

PRESS RELEASE

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LIPPO KARAWACI SHOWS POSITIVE TRACTION, REPORTS 9M19 RESULTS AS REVENUES INCREASED BY 11.3% TO RP 8.27 TRILLION POST ADJUSTMENT FOR ONE TIME SALE IN 9M18

- Revenue growth driven by continued improvements at Siloam Hospitals where revenues increased by nearly 19% year on year
- Marketing sales increased 3.5% YoY to Rp 1.14 trillion from Rp 1.1 trillion in 9M18

Tangerang - PT Lippo Karawaci Tbk (“LPKR” or the “Company”) today announced its results for the first nine months of 2019. LPKR reported revenues of Rp 8.27 trillion, an 11.3% increase from the adjusted revenues of Rp7.43 trillion in 9M18 after adjustment from non-recurring land sales of Rp 838 billion in 9M18. LPKR reported total revenue of Rp 8.27 trillion for 9M19, flat from Rp 8.27 trillion recorded in the same period last year. The quarterly changes continue to be boosted by strong recurring revenue growth mainly from LPKR’s healthcare segment (PT Siloam Hospitals Tbk.- SILO.JK) while offset by declines at the property business year on year (primarily associated with the one off sale from 2Q18 and 3Q18 mentioned above). Marketing sales in the first nine months of 2019 reached Rp 1.14 trillion, representing an increase of 3.5% from Rp 1.10 trillion in the first nine months of 2018.

Healthy recurring revenue growth driven by Siloam Hospitals

Siloam Hospitals recorded strong revenues growth by 18.7% YoY to Rp 5.2 trillion for 9M19, from Rp 4.4 trillion in 9M18, contributing to 78.6% of total recurring revenues in 9M19 compared to 76.0% in 9M18. In 3Q19, Siloam did not open a new hospital, but there is a pipeline of 1 -2 new hospitals that should open by year-end 2019. In addition, Siloam has delivered sustainable improvement in both revenue and EBITDA in 3Q19 compared to 2Q19 as revenues increased on a linked quarter basis by 10.3% to Rp 1.84 trillion while EBITDA increased by 36.9% to Rp 276 billion from Rp 201 billion, as quarterly gross profits increased 15.9% while operating expenses increased by only 2.4%. The improvements are coming from multiple segments, but one key area is that we have seen EBITDA losses at new hospitals decrease to Rp 26 billion from Rp 44 billion quarter on quarter, representing a decrease of 69%.

(In Billion Rp)	Income Statement	9M19	9M18	Change YoY
Revenue				
Development	Subtotal	1,635	2,487	-34.3%
	Urban Development	917	1,780	-48.5%
	Large Scale Integrated Development	718	707	1.6%
Recurring	Subtotal	6,639	5,781	14.8%
	Malls & Others	1,423	1,385	2.7%
	Healthcare	5,216	4,396	18.7%
	Total Revenue	8,274	8,268	0.1%

Revenue from LPKR’s retail malls & others increased by 2.7% to Rp 1.4 trillion, accounting for 21.4% of total recurring income in 9M19 compared to 23.9% in 9M18.

One off sales in 9M18 are responsible for the decline in as reported developmental business revenues

As reported developmental revenues in 9M19 decreased by 34.3% to Rp 1.64 trillion from Rp 2.49 trillion in the same period last year. It contributed to 19.8% of the total revenues in 9M19 compared to 30.1% in 9M18.

The one-off sale in 9M18 was from the sale of Meikarta to MSU at the Lippo Cikarang level, representing a gain of Rp 838 billion. The Urban Development division booked revenues of Rp 917 billion in 9M19 compared to Rp 1.78 trillion a year ago. Meanwhile, LPKR's Large Scale Integrated Development division booked revenues of Rp 718 billion in 9M19, compared to Rp 707 billion a year ago.

LPKR booked lower gross profit of Rp 3.19 trillion in 9M19 compared to Rp 3.76 trillion in 9M18 primarily due to lower gross profit in the property sector which totaled Rp 540 billion and representing a 61.6% decrease compared to Rp 1.41 trillion in the year ago period. Meanwhile, the healthcare businesses gross profit recorded healthy growth of 22.2% YoY to Rp 1.72 trillion in 9M19 from Rp 1.41 trillion a year ago.

<i>(In Billion Rp)</i>	Income Statement	9M19	9M18	Change YoY
GROSS PROFIT				
	Urban Dev. & Large Scale Integrated Dev.	540	1,408	-61.6%
	Malls & Others	936	947	-1.1%
	Healthcare	1,716	1,405	22.2%
Total		3,193	3,759	-15.1%
GROSS MARGIN (%)		39%	45%	

LPKR's operating expenses increased in 9M19 to Rp 2.90 trillion from Rp 2.57 trillion in the year ago period. The increase was a result of higher expenses at our healthcare business. In addition, we experienced higher costs at our property business which increased by 9.8% year on year. At Siloam there were no new hospitals opened in the quarter but a few are expected to be opened by year end. Currently, Siloam has 36 hospitals in operation compared to 34 hospitals in 9M18.

<i>(In Billion Rp)</i>	Income Statement	9M19	9M18	Change YoY
OPERATING EXPENSES				
	Urban Dev. & Large Scale Integrated Dev.	1,006	916	9.8%
	Malls & Others	500	453	10.4%
	Healthcare	1,391	1,203	15.6%
Total		2,897	2,572	12.6%
OPEX / REVENUES		35%	31%	

LPKR's EBITDA in 3Q19 increased by 465% to Rp 368 billion from Rp 65 billion in 2Q19 a function of the one-off expenses in 2Q19. As reported 9M19 EBITDA declined by 49.2% to Rp 902.4 billion from Rp 1.77 trillion year on year due to one off items from 2Q19, and this led to the reported EBITDA margin falling to 11% from 21% in 9M19. The healthcare segment reported strong EBITDA growth attributed to higher earnings and improved cost controls across multiple business segments. Overall, LPKR reported a net loss for 9M19 of Rp 1.73 trillion, compared to a net loss of Rp 779.6 billion a year ago.

<i>(In Billion Rp)</i>	Income Statement	9M19	9M18	Change YoY
EBITDA				
	Urban Dev. & Large Scale Integrated Dev.	(359)	644	-155.7%
	Malls & Others	557	584	-4.6%
	Healthcare	703	548	28.2%
Total		902	1,776	-49.2%
EBITDA MARGIN		11%	21%	

Deleveraging and initial rights issue help to improve balance sheet

In the first nine months of 2019, LPKR strengthened its cash position with cash and cash equivalents balance at 9M19 totaling Rp 5.2 trillion compared to Rp 1.8 trillion as of year-end 2018. For the 9M19, the Company

reported total debt of Rp 12.4 trillion vs Rp 14.9 trillion in the year ago period, representing a decrease of Rp 2.4 trillion year on year, and as a result the net gearing ratio has significantly improved to 0.21x in 9M19 compared to 0.53x at YE18. The Company plans to look at opportunities to now diversify the debt away from USD, and incorporate more Rupiah denominated debt, as currently USD debt is 92% of total debt.

Recent Events

The new management teams transformation plan continues to evolve with the recent hirings of Mr. Rudy Halim as Chief Operating Officer (COO) of LPKR and M.C. Loh as Chief Executive Officer (CEO) of Lippo Cikarang. In his role, Mr. Halim will be responsible for overseeing the overall strategy and business operations of LPKR's business units, including its hotels, town management, malls operations, as well as its real estate subsidiaries. Mr. Halim brings with him almost two decades of experience in operations, leading company transformations, managing complex development projects, and also investments.

John Riady, CEO of LPKR, commented: "In the third quarter Lippo Karawaci continued to show progress in our transformation plan. Our Rights Issue was completed and we brought in two proven veterans to bolster management. Rudy Halim as LPKR's COO and the return of M.C. Loh in November as CEO of Lippo Cikarang. We have delivered on the financial aspects of our transformation, with deleveraging, successful completion of the rights issue and jumpstarted our existing projects." Additionally, Mr. Riady guided "Going forward, we aim to complete the Puri Mall sale by mid-year 2020, and we will keenly focus on asset sales and core business enhancements. Our LPKR existing projects are well ahead of the scheduled timeframe for completion we targeted in March. We are hopeful that now that we are past the presidential inauguration and ministerial appointments that the country can see strong policy from our dedicated president and his professional team along with conducive policy toward the property market along with lower interest rates."

Marketing Sales by Project	Location	FY19 Marketing Sales	9M19 Marketing	9M19 Land ASP	
		Target (Rp bn)	Sales (RpBn)	9M19 Units Sold	(RpMn/sqm)
Lippo Village	West Greater Jakarta	154	125	16	18.8
Lippo Cikarang :		832	591	168	
Residential	East Greater Jakarta	392	168	133	11.4
Commercial	East Greater Jakarta	35	21	1	10.7
Industrial	East Greater Jakarta	105	92	30	2.1
DS 8 (JO)	East Greater Jakarta	300	309	4	1.3
Holland Village Manado	Manado, North Sulawesi	16	16	13	10.3
Tanjung Bunga	Makassar, South Sulawesi	133	117	246	6.1
San Diego Hills	Karawang, West Java	135	109	1219	12.5
Kemang Village	South Jakarta	46	30	13	22.8
St Moritz Jakarta	West Jakarta	81	78	19	24.5
Embarcadero	Tangerang	1	1	1	19.7
Nine Residence	South Jakarta	2	2	2	23.3
Park View	Depok	0	0	1	7.9
Holland Village Jakarta		10	-	0	20.0
Orange County	East Greater Jakarta	55	43	49	16.5
Millenium Village	West Greater Jakarta	35	28	10	21.4
Total		1,500	1,139	1,757	

The Company adjusted its target for marketing sales to achieve Rp 1.5 trillion in FY2019, and through 9M19 has reached 76% of the target, or Rp 1.14 trillion.

About Lippo Karawaci ("LPKR") (www.lippokarawaci.co.id)

Listed on the Indonesia Stock Exchange, Lippo Karawaci ("LPKR") is Indonesia's leading integrated real estate company with total assets of US\$4.0bn at 30 September 2019. Our core business comprises urban residential developments, lifestyle malls and healthcare. We are also actively involved in integrated developments, hospitality, township development and management, as well as asset management services.

Currently, the Company has a presence in 35 cities, and is a leading Indonesian property developer with 1,461 ha of landbank ready for development. Through our two publicly listed subsidiaries, PT Lippo Cikarang Tbk, and PT Gowa Makassar Tourism Development Tbk, of which LPKR owns 81.0% and 62.7% respectively, LPKR develops and operates urban developments at Lippo Cikarang in Bekasi and at Tanjung Bunga in Makassar. Additionally, LPKR owns 51.05% of PT Siloam International Hospitals Tbk, Indonesia's leading private hospitals network, with 36 hospitals across 24 cities nationwide.

LPKR also has an ownership stake in two listed REITs in Singapore, namely First Real Estate Investment Trust and Lippo Malls Indonesia Retail Trust with US\$1.0bn and US\$1.4bn of assets under management respectively, as at 30 September 2019.

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