Hoegh LNG Partners LP
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SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 6-K

REPORT OF FOREIGN PRIVATE ISSUER

PURSUANT TO RULE 13a-16 OR 15d-16

UNDER THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2016

Commission File Number 001-36588

Höegh LNG Partners LP

(Translation of registrant’s name into English)

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(Address of principal executive office)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F x Form 40-F ¨

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101 (b)(1).

Yes ¨ No x

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Yes ¨ No x

HÖEGH LNG PARTNERS LP

REPORT ON FORM 6-K FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 2016

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MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following is a discussion of our financial condition and results of operations for the three and nine months ended September 30, 2016 and 2015. References in this report to "Höegh LNG Partners LP," "we," "our," "us" and "the Partnersh refer to Höegh LNG Partners LP or any one or more of its subsidiaries, or to all such entities unless the context otherwise indicates. References in this report to "Höegh Lampung" refer to Hoegh LNG Lampung Pte Ltd., a wholly owned subsidiary of our operating company. References in this report to "Höegh FSRU III" refer to Höegh LNG FSRU III Ltd., a wholly owned subsidiary of our operating company. References in this report to "Höegh Cyprus" refer to Hoegh LNG Cyprus Limited including its wholly owned branch, Hoegh LNG Cyprus Limited Egypt Branch ("Egypt Branch"), a wholly owned subsidiary of Höegh FSRU III and the owner of Höegh Gallant. References in this report to "PT Höegh" refer to PT Hoegh LNG Lampung, the owner of the PGN FSRU Lampung. References in this report to our or the "joint ventures" refer to SRV Joint Gas Ltd. and/or SRV Joint Gas Two Ltd., the joint ventures that own two of the vessels in our fleet, the Neptune[1] and the GDF Suez Cape Ann, respectively. References in this report to "GDF Suez" refer to GDF Suez LNG Supply S.A., a subsidiary of ENGIE. References in this report to "PGN LNG" refer to PT PGN LNG Indonesia, a subsidiary of PT Perusahaan Gas Negara (Persero) Tbk ("PGN").

References in this report to "Höegh LNG" refer, depending on the context, to Höegh LNG Holdings Ltd. and to any one or more of its direct and indirect subsidiaries, other than us. References in this report to "EgyptCo" refer to Höegh LNG Egypt LLC, a wholly owned subsidiary of Höegh LNG.

You should read this section in conjunction with the unaudited condensed interim consolidated and combined carve-out financial statements as of and for the periods ended September 30, 2016 and 2015 and the related notes thereto included elsewhere in this report, as well as our historical consolidated and combined carve-out financial statements and related notes included in our report on Form 20-F filed with the Securities and Exchange Commission ("SEC") on April 28, 2016. This discussion includes forward looking statements which, although based on assumptions that we consider reasonable, are subject to risks and uncertainties which could cause actual events or conditions to differ materially from those currently anticipated and expressed or implied by such forward looking statements. See also the discussion in the section entitled "Forward Looking Statements" below.

Highlights

- Reported total time charter revenues of $23.3 million for the third quarter of 2016 compared to $11.5 million of time charter revenues for the third quarter of 2015

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- Generated operating income of $20.3 million and net income of $13.4 million for the third quarter of 2016 compared to operating income of $7.5 million and net income of $5.2 million for the third quarter of 2015; operating income and net income were impacted by unrealized gains on derivative instruments on the Partnership's share of equity in earnings of joint ventures in the third quarter of 2016 compared with unrealized losses for the third quarter of 2015

- On November 14, 2016, paid a $0.4125 per unit distribution with respect to the third quarter of 2016, equivalent to $1.65 per unit on an annual basis

[1] The *GDF Suez Neptune* was renamed to the *Neptune* with effect from November 10, 2016.

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Our results of operations

(in thousands of U.S. dollars, except per unit amounts)	Three months ended September 30, 2016	2015	Nine months ended September 30, 2016	2015
Statement of Income Data:				
Time charter revenues	$23,345	11,462	67,799	$34,039
Total revenues	23,345	11,462	67,799	34,039
Vessel operating expenses	(4,674)	(1,684)	(12,708)	(5,543)
Construction contract expenses	—	—	(315)	—
Administrative expenses	(2,336)	(1,984)	(7,036)	(6,298)
Depreciation and amortization	(2,647)	(8)	(7,912)	(23)
Total operating expenses	(9,657)	(3,676)	(27,971)	(11,864)
Equity in earnings (losses) of joint ventures	6,565	(249)	(2,010)	9,111
Operating income (loss)	20,253	7,537	37,818	31,286
Interest income	192	2,423	697	7,275
Interest expense	(6,283)	(3,744)	(19,043)	(11,253)
Gain (loss) on derivative instruments	517	354	1,178	467
Other items, net	(778)	(1,276)	(2,779)	(3,310)
Income (loss) before tax	13,901	5,294	17,871	24,465
Income tax expense	(476)	(109)	(1,426)	(261)
Net income (loss)	$13,425	5,185	16,445	$24,204
Earnings per unit				
Common units public (basic and diluted)	$0.51	$0.20	$0.61	$0.92
Common units Höegh LNG (basic and diluted)	$0.51	$0.20	$0.63	$0.92
Subordinated units (basic and diluted)	$0.51	$0.20	$0.63	$0.92
Cash Flow Data:				
Net cash provided by (used in) operating activities	$14,513	$11,374	$33,949	$30,101
Net cash provided by (used in) investing activities	2,331	2,154	7,325	5,865
Net cash provided by (used in) financing activities	$(14,045)	$(17,590)	$(53,337)	$(41,132)
Other Financial Data:				
Segment EBITDA(1)	$24,893	16,139	73,314	$46,560

(1) Segment EBITDA is a non-GAAP financial measure. Please read "Non-GAAP Financial Measure" for a definition of Segment EBITDA and a reconciliation of Segment EBITDA to net income, the comparable U.S. GAAP financial measure.

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Nine Months ended September 30, 2016 Compared with the Nine Months ended September 30, 2015

Time Charter Revenues. The following table sets forth details of our time charter revenues for the nine months ended September 30, 2016 and 2015:

	Nine months ended September 30,		Positive (negative)
(in thousands of U.S. dollars)	2016	2015	variance
Time charter revenues	$ 67,799	$ 34,039	$ 33,760

Time charter revenues for the nine months ended September 30, 2016 were $67.8 million, an increase of $33.8 million from the nine months ended September 30, 2015. The increase mainly relates to the revenue for the *Höegh Gallant* for the nine months ended September 30, 2016 which was acquired on October 1, 2015. For the nine months ended September 30, 2016 scheduled and follow-on maintenance for the *Höegh Gallant* occurred resulting reduced hire equivalent to approximately 18 day of off-hire. No further maintenance is expected in the fourth quarter of 2016.

Time charter revenues for the *PGN FSRU Lampung* consist of the lease element of the time charter, accounted for as a direct financing lease using the effective interest rate method, as well as fees for providing time charter services, vessel operating expenses and withholding tax borne by the charterer. Time charter revenues for the *Höegh Gallant* consisted of the fixed daily hire rate which covers the operating lease and the provision of time charter services including the costs incurred to operate the vessel.

Vessel Operating Expenses. The following table sets forth details of our vessel operating expenses for the nine months ended September 30, 2016 and 2015:

	Nine months ended September 30,		Positive (negative)
(in thousands of U.S. dollars)	2016	2015	variance
Vessel operating expenses	$ (12,708)	$ (5,543)	$ (7,165)

Vessel operating expenses for the nine months ended September 30, 2016 were $12.7 million, an increase of $7.2 million from the nine months ended September 30, 2015. The increase reflects approximately $7.5 million of higher vessel operating expenses due to the inclusion of the *Höegh Gallant,* including $0.5 million related to higher expenses for consumables as a result of the additional maintenance during the second and third quarter of 2016. The increase in vessel operating expenses for the *Höegh Gallant* was partially offset by the reduction of $0.3 million in vessel operating expenses for the *PGN FSRU Lampung* for the nine months ended September 30, 2016 compared with the nine months ended September 30, 2015.

Construction Contract Expenses. The following table sets forth details of our construction contract expenses for the nine months ended September 30, 2016 and 2015:

(in thousands of U.S. dollars)	Nine months ended September 30, 2016	2015	Positive (negative) variance
Construction contract expenses	$ (315)	$ —	$ (315)

The Mooring is an offshore installation that is used to moor the *PGN FSRU Lampung* to offload natural gas into an offshore pipe that transports the gas to a land terminal for the charterer, PGN LNG. The Mooring was constructed on behalf of, and was sold to, PGN LNG and was accounted for using the percentage of completion method. Under the percentage of completion method, construction contract revenues and expenses of the Mooring were reflected in the consolidated and combined carve-out statements of income until December 31, 2014 when the Mooring project was completed. As of December 31, 2014, the Partnership recorded a warranty allowance of $2.0 million for technical issues that required the replacement of equipment parts for the Mooring. As of September 30, 2016, approximately $1.1 million of the warranty allowance has been used. The final replacement parts have been ordered and installation cost was estimated for the warranty replacements. The revised estimate exceeded the remaining warranty allowance. As a result, an additional warranty provision of $0.3 million was recorded as of June 30, 2016. The Partnership filed and was paid for an additional indemnification claim in the third quarter of 2016 for the increased warranty allowance of $0.3 million by Höegh LNG. Indemnification payments received from Höegh LNG are subject to repayment to the extent the amounts are subsequently recovered from insurance.

Administrative Expenses. The following table sets forth details of our administrative expenses for the nine months ended September 30, 2016 and 2015:

(in thousands of U.S. dollars)	Nine months ended September 30, 2016	2015	Positive (negative) variance
Administrative expenses	$ (7,036)	$ (6,298)	$ (738)

Administrative expenses for the nine months ended September 30, 2016 were $7.0 million, an increase of $0.7 million from $6.3 million for the nine months ended September 30, 2015. The higher administrative expenses for the nine months ended September 30, 2016 were mainly due to the inclusion of administrative expenses related to the *Höegh Gallant* which were not included for the corresponding period of 2015.

Depreciation and Amortization. The following table sets forth details of our depreciation and amortization for the nine months ended September 30, 2016 and 2015:

(in thousands of U.S. dollars)	Nine months ended September 30, 2016	2015	Positive (negative) variance
Depreciation and amortization	$ (7,912)	$ (23)	$ (7,889)

Depreciation and amortization for the nine months ended September 30, 2016 was $7.9 million, an increase of $7.9 million compared to the nine months ended September 30, 2015. The increase was due to the depreciation of the *Höegh Gallant* in the nine months ended September 30, 2016. For the nine months ended September 30, 2015, depreciation only related to office and IT equipment.

Total Operating Expenses. The following table sets forth details of our total operating expenses for the nine months ended September 30, 2016 and 2015:

(in thousands of U.S. dollars)	Nine months ended September 30, 2016	2015	Positive (negative) variance
Total operating expenses	$ (27,971)	$ (11,864)	$ (16,107)

Total operating expenses for the nine months ended September 30, 2016 were $28.0 million, an increase of $16.1 million from $11.9 million for the nine months ended September 30, 2015. The increase is mainly due to the additional vessel operating expenses and depreciation in the nine months ended September 30, 2016 as a result of acquiring the *Höegh Gallant*, with no comparative expenses for the nine months ended September 30, 2015. The *Höegh Gallant* was acquired on October 1, 2015 and included in operations from the date of acquisition. The increase in the warranty provision in construction contract expenses also contributed to the higher total operating expenses for the nine months ended September 30, 2016 compared to the nine months ended September 30, 2015.

Equity in Earnings (Losses) of Joint Ventures. The following table sets forth details of our equity in earnings (losses) of joint ventures for the nine months ended September 30, 2016 and 2015:

	Nine months ended September 30,		Positive (negative)
(in thousands of U.S. dollars)	2016	2015	variance
Equity in earnings (losses) of joint ventures	$ (2,010)	$ 9,111	$ (11,121)

Equity in losses of joint ventures for the nine months ended September 30, 2016 was $2.0 million, a decrease of $11.1 million from equity in earnings of $9.1 million for the nine months ended September 30, 2015. The reason for the loss was an unrealized loss on derivative instruments in our joint ventures for the nine months ended September 30, 2016. By comparison, the equity in earnings of joint ventures for the nine months ended September 30, 2015 was significantly impacted by an unrealized gain on derivative instruments.

Our share of our joint ventures' operating income was $18.4 million for the nine months ended September 30, 2016, compared with $17.4 million for the nine months ended September 30, 2015. Our share of other financial income (expense), net, principally consisting of interest expense, was $11.4 million for the nine months ended September 30, 2016, a decrease of $0.7 million from $12.1 million for the nine months ended September 30, 2015. Our share of unrealized losses on derivative instruments was $9.0 million for the nine months ended September 30, 2016, a decrease of $12.8 million from unrealized gain of $3.8 million for the nine months ended September 30, 2015.

There was no accrued income tax expense for the nine months ended September 30, 2016 and 2015. Our joint ventures did not pay any dividends for the nine months ended September 30, 2016 and 2015.

Operating Income (Loss). The following table sets forth details of our operating income (loss) for the nine months ended September 30, 2016 and 2015:

	Nine months ended September 30,		Positive (negative)
(in thousands of U.S. dollars)	2016	2015	variance
Operating income (loss)	$ 37,818	$ 31,286	$ 6,532

Operating income for the nine months ended September 30, 2016 was $37.8 million, an increase of $6.5 million from operating income of $31.3 million for the nine months ended September 30, 2015. Excluding the impact of the unrealized gains (losses) on derivatives for the nine months ended September 30, 2016 and 2015 impacting the equity in earnings (losses) of joint ventures, operating income for the nine months ended September 30, 2016 would have been $46.8 million, an increase of $19.3 million from $27.5 million for the nine months ended September 30, 2015. Excluding the unrealized gains (losses) on derivative instruments, the increase for the nine months ended September 30, 2016 is primarily due to the inclusion of the results of the *Höegh Gallant* acquired on October 1, 2015.

Interest Income. The following table sets forth details of our interest income for the nine months ended September 30, 2016 and 2015:

	Nine months ended September 30,		Positive (negative)
(in thousands of U.S. dollars)	2016	2015	variance
Interest income	$ 697	$ 7,275	$ (6,578)

Interest income for the nine months ended September 30, 2016 was $0.7 million, a decrease of $6.6 million from $7.3 million for the nine months ended September 30, 2015. Interest income of $0.7 million related mainly to interest income on the advances to our joint ventures for the nine months ended September 30, 2016, while interest income of $7.3 million for the nine months ended September 30, 2015 included interest income on the $140 million demand note from Höegh LNG of $6.3 million and interest income on the advances to our joint ventures of $1.0 million. The decrease in interest income from joint ventures in the nine months ended September 30, 2016 is due to repayments made by our joint ventures of a portion of the principal of the shareholder loans between the periods. The interest rate under the shareholder loans to our joint ventures is a fixed rate of 8.0% per year. We lent $140 million to Höegh LNG from the net proceeds of the IPO pursuant to a demand note. The demand note was cancelled on October 1, 2015 as part of the purchase consideration for the acquisition of the *Höegh Gallant*.

Interest Expense. The following table sets forth details of our interest expense for the nine months ended September 30, 2016 and 2015:

(in thousands of U.S. dollars)	Nine months ended September 30, 2016	2015	Positive (negative) variance
Interest expense	$ (16,601)	$ (8,403)	$ (8,198)
Commitment fees	(896)	(904)	8
Amortization of debt issuance cost and fair value of debt assumed	(1,546)	(1,946)	400
Total interest expense	$ (19,043)	$ (11,253)	$ (7,790)

Interest expense for the nine months ended September 30, 2016 was $19.0 million, an increase of $7.8 million from $11.2 million for the nine months ended September 30, 2015. Interest expense consists of the interest incurred, commitment fees and amortization of debt issuance cost and fair value of debt assumed for the period.

The interest incurred of $16.6 million for the nine months ended September 30, 2016, increased by $8.2 million compared to $8.4 million for the nine months ended September 30, 2015, principally due to higher outstanding loan balances. For the nine months ended September 30, 2015, most of the interest incurred related to the loan facility related to the *PGN FSRU Lampung* (the "Lampung facility"). On October 1, 2015, we acquired the company that indirectly owns the *Höegh Gallant*, and liabilities assumed in the acquisition included tranches under the long-term loan facility related to the *Höegh Gallant* (the "Gallant facility"). In addition, we financed part of the acquisition with a seller's credit note. In August 2016, we drew $5.4 million on the $85 million sponsor credit facility. Accordingly, the interest incurred for the nine months ended September 30, 2016 included interest for the Lampung and Gallant facilities, the seller's credit note and the outstanding balance on the sponsor credit facility.

Commitment fees were $0.9 million for each of the nine months ended September 30, 2016 and 2015. The commitment fees relate to the undrawn balance on the $85 million sponsor credit facility.

Amortization of debt issuance cost and fair value of debt assumed for the nine months ended September 30, 2016 and 2015 was $1.5 million and $1.9 million, respectively. As a result of the acquisition of the *Höegh Gallant*, the long-term debt assumed under the Gallant facility was recognized at its fair value which is amortized to interest expense using the effective interest method. The impact for the nine months ended September 30, 2016 was a reduced interest expense by approximately $0.3 million compared to the corresponding period of 2015.

Gain (Loss) on Derivative Instruments. The following table sets forth details of our gain (loss) on derivative instruments for the nine months ended September 30, 2016 and 2015:

	Nine months ended September 30,		Positive (negative)
(in thousands of U.S. dollars)	2016	2015	variance
Gain (loss) on derivative instruments	$ 1,178	$ 467	$ 711

Gain on derivative instruments for the nine months ended September 30, 2016 was $1.2 million, an increase of $0.7 million from $0.5 million for the nine months ended September 30, 2015. Gain on derivative instruments for the nine months ended September 30, 2016 related to the interest rate swaps for the Lampung facility and the Gallant facility. The increase is mainly due to higher amortization of the amount excluded from hedge effectiveness related to interest rate swaps for the Gallant facility.

Other Items, Net. The following table sets forth details of our other items, net for the nine months ended September 30, 2016 and 2015:

(in thousands of U.S. dollars)	Nine months ended September 30, 2016	2015	Positive (negative) variance
Foreign exchange gain (loss)	$ (430)	$ (1,315)	$ 885
Bank charges, fees and other	(137)	(38)	(99)
Withholding tax on interest expense and other	(2,212)	(1,957)	(255)
Total other items, net	$ (2,779)	$ (3,310)	$ 531

Other items, net were $2.8 million and $3.3 million for the nine months ended September 30, 2016 and 2015, respectively.

We have certain monetary assets and liabilities denominated in Egyptian pounds related to the operations of the *Höegh Gallant*. On March 14, 2016, the Egyptian authorities devalued the Egyptian pound to the U.S. dollar by approximately 14%. The resulting foreign exchange loss was approximately $0.2 million which was recorded in the first quarter of 2016. The remaining exchange losses for the nine months ended September 30, 2016 mainly relate to other currencies. For the nine months ended September 30, 2015, exchange losses mainly related to Indonesia.

Withholding tax on interest expense and other for the nine months ended September 30, 2016 was approximately $2.2 million, an increase of $0.2 million from $2.0 million for the nine months ended September 30, 2015. The withholding tax is required on interest expense to parties outside of Singapore and Indonesia.

Income (Loss) Before Tax. The following table sets forth details of our income (loss) before tax for the nine months ended September 30, 2016 and 2015:

(in thousands of U.S. dollars)	Nine months ended September 30, 2016	2015	Positive (negative) variance
Income (loss) before tax	$ 17,871	$ 24,465	$ (6,594)

Income before tax for the nine months ended September 30, 2016 was $17.9 million, a decrease of $6.6 million from $24.5 million for the nine months ended September 30, 2015. The income before tax for both periods was impacted by unrealized gains (losses) on derivative instruments mainly on the Partnership's share of equity in earnings (losses) of joint ventures. Excluding all the unrealized gains (losses) on derivative instruments, income before tax for the nine months ended September 30, 2016 was $25.7 million, an increase of $5.5 million from $20.2 million for the nine months ended September 30, 2015. Excluding the unrealized gains (losses) on derivative instruments, the increase is primarily due to the results of the *Höegh Gallant* which is partially offset by the reduction of the interest income on the $140 million demand note cancelled as part of the acquisition price.

Income Tax Expense. The following table sets forth details of our income tax expense for the nine months ended September 30, 2016 and 2015:

(in thousands of U.S. dollars)	Nine months ended September 30, 2016	2015	Positive (negative) variance
Income tax expense	$ (1,426)	$ (261)	$ (1,165)

Income tax expense for the nine months ended September 30, 2016 was $1.4 million, an increase of $1.1 million compared to $0.3 million for the nine months ended September 30, 2015. We are not subject to Marshall Islands income taxes. However, we are subject to tax for earnings of our subsidiaries incorporated in Singapore, Indonesia, Cyprus and the UK. For the nine months ended September 30, 2016, the income tax expense largely related to the subsidiaries in Singapore and Indonesia. The income tax expense for the nine months ended September 30, 2015 mainly related to the subsidiary in Singapore. The Singapore subsidiary's taxable income mainly arises from internal interest income.

Net Income (Loss). The following table sets forth details of our net income (loss) for the nine months ended September 30, 2016 and 2015:

(in thousands of U.S. dollars)	Nine months ended September 30, 2016	2015	Positive (negative) variance
Net income (loss)	$ 16,445	$ 24,204	$ (7,759)

As a result of the foregoing, net income for the nine months ended September 30, 2016 was $16.4 million, a decrease of $7.8 million from net income of $24.2 million for the nine months ended September 30, 2015.

Segments

There are two operating segments. The segment profit measure is Segment EBITDA, which is defined as earnings before interest, taxes, depreciation, amortization and other financial items (gains and losses on derivative instruments and other items, net). Segment EBITDA is reconciled to operating income and net income in the segment presentation below. The two segments are "Majority held FSRUs" and "Joint venture FSRUs." In addition, unallocated corporate costs that are considered to benefit the entire organization and interest income from advances to joint ventures and the demand note due from Höegh LNG and interest expense related to the seller's credit note are included in "Other."

For the nine months ended September 30, 2016, Majority held FSRUs includes the direct financing lease related to the *PGN FSRU Lampung* and the operating lease related to the *Höegh Gallant* acquired on October 1, 2015. For the nine months ended September 30, 2015, Majority held FSRUs includes only the direct financing lease related to the *PGN FSRU Lampung*.

As of September 30, 2016 and 2015, Joint venture FSRUs include two 50% owned FSRUs, the *Neptune* and the *GDF Suez Cape Ann*, that operate under long term time charters with one charterer, GDF Suez Global LNG Supply SA.

The accounting policies applied to the segments are the same as those applied in the financial statements, except that Joint venture FSRUs are presented under the proportional consolidation method for the segment note and in the tables below, and under equity accounting for the consolidated and combined carve-out financial statements. Under the proportional consolidation method, 50% of the Joint venture FSRUs' revenues, expenses and assets are reflected in the segment note. Management monitors the results of operations of joint ventures under the proportional consolidation method and not the equity method of accounting. The following tables include the results for the segments for the nine months ended September 30, 2016 and 2015.

Majority Held FSRUs. The following table sets forth details of segment results for the Majority Held FSRUs for the nine months ended September 30, 2016 and 2015:

Majority Held FSRUs (in thousands of U.S. dollars)	Nine months ended September 30, 2016	2015	Positive (negative) variance
Time charter revenues	$67,799	$34,039	$ 33,760
Vessel operating expenses	(12,708)	(5,543)	(7,165)
Construction contract expense	(315)	—	(315)
Administrative expenses	(2,336)	(1,841)	(495)
Segment EBITDA	52,440	26,655	25,785
Depreciation and amortization	(7,912)	(23)	(7,889)
Operating income (loss)	44,528	26,632	17,896
Gain (loss) on derivative instruments	1,178	467	711
Other financial income (expense), net	(17,969)	(13,643)	(4,326)
Income (loss) before tax	27,737	13,456	14,281
Income tax expense	(1,421)	(261)	(1,160)
Net income (loss)	$26,316	$13,195	$ 13,121

Time charter revenues for the nine months ended September 30, 2016 were $67.8 million, an increase of $33.8 million from the nine months ended September 30, 2015. During the nine months ended September 30, 2016, the *PGN FSRU Lampung* and the *Höegh Gallant* were operating under time charters while the time charter revenues for the nine months ended September 30, 2015, related only to the operation of the *PGN FSRU Lampung* since the *Höegh Gallant* was acquired on October 1, 2015.

Vessel operating expenses for the nine months ended September 30, 2016 were $12.7 million compared to $5.5 million for the nine months ended September 30, 2015. The increase reflects approximately $7.5 million of higher vessel operating expenses due to the inclusion of the *Höegh Gallant,* including $0.5 million related to higher expenses for consumables as a result of the additional maintenance during the second and third quarter of 2016. The increase in vessel operating expenses for the *Höegh Gallant* was partially offset by the reduction of $0.3 million in vessel operating expenses for the *PGN FSRU Lampung* for the nine months ended September 30, 2016 compared with the nine months ended September 30, 2015.

Construction contract expenses were $0.3 million for the nine months ended September 30, 2016. As discussed in more detail above, an additional warranty provision of $0.3 million related to the Mooring was recorded in the second quarter of 2016.

Administrative expenses for the nine months ended September 30, 2016 were $2.3 million, an increase of $0.5 million from $1.8 million for the nine months ended September 30, 2015. Higher administrative expenses in the nine months ended September 30, 2016 were mainly due to activities associated with the *Höegh Gallant* acquired on October 1, 2015.

Segment EBITDA for the nine months ended September 30, 2016 was $52.4 million, an increase of $25.7 million from $26.7 million for the nine months ended September 30, 2015 mainly due to the contribution from the operations of the *Höegh Gallant*.

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Joint Venture FSRUs. The following table sets forth details of segment results for the Joint Venture FSRUs for the nine months ended September 30, 2016 and 2015:

Joint Venture FSRUs (in thousands of U.S. dollars)	Nine months ended September 30, 2016	2015	Positive (negative) variance
Time charter revenues	$32,054	$31,899	$155
Vessel operating expenses	(5,582)	(6,848)	1,266
Administrative expenses	(898)	(689)	(209)
Segment EBITDA	25,574	24,362	1,212
Depreciation and amortization	(7,131)	(6,941)	(190)
Operating income (loss)	18,443	17,421	1,022
Gain (loss) on derivative instruments	(9,028)	3,830	(12,858)
Other income (expense), net	(11,425)	(12,140)	715
Income (loss) before tax	(2,010)	9,111	(11,121)
Income tax expense	—	—	—
Net income (loss)	$(2,010)	$9,111	$(11,121)

The segment results for the Joint Venture FSRUs are presented using the proportional consolidation method (which differs from the equity method used in the historical unaudited interim consolidated and combined carve-out financial statements).

Total time charter revenues for the nine months ended September 30, 2016 were $32.1 million, an increase of $0.2 million compared to $31.9 million for the nine months ended September 30, 2015. Higher revenues for the nine months ended September 30, 2016 reflects reimbursement for part of the higher administrative expenses for the period.

Vessel operating expenses were $5.6 million for the nine months ended September 30, 2016 compared to $6.8 million for the nine months ended September 30, 2015. The decrease of $1.2 million for the nine months ended September 30, 2016 compared to the nine months ended September 30, 2015 was due to higher than average expenses for one of the joint ventures during the second quarter of 2015.

Administrative expenses were $0.9 million for the nine months ended September 30, 2016, compared to $0.7 million for the nine months ended September 30, 2015. The higher administrative expenses are partly due to a project. These expenses are reimbursed by the charterer.

Segment EBITDA was $25.6 million for the nine months ended September 30, 2016, an increase of $1.2 million compared with $24.4 million for the nine months ended September 30, 2015. The increase was mainly due to lower vessel operating expenses for the nine months ended September 30, 2016 compared to the nine months ended September 30, 2015.

Other. The following table sets forth details of other results for the nine months ended September 30, 2016 and 2015:

Other (in thousands of U.S. dollars)	Nine months ended September 30, 2016	 2015	Positive (negative) variance
Administrative expenses	$ (4,700)	$ (4,457)	$ (243)
Segment EBITDA	(4,700)	(4,457)	(243)
Operating income (loss)	(4,700)	(4,457)	(243)
Other financial income (expense), net	(3,156)	6,355	(9,511)
Income (loss) before tax	(7,856)	1,898	(9,754)
Income tax expense	(5)	—	(5)
Net income (loss)	$ (7,861)	$ 1,898	$ (9,759)

Administrative expenses and Segment EBITDA for the nine months ended September 30, 2016 were $4.7 million, an increase of $0.2 million from $4.5 million for the nine months ended September 30, 2015. The main reason for the increase was higher audit and legal fees related to the filing of a shelf registration statement during the nine months ended September 30, 2016.

Other financial income (expense), net, which is not part of the segment measure of profits, is related to the interest income accrued on the advances to our joint ventures and the $140 million demand note from Höegh LNG until it was cancelled on October 1, 2015 and interest expense, including commitment fees, on a seller's credit note issued in connection with the acquisition of *Höegh Gallant* on October 1, 2015 and the $85 million sponsor credit facility. In August 2016, we drew $5.4 million on the $85 million sponsor credit facility.

Financial income (expense), net for the nine months ended September 30, 2016 was an expense of $3.2 million, a decrease of $9.6 million from income of $6.4 million for the nine months ended September 30, 2015. The decrease in financial income (expense), net is a result of a decrease in interest income from the $140 million demand note and increase in interest expense for the seller's credit note and sponsor credit facility for the nine months ended September 30, 2016 compared to the nine months ended September 30, 2015.

Three Months Ended September 30, 2016 Compared with the Three Months Ended September 30, 2015

Time Charter Revenues. The following table sets forth details of our time charter revenues for the three months ended September 30, 2016 and 2015:

	Three months ended September 30,		Positive (negative)
(in thousands of U.S. dollars)	2016	2015	variance
Time charter revenues	$ 23,345	$ 11,462	$ 11,883

Time charter revenues for the three months ended September 30, 2016 were $23.3 million, an increase of $11.9 million from the three months ended September 30, 2015. The increase mainly relates to the revenue for the *Höegh Gallant* for the three months ended September 30, 2016 which was acquired on October 1, 2015. During the third quarter of 2016, additional maintenance for the *Höegh Gallant* occurred resulting in several days of reduced hire equivalent to approximately one day of off-hire.

Time charter revenues for the *PGN FSRU Lampung* consist of the lease element of the time charter, accounted for as a direct financing lease using the effective interest rate method, as well as fees for providing time charter services, vessel operating expenses and withholding taxes borne by the charterer. Time charter revenues for the *Höegh Gallant* consisted of the fixed daily hire rate which covers the operating lease and the provision of time charter services including the costs incurred to operate the vessel.

Vessel Operating Expenses. The following table sets forth details of our vessel operating expenses for the three months ended September 30, 2016 and 2015:

	Three months ended September 30,		Positive (negative)
(in thousands of U.S. dollars)	2016	2015	variance
Vessel operating expenses	$ (4,674)	$ (1,684)	$ (2,990)

Vessel operating expenses for the three months ended September 30, 2016 were $4.7 million, an increase of $3.0 million from the three months ended September 30, 2015. The increase reflects approximately $2.9 million of higher vessel operating expenses due to the inclusion of the *Höegh Gallant,* including $0.2 million related to higher expenses for consumables as a result of the additional maintenance during the third quarter of 2016. There was also an increase of approximately $0.1 million in vessel operating expenses for the *PGN FSRU Lampung* in three months ended September 30, 2016 compared to the corresponding period of 2015.

Administrative Expenses. The following table sets forth details of our administrative expenses for the three months ended September 30, 2016 and 2015:

	Three months ended September 30,		Positive (negative)
(in thousands of U.S. dollars)	2016	2015	variance
Administrative expenses	$ (2,336)	$ (1,984)	$ (352)

Administrative expenses for the three months ended September 30, 2016 were $2.3 million, an increase of $0.3 million from $2.0 million for the three months ended September 30, 2015. The higher administrative expenses for the three months ended September 30, 2016 were mainly due to higher audit and legal fees related to the filing of a shelf registration statement during the three months ended September 30, 2016.

Depreciation and Amortization. The following table sets forth details of our depreciation and amortization for the three months ended September 30, 2016 and 2015:

(in thousands of U.S. dollars)	Three months ended September 30, 2016	2015	Positive (negative) variance
Depreciation and amortization	$ (2,647)	$ (8)	$ (2,639)

Depreciation and amortization for the three months ended September 30, 2016 was $2.6 million, an increase of $2.6 million compared to the three months ended September 30, 2015. The increase was due to the depreciation of the *Höegh Gallant* in the three months ended September 30, 2016. For the three months ended September 30, 2015, depreciation only related to office and IT equipment.

Total Operating Expenses. The following table sets forth details of our total operating expenses for the three months ended September 30, 2016 and 2015:

(in thousands of U.S. dollars)	Three months ended September 30, 2016	2015	Positive (negative) variance
Total operating expenses	$ (9,657)	$ (3,676)	$ (5,981)

Total operating expenses for the three months ended September 30, 2016 were $9.7 million, an increase of $6.0 million from $3.7 million for the three months ended September 30, 2015. The increase is mainly due to the additional vessel operating expenses and depreciation in the three months ended September 30, 2016 as a result of acquiring the *Höegh Gallant*, with no comparative expenses for the three months ended September 30, 2015. The *Höegh Gallant* was acquired on October 1, 2015 and included in the operations from the date of acquisition.

Equity in Earnings (Losses) of Joint Ventures. The following table sets forth details of our equity in earnings (losses) of joint ventures for the three months ended September 30, 2016 and 2015:

(in thousands of U.S. dollars)	Three months ended September 30, 2016	2015	Positive (negative) variance
Equity in earnings (losses) of joint ventures	$ 6,565	$ (249)	$ 6,814

Equity in earnings of joint ventures for the three months ended September 30, 2016 was $6.6 million, an increase of $6.8 million from equity in losses of $0.2 million for the three months ended September 30, 2015. The main reason for the increase in earnings was an unrealized gain on derivative instruments in our joint ventures for the three months ended September 30, 2016. By comparison, the equity in earnings of joint ventures for the three months ended September 30, 2015 was significantly impacted by an unrealized loss on derivative instruments.

Our share of our joint ventures' operating income for the three months ended September 30, 2016 was $6.2 million, an increase of $0.3 million compared with $5.9 million for the three months ended September 30, 2015. Our share of other financial expense, net, principally consisting of interest expense, was $3.8 million for the three months ended September 30, 2016, a decrease of $0.2 million from $4.0 million for the three months ended September 30, 2015. Our share of unrealized gain on derivative instruments was $4.1 million for the three months ended September 30, 2016, an increase of $6.2 million from an unrealized loss of $2.1 million for the three months ended September 30, 2015.

There was no accrued income tax expense for the three months ended September 30, 2016 and 2015. Our joint ventures did not pay any dividends for the three months ended September 30, 2016 and 2015.

Operating Income (Loss). The following table sets forth details of our operating income (loss) for the three months ended September 30, 2016 and 2015:

(in thousands of U.S. dollars)	Three months ended September 30, 2016	2015	Positive (negative) variance
Operating income (loss)	$ 20,253	$ 7,537	$ 12,716

Operating income for the three months ended September 30, 2016 was $20.3 million, an increase of $12.7 million from operating income of $7.5 million for the three months ended September 30, 2015. Excluding the impact of the unrealized gains (losses) on derivatives for the three months ended September 30, 2016 and 2015 impacting the equity in earnings (losses) of joint ventures, operating income for the three months ended September 30, 2016 would have been $16.1 million, an increase of $6.5 million from $9.6 million for the three months ended September 30, 2015. Excluding the unrealized gains (losses) on derivative instruments, the increase for the three months ended September 30, 2016 is mainly due to inclusion of the results of the *Höegh Gallant* acquired on October 1, 2015 and higher results of the equity in earnings of joint ventures.

Interest Income. The following table sets forth details of our interest income for the three months ended September 30, 2016 and 2015:

(in thousands of U.S. dollars)	Three months ended September 30, 2016	2015	Positive (negative) variance
Interest income	$ 192	$ 2,423	$ (2,231)

Interest income for the three months ended September 30, 2016 was $0.2 million, a decrease of $2.2 million from $2.4 million for the three months ended September 30, 2015. Interest income of $0.2 million related mainly to interest income on the advances to our joint ventures for the three months ended September 30, 2016. Interest income of $2.4 million for the three months ended September 30, 2015 included interest income on the $140 million demand note from Höegh LNG of $2.1 million and interest income on the advances to our joint ventures of $0.3 million. The decrease in the interest income from joint ventures in the three months ended September 30, 2016 is due to repayments made by our joint ventures of a portion of the principal of the shareholder loans between periods.

Interest Expense. The following table sets forth details of our interest expense for the three months ended September 30, 2016 and 2015:

(in thousands of U.S. dollars)	Three months ended September 30, 2016	2015	Positive (negative) variance
Interest expense	$ (5,486)	$ (2,789)	$ (2,697)
Commitment fees	(294)	(305)	11
Amortization of debt issuance cost and fair value of debt assumed	(503)	(650)	147
Total interest expense	$ (6,283)	$ (3,744)	$ (2,539)

Interest expense for the three months ended September 30, 2016 was $6.3 million, an increase of $2.6 million from $3.7 million for the three months ended September 30, 2015. Interest expense consists of the interest incurred, commitment fees and amortization of debt issuance cost and fair value of debt assumed for the period.

The interest incurred of $5.5 million for the three months ended September 30, 2016, increased by $2.7 million compared to $2.8 million for the three months ended September 30, 2015, principally due to higher outstanding loan balances. For the three months ended September 30, 2015, most of the interest incurred related to the Lampung facility. On October 1, 2015, we acquired the company that indirectly owns the *Höegh Gallant*, and liabilities assumed in the acquisition included tranches under the Gallant facility. We also financed part of the acquisition with a seller's credit note. In August 2016, we drew $5.4 million on the $85 million sponsor credit facility. Accordingly, the interest incurred for the three months ended September 30, 2016 included interest for the Lampung and Gallant facilities, the seller's credit note and the outstanding balance on the sponsor credit facility.

Commitment fees were $0.3 million for each of the three months ended September 30, 2016 and 2015. The commitment fees relate to the undrawn balance on the $85 million sponsor credit facility.

Amortization of debt issuance cost and fair value of debt assumed for the three months ended September 30, 2016 and 2015 was $0.5 million and $0.7 million, respectively. As a result of the acquisition of the *Höegh Gallant*, the long-term debt assumed under the Gallant facility was recognized at its fair value which is amortized to interest expense using the effective interest method. The impact for the three months ended September 30, 2016 was a reduced interest expense by approximately $0.1 million compared to the corresponding period of 2015.

Gain (Loss) on Derivative Instruments. The following table sets forth details of our gain (loss) on derivative instruments for the three months ended September 30, 2016 and 2015:

	Three months ended September 30,		Positive (negative)
(in thousands of U.S. dollars)	2016	2015	variance
Gain (loss) on derivative instruments	$ 517	$ 354	$ 163

Gain on derivative instruments for the three months ended September 30, 2016 was $0.5 million, an increase of $0.2 million compared to the three months ended September 30, 2015. Gain on derivative instruments for the three months ended September 30, 2016 related to the interest rate swaps for the Lampung facility and the Gallant facility, while the gain on derivative instruments for the three months ended September 30, 2015 related to the interest rate swaps for the Lampung facility. The increase is mainly due to higher amortization of the amount excluded from hedge effectiveness related to interest rate swaps for the Gallant facility.

Other Items, Net. The following table sets forth details of our other items, net for the three months ended September 30, 2016 and 2015:

	Three months ended September 30,		Positive (negative)
(in thousands of U.S. dollars)	2016	2015	variance
Foreign exchange gain (loss)	$ (66)	$ (643)	$ 577
Bank charges, fees and other	(46)	(23)	(23)
Withholding tax on interest expense and other	(666)	(610)	(56)
Total other items, net	$ (778)	$ (1,276)	$ 498

Other items, net were $0.8 million for the three months ended September 30, 2016, compared with $1.3 for the three months ended September 30, 2015. For the three months ended September 30, 2015, exchange losses mainly related to Indonesia. Lower foreign exchange losses were partly offset by higher bank fees and withholding tax expenses for the three months ended September 30, 2016 compared with the three months ended September 30, 2015.

Withholding tax on interest expense and other for the three months ended September 30, 2016 was approximately $0.7 million, an increase of $0.1 million from $0.6 million for the three months ended September 30, 2015.

Income (Loss) Before Tax. The following table sets forth details of our income (loss) before tax for the three months ended September 30, 2016 and 2015:

	Three months ended September 30,		Positive (negative)
(in thousands of U.S. dollars)	2016	2015	variance
Income (loss) before tax	$ 13,901	$ 5,294	$ 8,607

Income before tax for the three months ended September 30, 2016 was $13.9 million, an increase of $8.6 million from $5.3 million for the three months ended September 30, 2015. The income before tax for both periods was impacted by the unrealized gains (losses) on derivative instruments mainly on the Partnership's share of equity in earnings (losses) of joint ventures. Excluding all the unrealized gains (losses) on derivative instruments, income before tax for the three months ended September 30, 2016 was $9.2 million, an increase of $2.2 million from $7.0 million for the three months ended September 30, 2015. Excluding the unrealized gains (losses) on derivative instruments, the increase is primarily due to the inclusion of the results of the *Höegh Gallant* which is partially offset by the reduction of interest income on the $140 million demand note cancelled as part of the acquisition price.

Income Tax Expense. The following table sets forth details of our income tax expense for the three months ended September 30, 2016 and 2015:

	Three months ended September 30,		Positive (negative)
(in thousands of U.S. dollars)	2016	2015	variance
Income tax expense	$ (476)	$ (109)	$ (367)

Income tax expense for the three months ended September 30, 2016 was $0.5 million, an increase of $0.4 million compared to income tax expense of $0.1 million for the three months ended September 30, 2015. We are not subject to Marshall Islands income taxes. However, we are subject to tax on earnings of our subsidiaries incorporated.in Singapore, Indonesia, Cyprus and the UK. For the three months ended September 30, 2016, the income tax expense largely related to the subsidiaries in Singapore and Indonesia. The income tax expense for the three months ended September 30, 2015 mainly related to the subsidiary in Singapore. The Singapore subsidiary's taxable income mainly arises from internal interest income.

Net Income. The following table sets forth details of our net income (loss) for the three months ended September 30, 2016 and 2015:

	Three months ended September 30,		Positive (negative)
(in thousands of U.S. dollars)	2016	2015	variance
Net income (loss)	$ 13,425	$ 5,185	$ 8,240

As a result of the foregoing, net income for the three months ended September 30, 2016 was $13.4 million, a increase of $8.2 million from net income of $5.2 million for the three months ended September 30, 2015.

Segments

Majority Held FSRUs. The following table sets forth details of segment results for the Majority Held FSRUs for the three months ended September 30, 2016 and 2015:

Three months ended Positive

Majority Held FSRUs	September 30,		(negative)
(in thousands of U.S. dollars)	2016	2015	variance
Time charter revenues	$ 23,345	$ 11,462	$ 11,883
Vessel operating expenses	(4,674)	(1,684)	(2,990)
Administrative expenses	(664)	(606)	(58)
Segment EBITDA	18,007	9,172	8,835
Depreciation and amortization	(2,647)	(8)	(2,639)
Operating income (loss)	15,360	9,164	6,196
Gain (loss) on derivative instruments	517	354	163
Other financial income (expense), net	(5,748)	(4,702)	(1,046)
Income (loss) before tax	10,129	4,816	5,313
Income tax expense	(474)	(109)	(365)
Net income (loss)	$ 9,655	$ 4,707	$ 4,948

Time charter revenues for the three months ended September 30, 2016 were $23.3 million, an increase of $11.9 million from the three months ended September 30, 2015. During the three months ended September 30, 2016, the *PGN FSRU Lampung* and the *Höegh Gallant* were operating under the time charters while the time charter revenues for the three months ended September 30, 2015, related only to the operation of the *PGN FSRU Lampung* since the *Höegh Gallant* was acquired on October 1, 2015.

Vessel operating expenses for the three months ended September 30, 2016 were $4.7 million compared to $1.7 million for the three months ended September 30, 2015. The increase reflects approximately $2.9 million of higher vessel operating expenses due to the inclusion of the *Höegh Gallant,* including $0.2 million related to higher expenses for consumables as a result of the additional maintenance during the third quarter of 2016. There was also an increase of approximately $0.1 million in vessel operating expenses for the *PGN FSRU Lampung* in three months ended September 30, 2016 compared to the corresponding period of 2015.

Administrative expenses were $0.7 million for the three months ended September 30, 2016, an increase of $0.1 million compared to $0.6 million for the three months ended September 30, 2015.

Segment EBITDA for the three months ended September 30, 2016 was $18.0 million, an increase of $8.8 million from $9.2 million for the three months ended September 30, 2015 mainly due to the contribution from the operations of the *Höegh Gallant*.

Joint Venture FSRUs. The following table sets forth details of segment results for the Joint Venture FSRUs for the three months ended September 30, 2016 and 2015:

Joint Venture FSRUs (in thousands of U.S. dollars)	Three months ended September 30, 2016	 2015	Positive (negative) variance
Time charter revenues	$ 10,937	$ 10,590	$ 347
Vessel operating expenses	(1,972)	(1,995)	23
Administrative expenses	(407)	(250)	(157)
Segment EBITDA	8,558	8,345	213
Depreciation and amortization	(2,378)	(2,456)	79
Operating income (loss)	6,181	5,889	291
Gain (loss) on derivative instruments	4,139	(2,109)	6,248
Other income (expense), net	(3,755)	(4,029)	274
Income (loss) before tax	6,565	(249)	6,813
Income tax expense	—	—	—
Net income (loss)	$ 6,565	$ (249)	$ 6,813

Total time charter revenues for the three months ended September 30, 2016 were $10.9 million, an increase of $0.3 million compared to $10.6 million for the three months ended September 30, 2015. Higher revenues for the three months ended September 30, 2016 mainly related to the reimbursement of higher administrative expenses related to a project for the period.

Vessel operating expenses were $2.0 million for each of the three months ended September 30, 2016 and 2015.

Administrative expenses were $0.4 million for the three months ended September 30, 2016, an increase of $0.2 million compared to $0.2 million for the three months ended September 30, 2015. The higher administrative expenses are due to projects. These expenses are reimbursed by the charterer.

Segment EBITDA was $8.6 million for the three months ended September 30, 2016 compared with $8.3 million for the three months ended September 30, 2015.

Other. The following table sets forth details of other results for the three months ended September 30, 2016 and 2015:

Other (in thousands of U.S. dollars)	Three months ended September 30, 2016	 2015	Positive (negative) variance
Administrative expenses	$ (1,672)	$ (1,378)	$ (294)
Segment EBITDA	(1,672)	(1,378)	(294)
Operating income (loss)	(1,672)	(1,378)	(294)
Other financial income (expense), net	(1,121)	2,105	(3,226)
Income (loss) before tax	(2,793)	727	(3,520)
Income tax expense	(2)	—	(2)
Net income (loss)	$ (2,795)	$ 727	$ (3,522)

Administrative expenses and Segment EBITDA were $1.7 million for the three months ended September 30, 2016, an increase of $0.3 million compared to $1.4 million for the three months ended September 30, 2015. The main reason for the increase was higher audit and legal fees related to the filing of a shelf registration statement during the three months ended September 30, 2016.

Other financial income (expense), net, which is not part of the segment measure of profits, is related to the interest income accrued on the advances to our joint ventures and the $140 million demand note from Höegh LNG until it was cancelled on October 1, 2015 and interest expense, including commitment fees, on a seller's credit note issued in connection with the acquisition of the *Höegh Gallant* on October 1, 2015 and the $85 million sponsor credit facility. In August 2016, we drew $5.4 million on the $85 million sponsor credit facility.

Financial income (expense), net for the three months ended September 30, 2016 was an expense of $1.1 million, a decrease of $3.2 million from income of $2.1 million for the three months ended September 30, 2015. The decrease in financial income (expense), net is a result of a decrease in interest income from the $140 million demand note and increase in interest expense for seller's credit note and the $85 million sponsor credit facility for the three months ended September 30, 2016 compared to the three months ended September 30, 2015.

Liquidity and Cash Needs

We operate in a capital-intensive industry, and we expect to finance the purchase of additional vessels and other capital expenditures through cash from operations and a combination of borrowings from commercial banks and debt and equity financings. Our liquidity requirements relate to paying our unitholder distributions, servicing interest and quarterly repayments on our debt ("debt amortization"), funding working capital and maintaining cash reserves against fluctuations in operating cash flows. The liquidity requirements of our joint ventures relate to the servicing of debt, including repayment of shareholder loans, funding working capital, including drydocking, and maintaining cash reserves against fluctuations in operating cash flows.

Our sources of liquidity include cash balances, cash flows from our operations, interest and repayment of principal from our advances to our joint ventures and the remaining undrawn balance under the $85 million sponsor credit facility. In August 2016 and November 2016, we drew $5.4 million and $3.2 million, respectively, under the $85 million sponsor credit facility for general partnership purposes. Cash and cash equivalents are denominated primarily in U.S. dollars. The advances to our joint ventures (shareholder loans) are subordinated to the joint ventures' long-term bank debt, consisting of the Neptune facility and the Cape Ann facility. Under terms of the shareholder loan agreements, the repayments shall be prioritized over any dividend payment to the owners of the joint ventures. Dividend distributions from our joint ventures a) require agreement of the other joint venture owners; b) require fulfilment of requirements of the long-term bank loans; and c) under Cayman Islands law may be paid out of profits or capital reserves subject to the joint venture being solvent after the distribution. Dividends from Höegh Lampung may only be paid out of profits under Singapore law. Dividends from PT Höegh may only be paid if its retained earnings are positive under Indonesian law and applicable requirements are fulfilled under the Lampung facility. As of September 30, 2016, PT Höegh had negative retained earnings and therefore cannot make dividend payments under Indonesia law. However, subject to meeting a debt service ratio of 1:20 to 1:00, PT Höegh can distribute cash from its cash flow from operations to us as payment of intercompany accrued interest and / or intercompany debt, after quarterly payments of the Lampung facility and fulfilment of the "waterfall" provisions to meet operating requirements as defined by the Lampung facility. Under Cayman Islands law, FSRU III may only pay distributions out of profits or capital reserves if the entity is solvent after the distribution. Dividends from Höegh Cyprus may only be distributed (i) out of profits and not from the share capital of the company and (ii) if after the dividend payment, Höegh Cyprus would remain in compliance with the financial covenants under the Gallant/Grace facility.

For a description of our credit facilities, the seller's credit note issued in connection with the acquisition of the *Höegh Gallant* and the $85 million sponsor credit facility, please see Notes 15 and 18 to the audited consolidated and combined financial statements contained in our 2015 Form 20-F as well as Note 9 to the unaudited condensed interim consolidated and combined financial statements contained in this Report on Form 6-K.

As of September 30, 2016, we do not have material commitments for capital expenditures for the rest of our current business. Our expected expenditures for our current business include replacement parts of approximately $0.9 million and installation cost of approximately $0.4 million under warranty provisions. These total expenditures are indemnified by Höegh LNG under the omnibus agreement that we entered into with Höegh LNG in connection with the closing of the IPO (the "omnibus agreement"). Therefore, the funding for these expenditures will be provided by Höegh LNG.

As of September 30, 2016, the Partnership had cash and cash equivalents of $20.8 million and availability under the sponsor credit facility of $79.6 million. Current restricted cash for operating obligations of the *PGN FSRU Lampung* was $6.8 million. Long-term restricted cash required under the Lampung facility was $14.3 million as of September 30, 2016. The Partnership's total long-term debt was $308.0 million as of September 30, 2016, repayable in quarterly instalments of $8.1 million. As of September 30, 2016, out total current liabilities exceeded total current assets by $16.3 million, which is partly a result of mark-to market valuations of our interest rate swaps (derivative instruments) of $4.1 million. We do not plan to terminate the interest rate swaps before their maturity and, as a result, we believe our current resources, including the undrawn balance under the sponsor credit facility, are sufficient to meet our working capital requirements for our current business for the next twelve months.

On August 15, 2016, we paid a cash distribution of $11.0 million, or $0.4125 per unit, to our unitholders with respect to the second quarter of 2016. On November 14, 2016, we paid a cash distribution of $11.0 million, or $0.4125 per unit, to our unitholders with respect to the third quarter of 2016.

We believe our cash flows from operations, including distributions to us from PT Höegh and Höegh Cyprus as payment of intercompany interest and/or intercompany debt, and repayment of principal from our advances to our joint ventures will be sufficient to meet our debt amortization and working capital needs and maintain cash reserves against fluctuations in operating cash flows. In addition, we require liquidity to pay distributions to our unitholders. In connection with the IPO, we entered into an $85 million sponsor credit facility with Höegh LNG, which we believe will provide us with adequate liquidity reserve to fund our distributions and other general liquidity needs.

We have not made use of derivative instruments for currency risk management purposes. Refer to "Qualitative and Quantitative Disclosures About Market Risk" below for additional information on the use of interest rate swaps for the management of interest rate risks.

Cash Flows

The following table summarizes our net cash flows from operating, investing and financing activities and our cash and cash equivalents for the periods presented:

	Three months ended September 30,		Nine months ended September 30,	
(in thousands of U.S. dollars)	2016	2015	2016	2015
Net cash provided by (used in) operating activities	$14,513	11,374	33,949	$30,101
Net cash provided by (used in) investing activities	2,331	2,154	7,325	5,865
Net cash provided by (used in) financing activities	(14,045)	(17,590)	(53,337)	(41,132)
Increase (decrease) in cash and cash equivalents	2,799	(4,062)	(12,063)	(5,166)
Cash and cash equivalents, beginning of period	18,006	29,373	32,868	30,477
Cash and cash equivalents, end of period	$20,805	25,311	20,805	$25,311

Nine Months ended September 30, 2016 Compared with the Nine Months ended September 30, 2015

Net Cash Provided by (Used in) Operating Activities

Net cash provided by operating activities was $33.9 million for the nine months ended September 30, 2016, an increase of $3.8 million compared with $30.1 million for the nine months ended September 30, 2015. Cash provided by operating activities increased primarily due to inclusion of the operations of the *Höegh Gallant* for the months ended September 30, 2016 compared to the nine months ended September 30, 2015. Before changes in working capital, net cash flows were $29.6 million for the nine months ended September 30, 2016, an increase of $11.5 million compared with $18.1 million for the nine months ended September 30, 2015. Changes in working capital contributed positively to net cash provided by operating activities by $4.3 million and $12.0 million for the nine months ended September 30, 2016 and 2015, respectively.

Net Cash Provided by (Used in) Investing Activities

Net cash provided by investing activities was $7.3 million for the nine months ended September 30, 2016, an increase of $1.4 million compared with $5.9 million for the nine months ended September 30, 2015. The increase in net cash provided by investing activities for the nine months ended September 30, 2016 was mainly the result of $0.3 million less expenditures for vessels, newbuildings and other equipment and $0.9 million in increased receipts from the repayment of principal on advances to joint ventures.

For the nine months ended September 30, 2016 and 2015, cash provided by investing activities includes $2.4 million and $2.2 million, respectively, in receipts of repayment on principal on the direct financing lease since the *PGN FSRU Lampung* is accounted for as a direct financing lease. Accounting for direct financing leases requires the application of the effective interest rate method to determine the amount of revenue for each period. Under the effective interest rate method, part of the payment is reflected as a repayment of the net investment in the direct financing lease (receivable). As a result, the revenue component of a direct financing lease declines over time. However, the cash flows from time charters are not impacted by the accounting treatment applied. In the consolidated and combined statements of cash flows, the revenue component is reflected as part of cash flows provided by operating activities and the repayment of the net investment as part of cash flows provided by investing activities.

Net Cash Provided by (Used in) Financing Activities

Net cash used in financing activities for nine months ended September 30, 2016 was $53.3 million, an increase of $12.2 million compared to $41.1 million for the three and nine months ended September 30, 2015.

The increase in the net cash used in financing activities during the nine months ended September 30, 2016 compared with the nine months ended September 30, 2015 was mainly due to the higher repayments of long-term debt of $9.9 million on the Gallant facility, higher cash distributions to unitholders of $6.3 million and lower proceeds of indemnification payments from Höegh LNG of $2.3 million. These amounts were partially offset by proceeds of $5.4 million on the sponsor credit facility and the decrease in restricted cash of $0.5 million. Quarterly repayments on the Lampung facility and the Gallant facility are $4.8 million and $3.3 million, respectively. Proceeds from indemnifications received from Höegh LNG were $3.1 million for the nine months ended September 30, 2016. For the nine months ended September 30, 2016, repayments of long-term debt were $24.2 million and the cash distribution to unitholders was $32.9 million.

As a result of the foregoing, cash and cash equivalents decreased by $12.1 million for the nine months ended September 30, 2016 and by $5.2 million for the nine months ended September 30, 2015.

Three Months Ended September 30, 2016 Compared with the Three Months Ended September 30, 2015

Net Cash Provided by (Used in) Operating Activities

Net cash provided by operating activities was $14.5 million for the three months ended September 30, 2016, an increase of $3.1 million compared with $11.4 million for the three months ended September 30, 2015. Cash provided by operating activities increased primarily due to inclusion of the operations of the *Höegh Gallant* for the three months ended September 30, 2016 compared to the three months ended September 30, 2015. Before changes in working capital, net cash flows were $10.6 million for the three months ended September 30, 2016, an increase of $4.4 million compared with $6.2 million for the three months ended September 30, 2015. Changes in working capital contributed positively for net cash provided by operating activities by $3.9 million and $5.1 million for the three months ended September 30, 2016 and 2015, respectively.

Net Cash Provided by (Used in) Investing Activities

Net cash provided by investing activities was $2.3 million for the three months ended September 30, 2016, an increase of $0.1 million compared with $2.2 million for the three months ended September 30, 2015. The increase in net cash provided by investing activities for the three months ended September 30, 2016 was mainly the result of $0.1 million less expenditures for vessels, newbuildings and other equipment. Receipts from repayment of principal on advances to joint ventures of $1.5 million and the receipts of repayment on principal on the direct financing lease for the *PGN FSRU Lampung* of $0.8 million for the three months ended September 30, 2016 were largely unchanged from the corresponding period of 2015.

Net Cash Provided by (Used in) Financing Activities

Net cash used in financing activities for the three months ended September 30, 2016 was $14.0 million, a decrease of $3.6 million compared to $17.6 million for the three months ended September 30, 2015.

The decrease in the net cash used in financing activities during the three months ended September 30, 2016 compared with the three months ended September 30, 2015 was mainly due to the higher repayments of long-term debt of $3.3 million on the Gallant facility, higher cash distributions to unitholders of $2.1 million and lower proceeds of indemnification payments from Höegh LNG of $0.2 million. These amounts were partially offset by proceeds of $5.4 million on the sponsor credit facility, lower repayments of a customer loan of $2.9 million and the impact of a decrease in restricted cash of $0.3 million. Quarterly repayments on the Lampung facility and the Gallant facility are $4.8 million and $3.3 million, respectively. Proceeds from indemnifications received from Höegh LNG were $1.9 million for the three months ended September 30, 2016. For the three months ended September 30, 2016, the cash distribution to unitholders was $11.0 million.

As a result of the foregoing, cash and cash equivalents increased by $2.8 million for the three months ended September 30, 2016 and decreased by $4.1 million for the three months ended September 30, 2015

Qualitative and Quantitative Disclosures About Market Risk

We are exposed to various market risks, including foreign exchange risk, interest rate risk, credit risk and concentrations of risk.

Foreign Exchange Risk

All financing, interest expenses from financing and most of the Partnership's revenue and expenditures for vessel improvements are denominated in U.S. dollars. Certain operating expenses and taxes are denominated in currencies other than U.S. dollars. For the three and nine months ended September 30, 2016, and 2015, no derivative financial instruments have been used to manage foreign exchange risk. The Gallant time charter provides that revenues are denominated 90% in U.S. dollars and 10% in Egyptian pounds, or as otherwise agreed between the parties from time to time. For the three and nine months ended September 30, 2016, the revenues from the *Höegh Gallant* were denominated 98% in U.S. dollars and 2% in Egyptian pounds and 93% in U.S. dollars and 7% in Egyptian pounds, respectively. A limited amount of operating expenses was also denominated in Egyptian pounds. Due to restrictions in Egypt, exchangeability between Egyptian pounds and other currencies was more than temporarily lacking during the three and nine months ended September 30, 2016. There are two official published rates for the Egyptian pound. The lower rate is applied in the Partnership's consolidated and combined carve-out financial statements for revenues, expenses, assets and liabilities. Egyptian authorities set the official published rates which are subject to devaluation. The Partnership classifies cash in Egyptian pounds in excess of working capital needs in Egyptian pounds as long-term restricted cash. The Partnership reduced its exposure to devaluation of the Egyptian pound by repaying $0.5 million of amounts due to owners and affiliates in Egyptian pounds and by decreasing the revenues denominated in Egyptian pounds to more closely match its working capital requirements in the second quarter of 2016. As a result, the long-term restricted cash in Egyptian pounds was minimal as of September 30, 2016. Monetary assets denominated in Egyptian pounds are subject to devaluation risk.

On November 3, 2016, the Egyptian central bank announced the intention to allow the Egyptian pound to trade freely and increased the interest rates by 300 basis points. Removing currency restrictions and introducing market based rates should allow for exchangeability between Egyptian pounds and other currencies. As of November 14, 2016, the official sell rate of the Egyptian pound was reduced by 45% compared to the fixed rate on September 30, 2016. Based on the outstanding balances of monetary assets and liabilities as of September 30, 2016, a 45% to 60% reduction in the Egyptian pound to U.S. dollar rate would result in a foreign exchange loss to the Partnership of approximately $0.1 million to $0.2 million.

Interest Rate Risk

Interest rate swaps are utilized to exchange a receipt of floating interest for a payment of fixed interest to reduce the exposure to interest rate variability on our outstanding floating-rate debt. As of September 30, 2016 and December 31, 2015, there are interest rate swap agreements on the Lampung and Gallant facilities floating rate debt that are designated as cash flow hedges for accounting purposes. As of September 30, 2016, the following interest rate swap agreements were outstanding:

(in thousands of U.S. dollars)	Interest rate index	Notional amount	Fair value carrying amount liability	Term	Fixed interest rate (1)
LIBOR-based debt					
Lampung interest rate swaps (2)	LIBOR	$178,974	(12,177)	Sept 2026	2.8 %
Gallant interest rate swaps (2)	LIBOR	$136,500	(3,055)	Sept 2019	1.9 %

1) Excludes the margins paid on the floating-rate debt.
2) All interest rate swaps are U.S. dollar denominated and principal amount reduces quarterly.

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Credit Risk

Credit risk is the exposure to credit loss in the event of non-performance by the counterparties related to cash and cash equivalents, restricted cash, trade receivables and interest rate swap agreements. In order to minimize counterparty risk, bank relationships are established with counterparties with acceptable credit ratings at the time of the transactions. Credit risk related to receivables is managed by performing ongoing credit evaluations of the customers' financial condition. In addition, Höegh LNG guarantees the payment of the *Höegh Gallant* time charter hire by EgyptCo under certain circumstances.

Concentrations of Risk

Financial instruments, which potentially subject us to significant concentrations of credit risk, consist principally of cash and cash equivalents, restricted cash, trade receivables, amounts due from owners and affiliates and derivative contracts (interest rate swaps). The maximum exposure to loss due to credit risk is the book value at the balance sheet date. We do not have a policy of requiring collateral or security. Cash and cash equivalents and restricted cash are placed with qualified financial institutions. Periodic evaluations are performed of the relative credit standing of those financial institutions. In addition, exposure is limited by diversifying among counterparties. There are two charterers so there is a concentration of risk related to trade receivables. Credit risk related to trade receivables is limited by performing ongoing credit evaluations of the customer’s financial condition. In addition, Höegh LNG guarantees the payment of the *Höegh Gallant* time charter hire by EgyptCo under certain circumstances. No allowance for doubtful accounts was recorded for the three or nine month periods ended September 30, 2016, September 30, 2015 and the year ended December 31, 2015. While the maximum exposure to loss due to credit risk is the book value of trade receivables at the balance sheet date, should the time charter for the *PGN FSRU Lampung* terminate prematurely, there could be delays in obtaining a new time charter and the rates could be lower depending upon the prevailing market conditions.

Non-GAAP Financial Measures

Segment EBITDA. EBITDA is defined as earnings before interest, depreciation and amortization and taxes. Segment EBITDA is defined as earnings before interest, depreciation and amortization, taxes and other financial items. Other financial items consist of gains and losses on derivative instruments and other items, net (including foreign exchange gains and losses and withholding tax on interest expenses). Segment EBITDA is used as supplemental financial measure by management and external users of financial statements, such as the Partnership's lenders, to assess its financial and operating performance. The Partnership believes that Segment EBITDA assists its management and investors by increasing the comparability of its performance from period to period and against the performance of other companies in the industry that provide Segment EBITDA information. This increased comparability is achieved by excluding the potentially disparate effects between periods or companies of interest, other financial items, depreciation and amortization and taxes, which items are affected by various and possibly changing financing methods, capital structure and historical cost basis and which items may significantly affect net income between periods. The Partnership believes that including Segment EBITDA as a financial and operating measure benefits investors in (a) selecting between investing in it and other investment alternatives and (b) monitoring its ongoing financial and operational strength in assessing whether to continue to hold common units. Segment EBITDA is a non-GAAP financial measure and should not be considered as an alternative to net income, operating income or any other measure of financial performance presented in accordance with U.S. GAAP. Segment EBITDA exclude some, but not all, items that affect net income, and these measures may vary among other companies. Therefore, Segment EBITDA as presented below may not be comparable to similarly titled measures of other companies. The following tables reconcile Segment EBITDA for each of the segments and the Partnership as a whole (combined carve-out reporting) to net income (loss), the comparable U.S. GAAP financial measure, for the periods presented:

	Nine months ended September 30, 2016							
(in thousands of U.S. dollars)	**Majority held FSRUs**	**Joint venture FSRUs (proportional consolidation)**	**Other**	**Total Segment reporting**	**Elimin-ations**		**Consolidated and combined reporting**	
Reconciliation to net income (loss)								
Net income (loss)	$26,316	(2,010)	(7,861)	16,445			$ 16,445	(2)
Interest income	—	—	(697)	(697)			(697)	
Interest expense	15,252	11,408	3,791	30,451	(11,408)	(3)	19,043	
Depreciation and amortization	7,912	7,131	—	15,043	(7,131)	(4)	7,912	
Income tax (benefit) expense	1,421	—	5	1,426			1,426	
Equity in earnings of JVs: Interest (income) expense, net	—	—	—	—	11,408	(3)	11,408	
Equity in earnings of JVs: Depreciation and amortization	—	—	—	—	7,131	(4)	7,131	
Other financial items (1)	1,539	9,045	62	10,646	(9,045)	(5)	1,601	
Equity in earnings of JVs: Other financial items (1)	—	—	—	—	9,045	(5)	9,045	
Segment EBITDA	$52,440	25,574	(4,700)	73,314			$ 73,314	

(1) Other financial items consist of gains and losses on derivative instruments and other items, net including foreign exchange gains or losses and withholding tax on interest expense.

(2) There is no adjustment between net income for Total Segment reporting and the Consolidated and combined carve-out reporting because the net income under the proportional consolidation and equity method of accounting is the same.

(3) Interest expense for the Joint venture FSRUs is eliminated from the Total Segment reporting to agree to the interest expense in the Consolidated and combined carve-out reporting and reflected as a separate adjustment to the equity accounting on the line *Equity in earnings of JVs:* Interest (income) expense for the Consolidated and combined carve-out reporting.

(4) Depreciation and amortization for the Joint venture FSRUs is eliminated from the Total Segment reporting to agree to the depreciation and amortization in the Consolidated and combined carve-out reporting and reflected as a separate adjustment to the equity accounting on the line *Equity in earnings of JVs*: Depreciation and amortization for the Consolidated and combined carve-out reporting.

(5) Other financial items for the Joint venture FSRUs is eliminated from the Segment reporting to agree to the Other financial items in the Consolidated and combined carve-out reporting and reflected as a separate adjustment to the equity accounting on the line *Equity in earnings of JVs*: Other financial items for the Consolidated and combined carve-out reporting.

	Nine months ended September 30, 2015							
(in thousands of U.S. dollars)	**Majority held FSRUs**	**Joint venture FSRUs (proportional consolidation)**	**Other**	**Total Segment reporting**	**Elimin-ations**		**Consolidated and combined reporting**	
Reconciliation to net income (loss)								
Net income (loss)	$13,195	9,111	1,898	24,204			$ 24,204	(2)
Interest income	—	—	(7,275)	(7,275)			(7,275)	
Interest expense	10,348	12,145	905	23,398	(12,145)	(3)	11,253	
Depreciation and amortization	23	6,941	—	6,964	(6,941)	(4)	23	
Income tax (benefit) expense	261	—	—	261			261	
Equity in earnings of JVs: Interest (income) expense, net	—	—	—	—	12,145	(3)	12,145	
Equity in earnings of JVs: Depreciation and amortization	—	—	—	—	6,941	(4)	6,941	
Other financial items (1)	2,828	(3,836)	15	(993)	3,836	(5)	2,843	
Equity in earnings of JVs: Other financial items (1)	—	—	—	—	(3,836)	(5)	(3,836)	
Segment EBITDA	$26,655	24,362	(4,457)	46,560			$ 46,560	

(1) Other financial items consist of gains and losses on derivative instruments and other items, net including foreign exchange gains or losses and withholding tax on interest expense.

(2) There is no adjustment between net income for Total Segment reporting and the Consolidated and combined carve-out reporting because the net income under the proportional consolidation and equity method of accounting is the same.

(3) Interest expense for the Joint venture FSRUs is eliminated from the Total Segment reporting to agree to the interest expense in the Consolidated and combined carve-out reporting and reflected as a separate adjustment to the equity accounting on the line *Equity in earnings of JVs:* Interest (income) expense for the Consolidated and combined carve-out reporting.

(4) Depreciation and amortization for the Joint venture FSRUs is eliminated from the Total Segment reporting to agree to the depreciation and amortization in the Consolidated and combined carve-out reporting and reflected as a separate adjustment to the equity accounting on the line *Equity in earnings of JVs*: Depreciation and amortization for the Consolidated and combined carve-out reporting.

(5)

Other financial items for the Joint venture FSRUs is eliminated from the Segment reporting to agree to the Other financial items in the Consolidated and combined carve-out reporting and reflected as a separate adjustment to the equity accounting on the line *Equity in earnings of JVs*: Other financial items for the Consolidated and combined carve-out reporting.

	Three months ended September 30, 2016							
(in thousands of U.S. dollars)	**Majority held FSRUs**	**Joint venture FSRUs (proportional consolidation)**	**Other**	**Total Segment reporting**	**Elimin-ations**		**Consolidated and combined reporting**	
Reconciliation to net income (loss)								
Net income (loss)	$9,655	6,565	(2,795)	13,425			$ 13,425	(2)
Interest income	—	—	(192)	(192)			(192)	
Interest expense	4,994	3,755	1,289	10,037	(3,755)	(3)	6,283	
Depreciation and amortization	2,647	2,378	—	5,025	(2,378)	(4)	2,647	
Income tax (benefit) expense	474	—	2	476			476	
Equity in earnings of JVs: Interest (income) expense, net	—	—	—	—	3,755	(3)	3,755	
Equity in earnings of JVs: Depreciation and amortization	—	—	—	—	2,378	(4)	2,378	
Other financial items (1)	237	(4,139)	24	(3,878)	4,139	(5)	261	
Equity in earnings of JVs: Other financial items (1)	—	—	—	—	(4,139)	(5)	(4,139)	
Segment EBITDA	$18,007	8,558	(1,672)	24,893			$ 24,893	

(1) Other financial items consist of gains and losses on derivative instruments and other items, net including foreign exchange gains or losses and withholding tax on interest expense.

(2) There is no adjustment between net income for Total Segment reporting and the Consolidated and combined carve-out reporting because the net income under the proportional consolidation and equity method of accounting is the same.

(3) Interest expense for the Joint venture FSRUs is eliminated from the Total Segment reporting to agree to the interest expense in the Consolidated and combined carve-out reporting and reflected as a separate adjustment to the equity accounting on the line *Equity in earnings of JVs:* Interest (income) expense for the Consolidated and combined carve-out reporting.

(4) Depreciation and amortization for the Joint venture FSRUs is eliminated from the Total Segment reporting to agree to the depreciation and amortization in the Consolidated and combined carve-out reporting and reflected as a separate adjustment to the equity accounting on the line *Equity in earnings of JVs*: Depreciation and amortization for the Consolidated and combined carve-out reporting.

(5)

Other financial items for the Joint venture FSRUs is eliminated from the Segment reporting to agree to the Other financial items in the Consolidated and combined carve-out reporting and reflected as a separate adjustment to the equity accounting on the line *Equity in earnings of JVs*: Other financial items for the Consolidated and combined carve-out reporting.

(in thousands of U.S. dollars)	Three months ended September 30, 2015 Majority held FSRUs	Joint venture FSRUs (proportional consolidation)	Other	Total Segment reporting	Elimin-ations		Consolidated and combined reporting	
Reconciliation to net income (loss)								
Net income (loss)	$4,707	(249)	727	5,185			$ 5,185	(2)
Interest income	—	—	(2,423)	(2,423)			(2,423)	
Interest expense	3,439	4,029	305	7,773	(4,029)	(3)	3,744	
Depreciation and amortization	8	2,456	—	2,464	(2,456)	(4)	8	
Income tax (benefit) expense	109	—	—	109			109	
Equity in earnings of JVs: Interest (income) expense, net	—	—	—	—	4,029	(3)	4,029	
Equity in earnings of JVs: Depreciation and amortization	—	—	—	—	2,456	(4)	2,456	
Other financial items (1)	909	2,109	13	3,031	(2,109)	(5)	922	
Equity in earnings of JVs: Other financial items (1)	—	—	—	—	2,109	(5)	2,109	
Segment EBITDA	$9,172	8,345	(1,378)	16,139			$ 16,139	

(1) Other financial items consist of gains and losses on derivative instruments and other items, net including foreign exchange gains or losses and withholding tax on interest expense.

(2) There is no adjustment between net income for Total Segment reporting and the Consolidated and combined carve-out reporting because the net income under the proportional consolidation and equity method of accounting is the same.

(3) Interest expense for the Joint venture FSRUs is eliminated from the Total Segment reporting to agree to the interest expense in the Consolidated and combined carve-out reporting and reflected as a separate adjustment to the equity accounting on the line *Equity in earnings of JVs:* Interest (income) expense for the Consolidated and combined carve-out reporting.

(4) Depreciation and amortization for the Joint venture FSRUs is eliminated from the Total Segment reporting to agree to the depreciation and amortization in the Consolidated and combined carve-out reporting and reflected as a separate adjustment to the equity accounting on the line *Equity in earnings of JVs*: Depreciation and amortization for the Consolidated and combined carve-out reporting.

(5) Other financial items for the Joint venture FSRUs is eliminated from the Segment reporting to agree to the Other financial items in the Consolidated and combined carve-out reporting and reflected as a separate adjustment to the equity accounting on the line *Equity in earnings of JVs*: Other financial items for the Consolidated and combined carve-out reporting.

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FORWARD LOOKING STATEMENTS

This report contains certain forward-looking statements concerning future events and our operations, performance and financial condition. Forward-looking statements include, without limitation, any statement that may predict, forecast, indicate or imply future results, performance or achievements, and may contain the words "believe," "anticipate," "expect," "estimate," "project," "will be," "will continue," "will likely result," "plan," "intend" or words or phrases of similar meanings. statements involve known and unknown risks and are based upon a number of assumptions and estimates that are inherently subject to significant uncertainties and contingencies, many of which are beyond our control. Actual results may differ materially from those expressed or implied by such forward-looking statements. Important factors that could cause actual results to differ materially include, but are not limited to:

FSRU and LNG carrier market trends, including hire rates and factors affecting supply and demand;

our anticipated growth strategies;

our anticipated receipt of dividends and repayment of indebtedness from subsidiaries and joint ventures;

effects of volatility in global prices for crude oil and natural gas

the effect of the worldwide economic environment;

turmoil in the global financial markets;

fluctuations in currencies and interest rates;

general market conditions, including fluctuations in hire rates and vessel values;

changes in our operating expenses, including drydocking and insurance costs;

our ability to make or increase cash distributions on our units and the amount of any such distributions;

our ability to comply with financing agreements and the expected effect of restrictions and covenants in such agreements;

the future financial condition of our existing or future customers;

our ability to make additional borrowings and to access public equity and debt capital markets;

planned capital expenditures and availability of capital resources to fund capital expenditures;

the exercise of purchase options by our customers;

our ability to maintain long-term relationships with our customers;

our ability to leverage Höegh LNG's relationships and reputation in the shipping industry;

our ability to purchase vessels from Höegh LNG in the future, including the *Independence*, the *Höegh Grace* or Höegh LNG's other FSRU new buildings;

our ability to integrate and realize the anticipated benefits from the acquisition of the *Höegh Gallant*;

our continued ability to enter into long-term, fixed-rate charters;

the operating performance of our vessels;

our ability to maximize the use of our vessels, including the redeployment or disposition of vessels no longer under long-term charters;

expected pursuit of strategic opportunities, including the acquisition of vessels;

our ability to compete successfully for future chartering and newbuilding opportunities;

timely acceptance of our vessels by their charterers;

termination dates and extensions of charters;

the cost of, and our ability to comply with, governmental regulations and maritime self-regulatory organization standards, as well as standard regulations imposed by our charterers applicable to our business;

demand in the FSRU sector or the LNG shipping sector in general and the demand for our vessels in particular;

availability of skilled labor, vessel crews and management;

our incremental general and administrative expenses as a publicly traded limited partnership and our fees and expenses payable under our ship management agreements, the technical information and services agreement and the administrative services agreements;

the anticipated taxation of the Partnership and distributions to unitholders;

estimated future maintenance and replacement capital expenditures;

our ability to retain key employees;

customers' increasing emphasis on environmental and safety concerns;

potential liability from any pending or future litigation;

potential disruption of shipping routes due to accidents, political events, piracy or acts by terrorists;

future sales of our common units in the public market;

our business strategy and other plans and objectives for future operations; and

- our ability to successfully remediate any material weaknesses in our internal control over financial reporting and our disclosure controls and procedures.

- other factors listed from time to time in the reports and other documents that the Partnership files with the SEC, including its Annual Report on Form 20-F for the year ended December 31, 2015

All forward-looking statements included in this report are made only as of the date of this report. New factors emerge from time to time, and it is not possible for the Partnership to predict all of these factors. Further, the Partnership cannot assess the impact of each such factor on its business or the extent to which any factor, or combination of factors, may cause actual results to be materially different from those contained in any forward-looking statement. The Partnership does not intend to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in its expectations with respect thereto or any change in events, conditions or circumstances on which any such statement is based.

HÖEGH LNG PARTNERS LP

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HÖEGH LNG PARTNERS LP

UNAUDITED CONDENSED INTERIM CONSOLIDATED AND COMBINED CARVE-OUT STATEMENTS OF INCOME

(in thousands of U.S. dollars, except per unit amounts)

	Notes	Three months ended September 30, 2016	Three months ended September 30, 2015	Nine months ended September 30, 2016	Nine months ended September 30, 2015
REVENUES					
Time charter revenues		$ 23,345	11,462	67,799	$ 34,039
Total revenues	4	23,345	11,462	67,799	34,039
OPERATING EXPENSES					
Vessel operating expenses		(4,674)	(1,684)	(12,708)	(5,543)
Construction contract expenses	5	—	—	(315)	—
Administrative expenses		(2,336)	(1,984)	(7,036)	(6,298)
Depreciation and amortization		(2,647)	(8)	(7,912)	(23)
Total operating expenses		(9,657)	(3,676)	(27,971)	(11,864)
Equity in earnings (losses) of joint ventures	4,10	6,565	(249)	(2,010)	9,111
Operating income (loss)	4	20,253	7,537	37,818	31,286
FINANCIAL INCOME (EXPENSE), NET					
Interest income		192	2,423	697	7,275
Interest expense		(6,283)	(3,744)	(19,043)	(11,253)
Gain (loss) on derivative instruments		517	354	1,178	467
Other items, net		(778)	(1,276)	(2,779)	(3,310)
Total financial income (expense), net	6	(6,352)	(2,243)	(19,947)	(6,821)
Income (loss) before tax		13,901	5,294	17,871	24,465
Income tax expense	7	(476)	(109)	(1,426)	(261)
Net income (loss)		$ 13,425	5,185	16,445	$ 24,204
Earnings per unit					
Common units public (basic and diluted)	15	$ 0.51	$ 0.20	$ 0.61	$ 0.92
Common units Höegh LNG (basic and diluted)	15	$ 0.51	$ 0.20	$ 0.63	$ 0.92
Subordinated units (basic and diluted)	15	$ 0.51	$ 0.20	$ 0.63	$ 0.92

The accompanying notes are an integral part of the unaudited condensed interim consolidated and combined carve-out financial statements.

HÖEGH LNG PARTNERS LP

UNAUDITED CONDENSED INTERIM CONSOLIDATED AND COMBINED CARVE-OUT STATEMENTS OF COMPREHENSIVE INCOME

(in thousands of U.S. dollars)

		Three months ended September 30,		Nine months ended September 30,	
	Notes	2016	2015	2016	2015
Net income (loss)		$ 13,425	5,185	16,445	$ 24,204
Unrealized gains (losses) on cash flow hedge	13	2,745	(3,605)	(5,642)	(2,891)
Income tax benefit (expense)	13	(104)	(76)	(250)	(279)
Other comprehensive income (loss)		2,641	(3,681)	(5,892)	(3,170)
Comprehensive income (loss)		$ 16,066	1,504	10,553	$ 21,034

The accompanying notes are an integral part of the unaudited condensed interim consolidated and combined carve-out financial statements.

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HÖEGH LNG PARTNERS LP

UNAUDITED CONDENSED INTERIM CONSOLIDATED AND COMBINED CARVE-OUT BALANCE SHEETS

(in thousands of U.S. dollars)

	Notes	As of September 30, 2016	December 31, 2015
ASSETS			
Current assets			
Cash and cash equivalents	12	$20,805	$ 32,868
Restricted cash	12	7,229	10,630
Trade receivables		8,206	8,200
Amounts due from affiliates	12	4,101	4,239
Advances to joint ventures	8	6,450	7,130
Inventory		713	767
Current portion of net investment in direct financing lease		3,409	3,192
Current deferred tax asset	7	—	381
Prepaid expenses and other receivables		369	528
Total current assets		51,282	67,935
Long-term assets			
Restricted cash	12	14,258	15,198
Vessels, net of accumulated depreciation		345,212	353,078
Other equipment		610	119
Intangibles and goodwill		16,846	18,646
Advances to joint ventures	8,12	2,311	6,861
Net investment in direct financing lease		287,526	290,111
Long-term deferred tax asset	7	2,213	1,645
Other long-term assets		7,429	10,150
Total long-term assets		676,405	695,808
Total assets		$727,687	$ 763,743

The accompanying notes are an integral part of the unaudited condensed interim consolidated and combined carve-out financial statements.

HÖEGH LNG PARTNERS LP

UNAUDITED CONDENSED INTERIM CONSOLIDATED AND COMBINED CARVE-OUT BALANCE SHEETS

(in thousands of U.S. dollars)

	Notes	As of September 30, 2016	December 31, 2015
LIABILITIES AND EQUITY			
Current liabilities			
Current portion of long-term debt	9,12	$ 32,208	$ 32,208
Trade payables		665	1,350
Amounts due to owners and affiliates	11,12	8,897	10,604
Loans and promissory notes due to owners and affiliates	11,12	—	287
Value added and withholding tax liability		1,086	2,078
Derivative financial instruments	12,13	4,103	4,912
Current deferred tax liability		2,062	450
Accrued liabilities and other payables		18,553	20,782
Total current liabilities		67,574	72,671
Long-term liabilities			
Accumulated losses of joint ventures	10	44,517	42,507
Long-term debt	9,12	308,025	330,635
Revolving credit and seller's credit due to owners and affiliates	11,12	52,422	47,000
Derivative financial instruments	12,13	11,129	5,855
Long-term deferred tax liability		667	644
Other long-term liabilities		12,436	14,633
Total long-term liabilities		429,196	441,274
Total liabilities		496,770	513,945
EQUITY			
Common units public		202,708	209,372
Common units Höegh LNG		5,728	6,604
Subordinated units		35,614	41,063
Total partners' capital		244,050	257,039
Accumulated other comprehensive income (loss)	13	(13,133)	(7,241)
Total equity		230,917	249,798
Total liabilities and equity		$ 727,687	$ 763,743

The accompanying notes are an integral part of the unaudited condensed interim consolidated and combined carve-out financial statements.

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HÖEGH LNG PARTNERS LP

UNAUDITED CONDENSED INTERIM CONSOLIDATED AND COMBINED CARVE-OUT STATEMENTS OF

CHANGES IN PARTNERS' CAPITAL/OWNER'S EQUITY

(in thousands of U.S. dollars)

		Partners' Capital				
	Owner's Equity	Common Units Public	Common Units Höegh LNG	Subordinated Units	Accumulated Other Comprehensive Income	Total Equity
Combined carve-out balance as of December 31, 2013	$(48,096)	—	—	—	—	$(48,096)
Carve-out net loss (January 1- August 12, 2014)	(11,941)	—	—	—	—	(11,941)
Other comprehensive loss	—	—	—	—	(5,900)	(5,900)
Conversion of promissory note to equity	101,500	—	—	—	—	101,500
Carve-out distributions to owner, net	(11,039)	—	—	—	—	(11,039)
Combined carve-out balance as of August 12, 2014	30,424	—	—	—	(5,900)	24,524
Elimination of equity (note 2)	45,799	—	—	—	—	45,799
Allocation of partnership capital to unitholders August 12, 2014	(76,223)	—	10,561	65,662	—	—
Net proceeds from IPO net of underwriters' discounts, fees and expenses of offering (note 3)	—	203,467	—	—	—	203,467
Cash distribution of initial public offering proceeds to Höegh LNG	—	—	(6,023)	(37,444)	—	(43,467)
Post-initial public offering net income (note 3)	—	5,562	1,066	6,627	—	13,255
Cash distributions to unitholders	—	(2,025)	(388)	(2,413)		(4,826)
Other comprehensive loss	—	—	—	—	(2,275)	(2,275)
Distributions to owner, net	—	—	(14)	(85)	—	(99)
Consolidated balance as of December 31, 2014	$—	207,004	5,202	32,347	(8,175)	$236,378
Net income	—	17,273	3,326	20,680	—	41,279
Cash distributions to unitholders	—	(14,905)	(2,857)	(17,762)	—	(35,524)
Cash contribution from Höegh LNG	—	—	914	5,682	—	6,596
Other comprehensive income	—	—	—	—	934	934
Contributions from owner	—	—	19	116	—	135
Consolidated balance as of December 31, 2015	$—	209,372	6,604	41,063	(7,241)	$249,798

The accompanying notes are an integral part of the unaudited condensed interim consolidated and combined carve-out financial statements.

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HÖEGH LNG PARTNERS LP

UNAUDITED CONDENSED INTERIM CONSOLIDATED AND COMBINED CARVE-OUT STATEMENTS OF

CHANGES IN PARTNERS' CAPITAL/OWNER'S EQUITY

(in thousands of U.S. dollars)

		Partners' Capital				
	Owner's Equity	Common Units Public	Common Units Höegh LNG	Subordinated Units	Accumulated Other Comprehensive Income	Total Equity
Consolidated balance as of December 31, 2015	$	209,372	6,604	41,063	(7,241)	$249,798
Net income	—	6,759	1,342	8,344	—	16,445
Cash distributions to unitholders	—	(13,666)	(2,666)	(16,573)	—	(32,905)
Cash contribution from Höegh LNG	—	—	436	2,709	—	3,145
Other comprehensive loss	—	—	—	—	(5,892)	(5,892)
Issuance of units for Board of Directors' fees	—	189	—	—	—	189
Other and contributions from owner	—	54	12	71	—	137
Consolidated balance as of September 30, 2016	$ —	202,708	5,728	35,614	(13,133)	$230,917

The accompanying notes are an integral part of the unaudited condensed interim consolidated and combined carve-out financial statements.

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HÖEGH LNG PARTNERS LP

UNAUDITED CONDENSED INTERIM CONSOLIDATED AND COMBINED CARVE-OUT STATEMENTS OF CASH FLOWS

(in thousands of U.S. dollars)

	Three months ended September 30,		Nine months ended September 30,	
	2016	2015	2016	2015
OPERATING ACTIVITIES				
Net income (loss)	$ 13,425	5,185	16,445	$ 24,204
Adjustments to reconcile net income to net cash provided by (used in) operating activities:				
Depreciation and amortization	2,647	8	7,912	23
Equity in losses (earnings) of joint ventures	(6,565)	249	2,010	(9,111)
Changes in accrued interest income on advances to joint ventures and demand note	37	(221)	(266)	485
Amortization of deferred debt issuance cost and fair value of debt assumed	503	650	1,546	1,946
Amortization in revenue for above market contract	604	—	1,800	—
Changes in accrued interest expense	16	(49)	(205)	(154)
Net currency exchange losses (gains)	47	803	20	1,332
Unrealized loss (gain) on derivative instruments	(517)	(354)	(1,178)	(467)
Deferred tax expense	390	—	1,201	—
Issuance of units for Board of Directors' fees	—	—	189	—
Other adjustments	72	(42)	137	(177)
Changes in working capital:				
Restricted cash	3,284	(2,515)	3,842	9,497
Trade receivables	21	—	(6)	—
Inventory	21	—	54	—
Prepaid expenses and other receivables	150	(1,773)	159	238
Trade payables	187	(292)	(690)	(5)
Amounts due to owners and affiliates	(395)	531	(1,569)	(3,198)
Value added and withholding tax liability	(250)	3,337	2,196	2,767
Accrued liabilities and other payables	836	5,857	352	2,721
Net cash provided by (used in) operating activities	14,513	11,374	33,949	30,101
INVESTING ACTIVITIES				
Expenditure for vessel, newbuildings and other equipment	—	(101)	(537)	(858)
Receipts from repayment of principal on advances to joint ventures	1,525	1,516	5,495	4,559
Receipts from repayment of principal on direct financing lease	806	739	2,367	2,164
Net cash provided by (used in) investing activities	$ 2,331	2,154	7,325	$ 5,865

The accompanying notes are an integral part of the unaudited condensed interim consolidated and combined carve-out financial statements.

HÖEGH LNG PARTNERS LP

UNAUDITED CONDENSED INTERIM CONSOLIDATED AND COMBINED CARVE-OUT STATEMENTS OF CASH FLOWS

(in thousands of U.S. dollars)

	Three months ended September 30, 2016	Three months ended September 30, 2015	Nine months ended September 30, 2016	Nine months ended September 30, 2015
FINANCING ACTIVITIES				
Repayment of long-term debt	$ (8,052)	(4,766)	(24,157)	$ (14,297)
Proceeds from loans and promissory notes due to owners and affiliates	5,422	—	5,422	—
Repayment of customer loan for funding of value added liability on import	(2,513)	(5,419)	(5,382)	(5,419)
Payment of debt issuance cost	—	(190)	—	(190)
Cash distributions to unitholders	(10,971)	(8,881)	(32,905)	(26,642)
Proceeds from indemnifications received from Höegh LNG	1,888	1,734	3,145	5,416
(Increase) decrease in restricted cash	181	(68)	540	—
Net cash provided by (used in) financing activities	(14,045)	(17,590)	(53,337)	(41,132)
Increase (decrease) in cash and cash equivalents	2,799	(4,062)	(12,063)	(5,166)
Cash and cash equivalents, beginning of period	18,006	29,373	32,868	30,477
Cash and cash equivalents, end of period	$ 20,805	25,311	20,805	$ 25,311

The accompanying notes are an integral part of the unaudited condensed interim consolidated and combined carve-out financial statements.

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HÖEGH LNG PARTNERS LP

NOTES TO THE UNAUDITED CONDENSED INTERIM CONSOLIDATED AND COMBINED CARVE-OUT FINANCIAL STATEMENTS

(in thousands of U.S. dollars, unless otherwise indicated)

1. Description of business

Höegh LNG Partners LP (the "Partnership") was formed under the laws of the Marshall Islands on April 28, 2014 as an indirect 100% owned subsidiary of Höegh LNG Holdings Ltd. ("Höegh LNG") for the purpose of acquiring Höegh LNG's interests in Hoegh LNG Lampung Pte. Ltd., PT Hoegh LNG Lampung (the owner of the *PGN FSRU Lampung* and the Tower Yoke Mooring System), SRV Joint Gas Ltd. (the owner of the *Neptune*), and SRV Joint Gas Two Ltd. (the owner of the *GDF Suez Cape Ann*) in connection with the Partnership's initial public offering of its common units (the "IPO").

On August 12, 2014, the Partnership completed its IPO. Prior to the closing of the IPO, Höegh LNG contributed to the Partnership all of its equity interests and loans and promissory notes due to it and affiliates in each of the entities owning the *Neptune*, the *GDF Suez Cape Ann* and the *PGN FSRU Lampung*. The transfer of the interests was recorded at Höegh LNG's consolidated book values. At the closing of the IPO (including the exercise by the underwriters of the option to purchase an additional 1,440,000 common units), (i)11,040,000 common units were sold to the public for net proceeds, after deduction of offering expenses, of $203.5 million; (ii) Höegh LNG owned 2,116,060 common units and 13,156,060 subordinated units, representing approximately 58% of the limited partner interests in the Partnership, and 100% of the incentive distribution rights ("IDRs") and (iii) a wholly owned subsidiary of Höegh LNG owned the non-economic general partner interest in the Partnership, as further described in note 3.

On October 1, 2015, the Partnership closed the acquisition of 100% of the shares in Höegh LNG FSRU III Ltd., a Cayman Islands company, that indirectly owns the *Höegh Gallant*, for a total consideration of $194.2 million. The *Höegh Gallant* was constructed by Hyundai Heavy Industries Co., Ltd. ("HHI") and was delivered to Höegh LNG in November 2014.

The interests in SRV Joint Gas Ltd. and SRV Joint Gas Two Ltd., collectively, are referred to as the "joint ventures" and the remaining entities owned by the Partnership, as reflected in the table below are, collectively, referred to as the "subsidiaries" in these consolidated and combined carve-out financial statements. The *PGN FSRU Lampung*, the *Höegh Gallant*, the *Neptune* and the *GDF Suez Cape Ann* are floating storage regasification units ("FSRUs") and, collectively, referred to in these consolidated and combined carve-out financial statements as the vessels or the "FSRUs." The Tower Yoke Mooring System (the "Mooring") is an offshore installation that is used to moor the *PGN FSRU Lampung* to offload the gas into an offshore pipe that transports the gas to a land terminal. PT Hoegh LNG Lampung, Hoegh LNG Cyprus Limited, the owner of the *Höegh Gallant*, and the two joint ventures, SRV Joint Gas Ltd. and SRV Joint Gas Two Ltd., are collectively referred to as the "FSRU-owning entities."

The *Neptune* and the *GDF Suez Cape Ann* operate under long-term time charters with expiration dates in 2029 and 2030, respectively, and, in each case, with an option for the charterer to extend for up to two additional periods of five years each. The *PGN FSRU Lampung*, operates under a long term time charter which started in July 2014 with an expiration date in 2034 (with an option for the charterer to extend for up to two additional periods of five years each) and uses the Mooring that was constructed and installed and sold to the charterer, PT PGN LNG Indonesia ("PGN LNG"), a subsidiary of PT Perusahaan Gas Negara (Persero) Tbk ("PGN"). The *Höegh Gallant* operates under a long term time charter which started in April 2015 with an expiration date in April 2020 with Hoegh LNG Egypt LLC ("EgyptCo"), a subsidiary of Höegh LNG. EgyptCo has a charter with the government-owned Egyptian Natural Gas Holding Company ("EGAS"). Pursuant to an option agreement, the Partnership has the right to cause Höegh LNG to charter the *Höegh Gallant* from the expiration or termination of the EgyptCo charter until July 2025.

HÖEGH LNG PARTNERS LP

NOTES TO THE UNAUDITED CONDENSED INTERIM CONSOLIDATED AND COMBINED CARVE-OUT FINANCIAL STATEMENTS

(in thousands of U.S. dollars, unless otherwise indicated)

The following table lists the entities included in these consolidated and combined carve-out financial statements and their purpose as of September 30, 2016.

Name	**Jurisdiction of Incorporation or Registration**	**Purpose**
Höegh LNG Partners LP	Marshall Islands	Holding Company
Höegh LNG Partners Operating LLC (100% owned)	Marshall Islands	Holding Company
Hoegh LNG Services Ltd (100% owned)	United Kingdom	Administration Services Company
Hoegh LNG Lampung Pte. Ltd. (100% owned)	Singapore	Owns 49% of PT Hoegh LNG Lampung
PT Hoegh LNG Lampung (49% owned) (1)	Indonesia	Owns *PGN FSRU Lampung*
SRV Joint Gas Ltd. (50% owned) (2)	Cayman Islands	Owns *Neptune*
SRV Joint Gas Two Ltd. (50% owned) (2)	Cayman Islands	Owns *GDF Suez Cape Ann*
Höegh LNG FSRU III Ltd. (100% owned) (3)	Cayman Islands	Owns 100% of Hoegh LNG Cyprus Limited
Hoegh LNG Cyprus Limited (100% owned) (3)	Cyprus	Owns *Höegh Gallant*
Hoegh LNG Cyprus Limited Egypt Branch (100% owned) (3)	Egypt	Branch of Hoegh LNG Cyprus Limited

(1) PT Hoegh LNG Lampung is a variable interest entity, which is controlled by Hoegh LNG Lampung Pte. Ltd. and is, therefore, 100% consolidated in the consolidated and combined carve-out financial statements.

(2) The remaining 50% interest in each joint venture is owned by Mitsui O.S.K. Lines, Ltd. and Tokyo LNG Tanker Co.

(3) The ownership interests were acquired on October 1, 2015.

2. Significant accounting policies

a. Basis of presentation

The accompanying unaudited condensed interim consolidated and combined carve-out financial statements are prepared in accordance with United States generally accepted accounting principles ("US GAAP") for interim financial information. In the opinion of Management, all adjustments considered necessary for a fair presentation, which are of a normal recurring nature, have been included. All inter-company balances and transactions are eliminated. The footnotes are condensed and do not include all of the disclosures required for a complete set of financial statements. Therefore, the unaudited condensed interim consolidated and combined carve-out financial statements should be read in conjunction with the audited combined carve-out financial statements for the year ended December 31, 2015, included in the Partnership's Annual Report on Form 20-F (the "Annual Report").

It has been determined that PT Hoegh LNG Lampung, SRV Joint Gas Ltd. and SRV Joint Gas Two Ltd. are variable interest entities. A variable interest entity ("VIE") is defined by US GAAP as a legal entity where either (a) the voting rights of some investors are not proportional to their rights to receive the expected residual returns of the entity, their obligations to absorb the expected losses of the entity, or both, and substantially all of the entity's activities either involve or are conducted on behalf of an investor that has disproportionately few voting rights, or (b) the equity holders have not provided sufficient equity investment to permit the entity to finance its activities without additional subordinated financial support, or (c) equity interest holders as a group lack the characteristics of a controlling financial interest, including decision making ability and an interest in the entity's residual risks and rewards. The guidance requires a VIE to be consolidated if any of its interest holders are entitled to a majority of the entity's residual returns or are exposed to a majority of its expected losses.

Based upon the criteria set forth in US GAAP, the Partnership has determined that PT Hoegh LNG Lampung is a VIE, as the equity holders, through their equity investments, may not participate fully in the entity's expected residual returns and substantially all of the entity's activities either involve, or are conducted on behalf of, the Partnership. The Partnership is the primary beneficiary, as it has the power to make key operating decisions considered to be most significant to the VIE and receives all the expected benefits or expected losses. Therefore, 100% of the assets, liabilities, revenues and expenses of PT Hoegh LNG Lampung are included in the consolidated and combined carve-out financial statements. Dividends may only be paid if the retained earnings are positive under Indonesian law. As of September 30, 2016, PT Hoegh LNG Lampung has negative retained earnings and therefore cannot make dividend payments under Indonesia law. Under the Lampung facility, there are limitations on cash dividends and loans that can be made to the Partnership. Refer to note 9.

HÖEGH LNG PARTNERS LP

NOTES TO THE UNAUDITED CONDENSED INTERIM CONSOLIDATED AND COMBINED CARVE-OUT FINANCIAL STATEMENTS

(in thousands of U.S. dollars, unless otherwise indicated)

In addition, the Partnership has determined that the two joint ventures, SRV Joint Gas Ltd. and SRV Joint Gas Two Ltd., are VIEs since each entity did not have a sufficient equity investment to permit the entity to finance its activities without additional subordinated financial support at the time of its initial investment. The entities have been financed with third party debt and subordinated shareholders loans. The Partnership is not the primary beneficiary, as the Partnership cannot make key operating decisions considered to be most significant to the VIEs, but has joint control with the other equity holders. Therefore, the joint ventures are accounted for under the equity method of accounting as the Partnership has significant influence. The Partnership's carrying value is recorded in advances to joint ventures and accumulated losses of joint ventures in the consolidated and combined carve-out balance sheets. For SRV Joint Gas Ltd., the Partnership had a receivable for the advances of $4.8 million and $7.2 million, respectively, and the Partnership's accumulated losses or its share of net liabilities were $20.3 million and $19.8 million, respectively, as of September 30, 2016 and December 31, 2015. The Partnership's carrying value for SRV Joint Gas Two Ltd., consists of a receivable for the advances of $4.0 million and $6.8 million, respectively, and the Partnership's accumulated losses or its share of net liabilities were $24.2 million and $22.7 million, respectively, as of September 30, 2016 and December 31, 2015. The major reason that the Partnership's accumulated losses in the joint ventures are net liabilities is due to the fair value adjustments for the interest rate swaps recorded as liabilities on the combined balance sheets of SRV Joint Gas Ltd. and SRV Joint Gas Two Ltd. The maximum exposure to loss is the carrying value of the receivables, which is subordinated to the joint ventures' long-term bank debt, the investments in the joint ventures (accumulated losses), as the shares are pledged as security for the joint ventures' long-term bank debt and Höegh LNG's commitment under long-term bank loan agreements to fund its share of drydocking costs and remarketing efforts in the event of an early termination of the charters. Dividend distributions require a) agreement of the other joint venture owners; b) fulfilment of requirements of the long-term bank loans; c) and under Cayman Islands law may be paid out of profits or capital reserves subject to the joint venture being solvent after the distribution.

b. Significant accounting policies

The accounting policies used in the preparation of the unaudited condensed interim consolidated and combined carve-out financial statements are consistent with those applied in the audited consolidated and combined carve-out financial statements for the year ended December 31, 2015 included in the Partnership's Annual Report.

c. Recent accounting pronouncements

In February 2016, the Financial Accounting Standards Board ("FASB") issued revised guidance for leasing. The objective is to establish the principles that lessors and lessees shall apply to report useful information to users of financial statements about the amount, timing and uncertainty of cash flows arising from a lease. The standard is effective for annual periods beginning after December 15, 2018. The Partnership is currently assessing the impact the adoption of this standard will have on the consolidated and combined carve-out financial statements.

HÖEGH LNG PARTNERS LP

NOTES TO THE UNAUDITED CONDENSED INTERIM CONSOLIDATED AND COMBINED CARVE-OUT FINANCIAL STATEMENTS

(in thousands of U.S. dollars, unless otherwise indicated)

3. Formation transactions and Initial Public Offering

During August 2014, the following transactions in connection with the transfer of equity interests, shareholder loans and promissory notes and accrued interest to the Partnership and the IPO occurred:

Capital contribution

Höegh LNG contributed the following to the Partnership:

(i) Its interests in Hoegh LNG Lampung Pte. Ltd., PT Hoegh LNG Lampung, SRV Joint Gas Ltd. and SRV Joint Gas Two Ltd.;

(ii) Its shareholder loans made by Höegh LNG to each of SRV Joint Gas Ltd. and SRV Joint Gas Two Ltd., in part to finance the operations of such joint ventures;

(iii) Its receivables for the $40 million promissory note due to Höegh LNG as well as accrued interest on such note and two other promissory notes relating to Hoegh LNG Lampung Pte. Ltd.;

These transactions have been accounted for as a capital contribution by Höegh LNG to the Partnership. However, for purposes of the combined carve-out financial statements, the (i) net assets of the entities and the (ii) shareholder loans to the joint ventures are included in the combined carve-out balance sheet until August 2014;

Recapitalization of the Partnership

(i) The Partnership issued to Höegh LNG 2,116,060 common units and 13,156,060 subordinated units and 100% of incentive distribution rights ("IDRs"), which will entitle Höegh LNG to increasing percentages of the cash the Partnership distributes in excess of $0.388125 per unit per quarter.

(ii) The Partnership issued to Höegh LNG GP LLC, a wholly owned subsidiary of Höegh LNG, a non-economic general partner interest in the Partnership.

Initial Public Offering

(i) The Partnership issued and sold through the underwriters to the public 11,040,000 common units (including 1,440,000 common units exercised pursuant to the underwriters' option to purchase additional common units), representing approximately 42% limited partnership interest in the Partnership. The common units were sold for $20.00 per unit resulting in gross proceeds of $220.8 million. The net proceeds of the offering were approximately $203.5 million. Net proceeds is after deduction of underwriters' discounts, structuring fees and reimbursements and the incremental direct costs attributable to the IPO that were deferred and charged against the proceeds of the offering.

(ii) The Partnership applied the net proceeds of the offering as follows: (i) $140 million to make a loan to Höegh LNG in exchange for a note bearing interest at a rate of 5.88% per annum, (ii) $20 million for general partnership purposes and (iii) the remainder of approximately $43.5 million to make a cash distribution to Höegh LNG.

HÖEGH LNG PARTNERS LP

NOTES TO THE UNAUDITED CONDENSED INTERIM CONSOLIDATED AND COMBINED CARVE-OUT FINANCIAL STATEMENTS

(in thousands of U.S. dollars, unless otherwise indicated)

Proceeds from IPO and application of funds	
(in thousands of U.S. dollars)	
Gross proceeds from IPO	$220,800
Underwriters' discounts, structuring fees and incremental direct IPO expenses	(17,333)
Net proceeds from IPO	203,467
Loan of initial public offering proceeds to Höegh LNG for demand note	(140,000)
Cash distribution of initial public offering proceeds to Höegh LNG	(43,467)
Cash retained for general partnership purposes	$20,000

At the completion of the IPO, Höegh LNG owned 2,116,060 common units and 13,156,060 subordinated units, representing an approximate 58% limited partnership interest in the Partnership.

Agreements

In connection with the IPO the Partnership entered into several agreements including:

(i) A $85 million revolving credit facility with Höegh LNG, which was undrawn at the closing of the IPO;

(ii) An omnibus agreement with Höegh LNG, the general partner, and Höegh LNG Partners Operating LLC governing, among other things:

a. To what extent the Partnership and Höegh LNG may compete with each other;

b. The Partnership's option to purchase from Höegh LNG all or a portion of its interests in an additional FSRU, the *Independence*, within 24 months after acceptance of such vessel by her charterer, subject to reaching an agreement with Höegh LNG regarding the purchase price and other terms in accordance with the provisions of the omnibus agreement and any rights AB Klaipėdos Nafta has under the related time charter, which the Partnership may exercise at one or more times during such 24-month period;

c. The Partnership’s rights of first offer on certain FSRUs and LNG carriers operating under charters of five or more years; and

d. Höegh LNG’s provision of certain indemnities to the Partnership.

(iii) An administrative services agreement with Höegh LNG Services Ltd., UK (“Höegh UK”), pursuant to which Höegh UK provides certain administrative services to the Partnership; and

(iv) Höegh UK has entered into administrative services agreements with Höegh LNG AS (“Höegh Norway”) and Leif Höegh (U.K.) Limited, pursuant to which Höegh Norway and Leif Höegh (U.K.) Limited provide Höegh UK certain administrative services. Additionally, the operating company has entered into an administrative services agreement with Leif Höegh (U.K.) Limited to allow Leif Höegh (U.K.) Limited to provide services directly to Höegh LNG Partners Operating LLC.

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(in thousands of U.S. dollars, unless otherwise indicated)

Existing agreements remain in place for provision of certain services to the Partnership's vessel owning joint ventures or entity, of which the material agreements are as follows:

- The joint ventures are parties to ship management agreements with Höegh LNG Fleet Management AS ("Höegh LNG Management") pursuant to which Höegh LNG Management provides the joint ventures with technical and maritime management and crewing of the *Neptune* and the *GDF Suez Cape Ann*, and Höegh Norway is a party to a sub-technical support agreement with Höegh LNG Management pursuant to which Höegh LNG Management provides technical support services with respect to the *PGN FSRU Lampung*; and

- The joint ventures are parties to commercial and administration management agreements with Höegh Norway, and PT Hoegh LNG Lampung is a party to a technical information and services agreement with Höegh Norway.

4. Segment information

There are two operating segments. The segment profit measure is Segment EBITDA, which is defined as earnings before interest, taxes, depreciation, amortization and other financial items (gains and losses on derivative instruments and other items, net). Segment EBITDA is reconciled to operating income and net income in the segment presentation below. The two segments are "Majority held FSRUs" and "Joint venture FSRUs." In addition, unallocated corporate costs that are considered to benefit the entire organization and interest income from advances to joint ventures and the demand note due from Höegh LNG and interest expense related to the seller's credit note and the outstanding balance on the $85 million revolving credit facility are included in "Other."

For the three and nine months ended September 30, 2016, Majority held FSRUs includes the direct financing lease related to the *PGN FSRU Lampung* and the operating lease related to the *Höegh Gallant*. For the three and nine months ended September 30, 2015, Majority held FSRUs includes the direct financing lease related to the *PGN FSRU Lampung*.

As of September 30, 2016 and 2015, Joint venture FSRUs include two 50% owned FSRUs, the *Neptune* and the *GDF Suez Cape Ann*, that operate under long term time charters with one charterer, GDF Suez Global LNG Supply SA, a subsidiary of ENGIE.

The accounting policies applied to the segments are the same as those applied in the consolidated and combined carve-out financial statements, except that Joint venture FSRUs are presented under the proportional consolidation method for the segment note and under equity accounting for the consolidated and combined carve-out financial statements. Under the proportional consolidation method, 50% of the Joint venture FSRUs' revenues, expenses and assets are reflected in the segment note. Management monitors the results of operations of joint ventures under the proportional consolidation method and not the equity method of accounting.

In time charters, the charterer, not the Partnership, controls the choice of locations or routes the FSRUs serve. Accordingly, the presentation of information by geographical region is not meaningful. The following tables include the results for the segments for the three and nine months ended September 30, 2016 and 2015.

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(in thousands of U.S. dollars, unless otherwise indicated)

	Three months ended September 30, 2016					
(in thousands of U.S. dollars)	Majority held FSRUs	Joint venture FSRUs (proportional consolidation)	Other	Total Segment reporting	Elimina-tions (1)	Consolidated and combined carve-out reporting
Time charter revenues	$23,345	10,937	—	34,282	(10,937)	$ 23,345
Total revenues	23,345	10,937	—	34,282		23,345
Operating expenses	(5,338)	(2,379)	(1,672)	(9,389)	2,379	(7,010)
Equity in earnings (losses) of joint ventures	—	—	—	—	6,565	6,565
Segment EBITDA	18,007	8,558	(1,672)	24,893		
Depreciation and amortization	(2,647)	(2,378)	—	(5,025)	2,378	(2,647)
Operating income (loss)	15,360	6,181	(1,672)	19,868		20,253
Gain (loss) on derivative instruments	517	4,139	—	4,656	(4,139)	517
Other financial income (expense), net	(5,748)	(3,755)	(1,121)	(10,624)	3,755	(6,869)
Income (loss) before tax	10,129	6,565	(2,793)	13,901	—	13,901
Income tax expense	(474)	—	(2)	(476)	—	(476)
Net income (loss)	$9,655	6,565	(2,795)	13,425	—	$ 13,425

(1) Eliminations reverse each of the income statement line items of the proportional consolidation amounts for Joint venture FSRUs and record the Partnership's share of the Joint venture FSRUs' net income (loss) to Equity in earnings (loss) of joint ventures.

	Three months ended September 30, 2015					
(in thousands of U.S. dollars)	Majority held FSRUs	Joint venture FSRUs (proportional consolidation)	Other	Total Segment reporting	Elimina-tions (1)	Consolidated and combined carve-out reporting
Time charter revenues	$11,462	10,590	—	22,052	(10,590)	$ 11,462
Total revenues	11,462	10,590	—	22,052		11,462
Operating expenses	(2,290)	(2,245)	(1,378)	(5,913)	2,245	(3,668)
Equity in earnings (losses) of joint ventures	—	—	—	—	(249)	(249)
Segment EBITDA	9,172	8,345	(1,378)	16,139		

Depreciation and amortization	(8)	(2,456)	—	(2,464)	2,456	(8)
Operating income (loss)	9,164	5,889	(1,378)	13,675		7,537
Gain (loss) on derivative instruments	354	(2,109)	—	(1,755)	2,109	354
Other financial income (expense), net	(4,702)	(4,029)	2,105	(6,626)	4,029	(2,597)
Income (loss) before tax	4,816	(249)	727	5,294	—	5,294
Income tax expense	(109)	—	—	(109)	—	(109)
Net income (loss)	$4,707	(249)	727	5,185	—	$ 5,185

(1) Eliminations reverse each of the income statement line items of the proportional consolidation amounts for Joint venture FSRUs and record the Partnership's share of the Joint venture FSRUs' net income (loss) to Equity in earnings (loss) of joint ventures.

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(in thousands of U.S. dollars, unless otherwise indicated)

	Nine months ended September 30, 2016					
(in thousands of U.S. dollars)	Majority held FSRUs	Joint venture FSRUs (proportional consolidation)	Other	Total Segment reporting	Elimina-tions (1)	Consolidated and combined carve-out reporting
Time charter revenues	$67,799	32,054	—	99,853	(32,054)	$ 67,799
Total revenues	67,799	32,054	—	99,853		67,799
Operating expenses	(15,044)	(6,480)	(4,700)	(26,224)	6,480	(19,744)
Construction contract expenses	(315)	—	—	(315)		(315)
Equity in earnings (losses) of joint ventures	—	—	—	—	(2,010)	(2,010)
Segment EBITDA	52,440	25,574	(4,700)	73,314		
Depreciation and amortization	(7,912)	(7,131)	—	(15,043)	7,131	(7,912)
Operating income (loss)	44,528	18,443	(4,700)	58,271		37,818
Gain (loss) on derivative instruments	1,178	(9,028)	—	(7,850)	9,028	1,178
Other financial income (expense), net	(17,969)	(11,425)	(3,156)			