to profits from Holland Park Villas development in London. The Group also received dividends and repayment of shareholders' loan from the jointly controlled entity that developed Holland Park Villas, which was utilised for repayment of bank borrowings.

Group profit before income tax for the quarter ended March 31, 2018 was \$112.5 million compared to \$27.8 million for the corresponding quarter last year. After taking into account income tax and non-controlling interests, the net profit attributable to shareholders for the quarter ended March 31, 2018 was \$87.5 million, 5.4 times that of \$16.1 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.

Looking ahead, the global economic environment continues to be largely positive, although geopolitical uncertainties remain.

The Group will continue marketing our remaining completed residential properties in Singapore and London. Our hotels and resorts are also expected to continue to provide a recurring income stream for the Group.

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/recommendeded, 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.

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 2018 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 14, 2018