



PT Lippo Karawaci Tbk  
Investor Presentation  
February 2020

## Indonesia's leading integrated real estate platform

### The largest real estate company



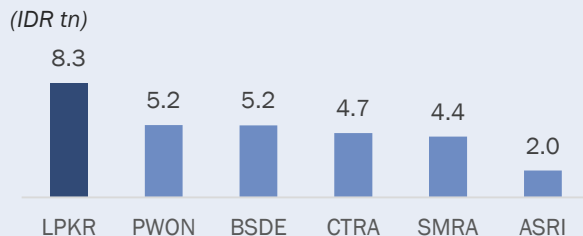
### The only fully integrated business model



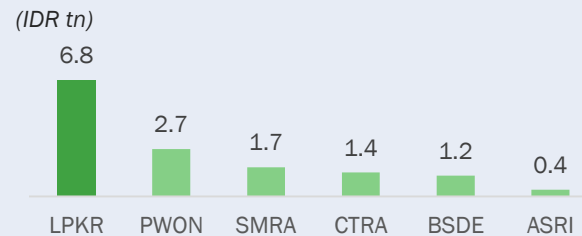
### Disciplined financial management supported by Fitch & S&P recent upgrades



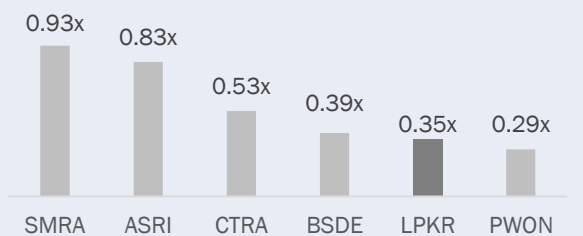
### Largest by total revenues



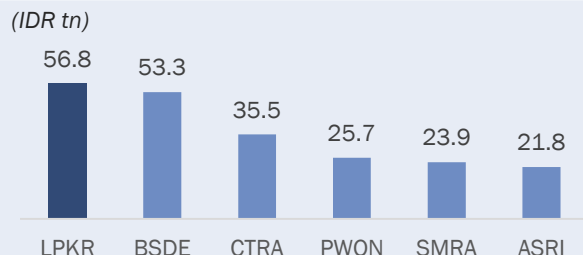
### Recurring revenues driven by market leading Healthcare & Mall franchises



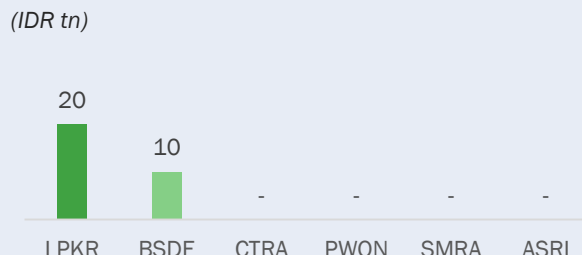
### One of the strongest balance sheet with low Debt / Equity



### Largest by total assets



### Largest by AUM



### No significant debt maturing until 2025<sup>(1)</sup>





# Why invest in PT Lippo Karawaci Tbk (“LPKR”) now?

1

Indonesia property market's indicators signal a potential acceleration

2

Simplified organization and refocused strategy



Operations are ideally positioned for growth

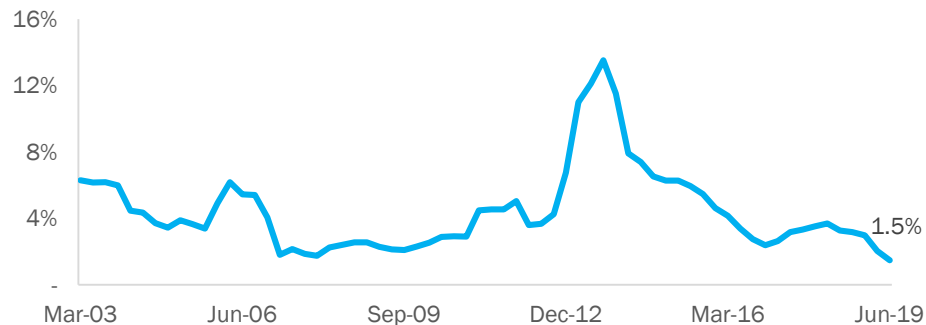
3

Valuation is low and uncorrelated with fundamental value

4

# 1 Indonesia property market's indicators signal a potential acceleration

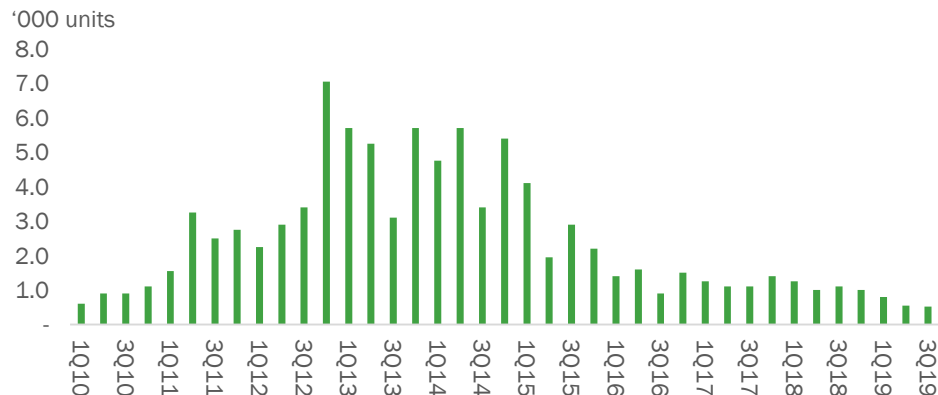
## Annualized property price growth in Q2 2019 is at 15 year low



Source: Bank of International Settlements

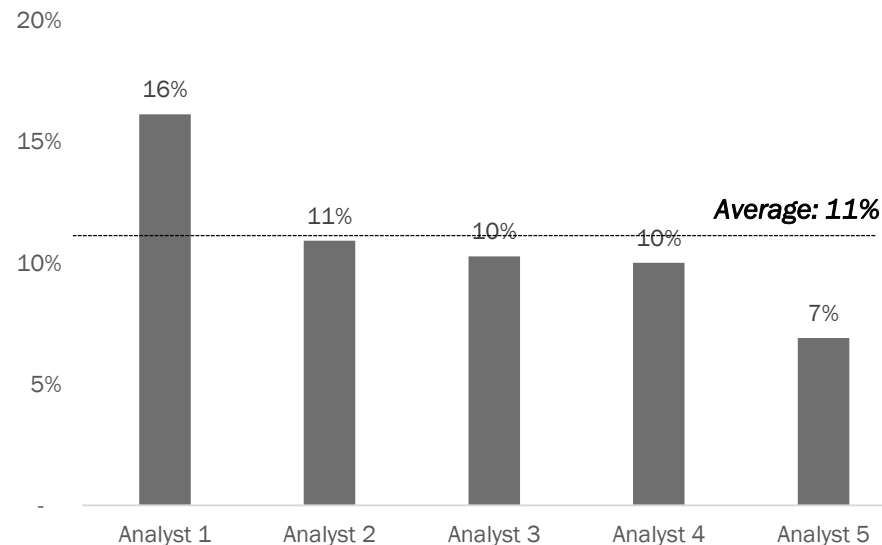
- Greater Jakarta property price growth slowed in 2Q2019 1.5% YoY, the lowest growth rate in more than 15 years

## Jakarta high-rise residential sales remains at historically low levels



Source: JLL

## Marketing sales expected to grow at double digit rate in 2020



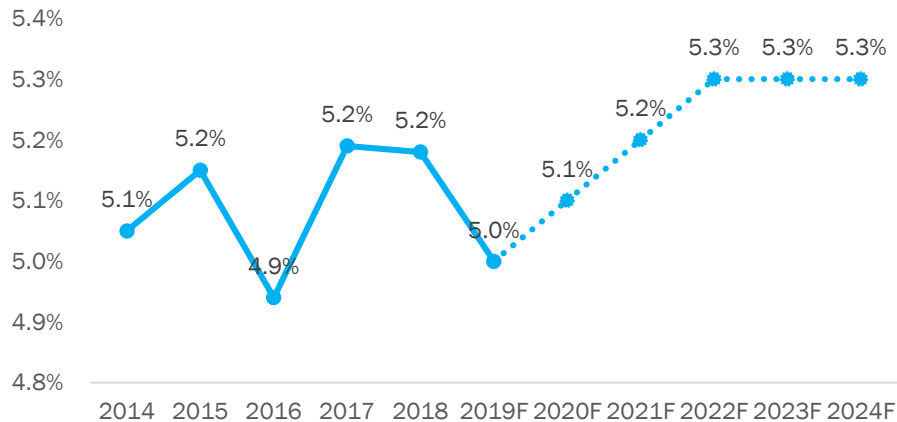
Source: Company filings, analysts report. Percentages based on average of each analysts' forecast on a set of listed peers

- Going into 2020, marketing sales are expected to pick up sharply supported by:
  - Government policy support
  - Post-election political stability
  - Decreasing mortgage rates resulting in improvement in affordability of home purchases
  - Increased focus on lower-middle end projects to meet stronger demand in the affordable housing segment

# 1 Indonesia property market's indicators signal a potential acceleration

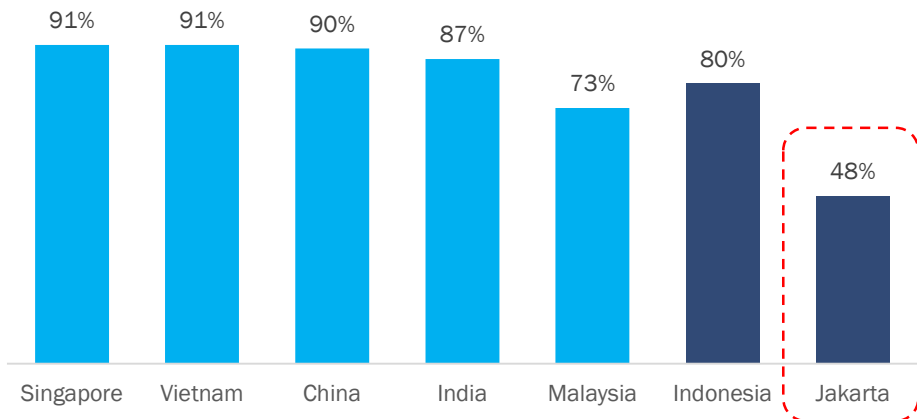
Supported by solid fundamental drivers and...

**Indonesia GDP growth projected at 5.0% - 5.5%**  
Real GDP YoY growth (%) actual & projected



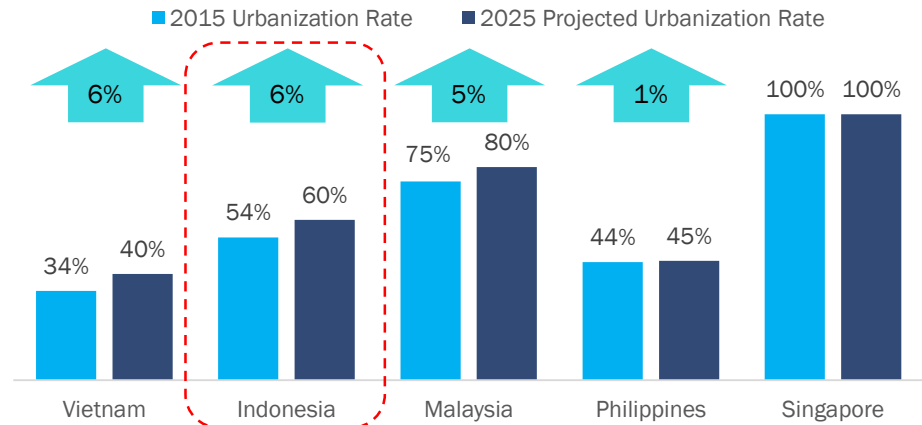
Source: Bloomberg, IMF

**Home ownership is low in Jakarta relative to regional peers**  
Home ownership rates among resident households (%)



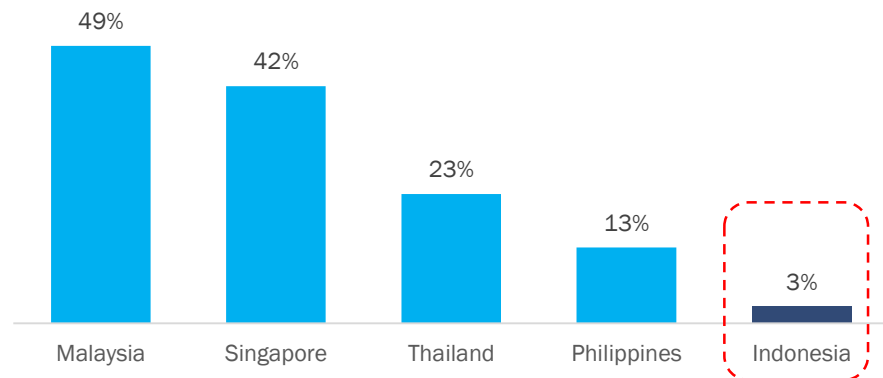
Source: National census results, Peking University Institute of Social Sciences, Badan Pusat Statistik (BPS)

**Rapid urbanization driving residential demand**  
Urbanization rate (%) actual & projected



Source: World Cities Report, United Nations

**Mortgage loan penetration is low relative to regional peers**  
Housing loans as % of GDP (2018)



Source: Bloomberg

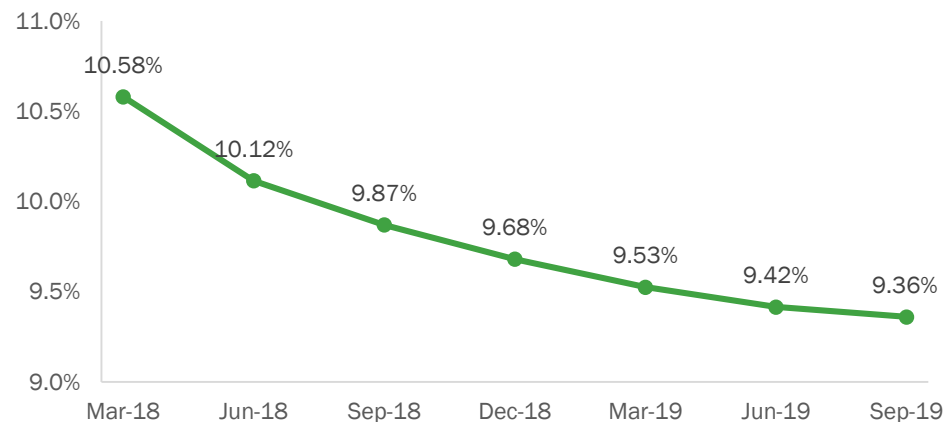
# 1 Indonesia property market's indicators signal a potential acceleration

...catalysts for an acceleration in the near term

## Government driving supportive regulatory regime

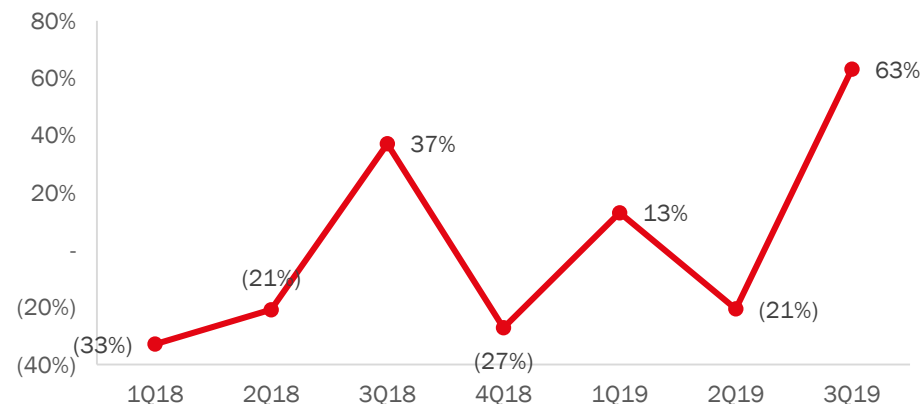
- **Bank Indonesia** relaxed mortgage policies :
  - Loan-to-value for mortgages increased from 85% to 100% for first-time home buyers
  - Limit on mortgage facilities per consumer increased from 2 to 5
  - Accelerated mortgage disbursement from banks for each stage of development of property
  
- **The Ministry of Finance** increased the threshold of the 20% luxury tax in Jun 2019 to IDR 30bn from IDR 10bn and IDR 20bn for apartments and landed houses respectively
  
- **The Ministry of Public Housing** broadened eligibility to receive mortgage interest subsidies to include civil servants, military personnel, police officers, and low-to-middle income millennials in a bid to increase home ownership

## Cheaper mortgage loans bolster home affordability Blended mortgage rates (%)



Source: Residential Property Survey, Bank Indonesia

## Marketing sales growth have picked up post-elections in 3Q2019 QoQ growth of total marketing sales value of major developers<sup>(1)</sup>



Source: Company filings

## 2 Simplified organization and refocused strategy

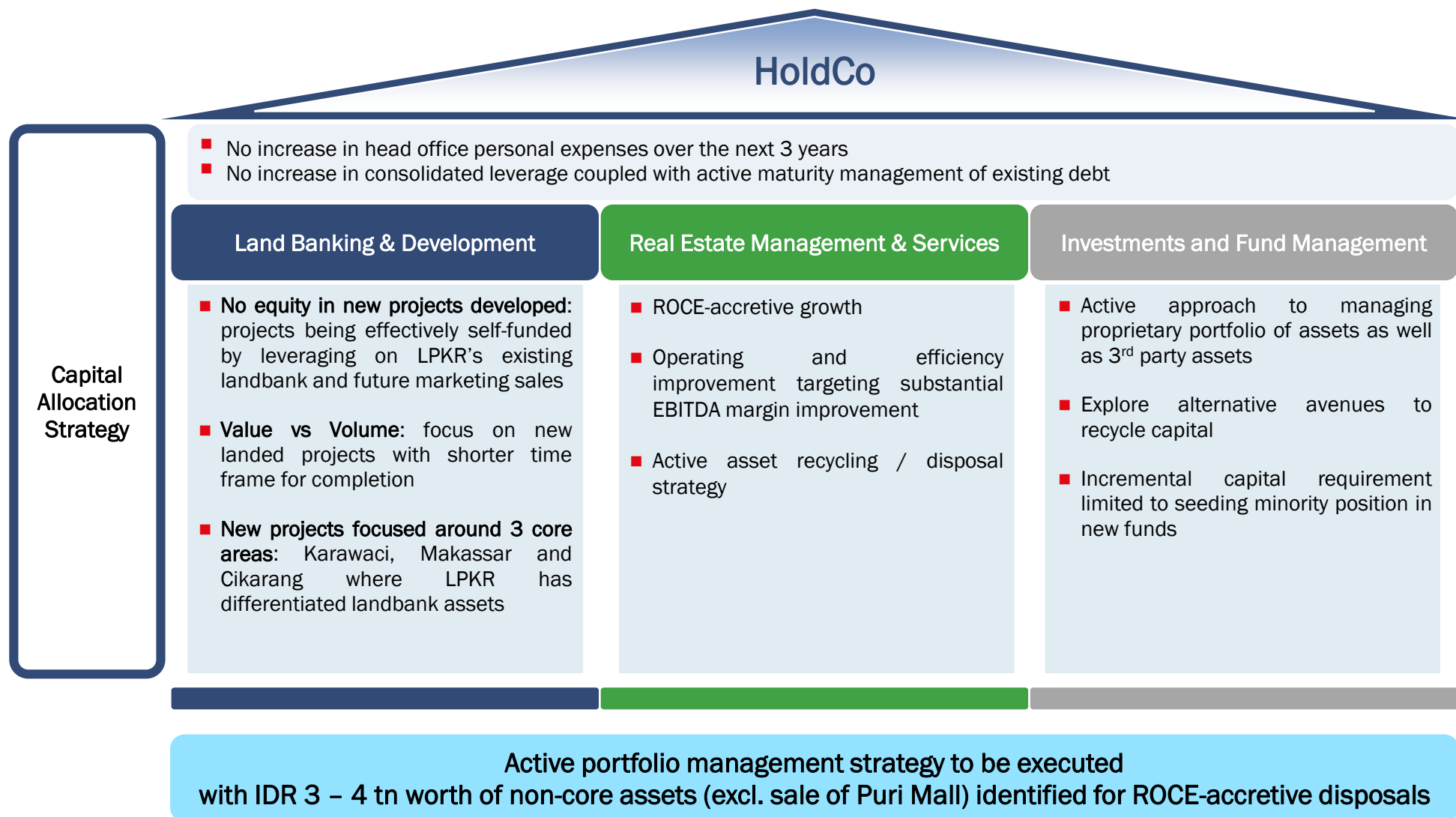
3 pillars leveraging on LPKR's unique strengths

Pillar	Land Banking & Development	Real Estate Management & Services	Investments and Fund Management
Description	<ul style="list-style-type: none"> <li>Development of residential, commercial and industrial properties</li> <li>Development of cohesively designed independent townships</li> </ul>	<ul style="list-style-type: none"> <li>Management of real estate assets, as well as the services that operate within including healthcare, malls, hotels, parking, town management and cemetery services</li> </ul>	<ul style="list-style-type: none"> <li>Management of third-party capital for real estate related investments</li> <li>Managed synergistically and with independence from the real estate development business to generate returns and unlock value of assets</li> </ul>
Position	<ul style="list-style-type: none"> <li><b>LPKR:</b> holding company and developer of high-rise and landed properties across Indonesia including projects such as Holland Village Jakarta, Holland Village Manado, Millennium Village and Embarcadero Suites</li> <li><b>LPCK:</b> developer of Lippo Cikarang, the largest integrated township in the eastern corridor of Jakarta – including Orange County mixed used development</li> <li><b>GMTD:</b> developer of the Tanjung Bunga area in Makassar</li> </ul>	<ul style="list-style-type: none"> <li><b>Healthcare:</b> controlling shareholder of Siloam, the largest private hospital group in Indonesia with 36 hospitals across 24 cities</li> <li><b>Malls:</b> largest mall operator in Indonesia managing 51 malls</li> <li><b>Hotels:</b> operator of Aryaduta Hotels, one of the largest hotel groups in Indonesia with 10 locations across the country (including 4 owned hotels)</li> </ul>	<ul style="list-style-type: none"> <li><b>Strategic stakes in SGX-listed REITs:</b> <ul style="list-style-type: none"> <li><b>LMIR Trust:</b> c. SGD 2bn AUM portfolio of premier retail assets in Indonesia<sup>(1)</sup></li> <li><b>First REIT:</b> c. SGD 1bn AUM portfolio of 20 high-quality healthcare assets including 3 in Singapore and 1 in South Korea</li> </ul> </li> <li><b>Fund Management:</b> manager of LMIR Trust</li> </ul>
Competitive Advantage	<ul style="list-style-type: none"> <li>Quality, sizable and low cost landbank</li> <li>Integrated ecosystem supports creation of mixed-use developments</li> </ul>	<ul style="list-style-type: none"> <li>Market leading position for key growth segments: healthcare &amp; malls</li> </ul>	<ul style="list-style-type: none"> <li>Unique organic growth pipeline</li> <li>The only Indonesian developer with SGX-listed REIT</li> </ul>

**The only integrated end-to-end real estate platform with unique growth potential and competitive advantage across the value chain in Indonesia**

## 2 Simplified organization and refocused strategy

Revised strategy focused on disciplined capital allocation approach across segments and supported by efficient asset rotation





## 2 Simplified organization and refocused strategy

New leadership team focused on corporate governance and transparency

### Board of Commissioners provides adequate representation to minority shareholders

 <p><b>John A Prasetyo</b> Independent President Commissioner</p> <ul style="list-style-type: none"> <li>President Commissioner of the Indonesia Stock Exchange since 2017</li> <li>Other notable roles include Indonesian Ambassador to Republic of Korea, Asia Pacific CEO of Andersen Worldwide, Executive Chairman of EY Indonesia, Independent Commissioner of PT Global Mediacom Tbk</li> </ul>	 <p><b>Dr. Stephen Riady</b> Commissioner</p> <ul style="list-style-type: none"> <li>Executive Chairman of OUE Limited, Executive Director of Lippo Limited and Hong Kong Chinese Limited</li> <li>Strong record of public service including the role as an Advisor in the Hong Kong and Macao Office of the State Council</li> </ul>	 <p><b>George Raymond Zage III</b> Commissioner</p> <ul style="list-style-type: none"> <li>Founder and Chief Executive Officer of Tiga Investments</li> <li>Prior to the role, he served as Chief Executive Officer, Managing Director and Portfolio Manager at Farallon Capital Management</li> <li>Non-executive Director of Whitehaven Coal Limited</li> <li>Independent Director of Toshiba Corporation</li> </ul>	 <p><b>Kin Chan</b> Commissioner</p> <ul style="list-style-type: none"> <li>Founding shareholder and Chief Investment Officer of Argyle Street Management</li> <li>Previous roles as Executive Director at Goldman, Sachs &amp; Co, Chief Executive and Managing Director of Lazard Asia Limited</li> </ul>	 <p><b>Anangga W. Roosdiono</b> Independent Commissioner</p> <ul style="list-style-type: none"> <li>Founder and Senior Partner of Roosdiono &amp; Partners. Prior to the role, he served as Senior Legal Advisor at PT Mobil Oil Indonesia and Partner at Makarim &amp; Taira</li> <li>Vice Chairman of the Indonesian Arbitration Board and member of the ASEAN Business Advisory Council</li> </ul>
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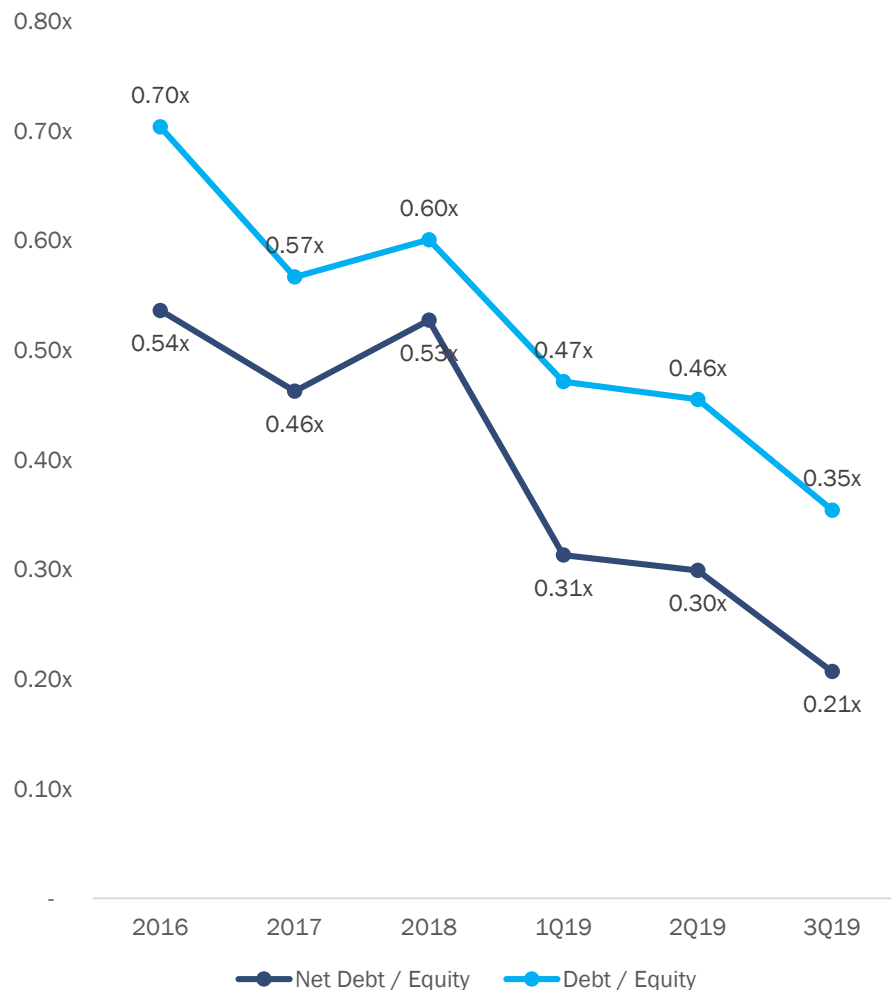
### Key Management Team with appropriate ESOP in place to ensure alignment of interests

 <p><b>John Riady</b> Chief Executive Officer</p> <ul style="list-style-type: none"> <li>Director of PT Lippo Karawaci Tbk and various executive positions at Lippo Group companies</li> <li>President Commissioner of PT Siloam International Hospitals Tbk</li> <li>Holds degrees in Political Philosophy and Economics from Georgetown University; an MBA from the Wharton School of Business, and a Juris Doctor from the Columbia University Law School</li> </ul>	 <p><b>Surya Tatang</b> Chief Financial Officer</p> <ul style="list-style-type: none"> <li>Previously Chief Financial Officer and Independent Director of PT Link Net Tbk, and Corporate Finance at PT Star Pacific Tbk</li> <li>Formerly the Head of Research at Sucorinvest Central Gani</li> </ul>	 <p><b>Peter Yu</b> Director of Projects</p> <ul style="list-style-type: none"> <li>Previously Manager of Property Development at various regional firms including Impiana Group, IGE Group of Companies, Keppel Land and MK Land</li> </ul>	 <p><b>Rudy Halim</b> Chief Operating Officer</p> <ul style="list-style-type: none"> <li>Previously Group President Director of PT Mitra Pinasthika Mustika Tbk, a leading player in Indonesia's motorcycle distribution industry, and Energy Business Head / Director of Sinarmas Group</li> <li>Strong experience in operations, leading company transformations and investments</li> <li>Held several senior roles in IDX-listed and private Indonesian companies</li> </ul>	 <p><b>Bret Ginesky</b> Head of Investor Relations</p> <ul style="list-style-type: none"> <li>Previously Head of Investor Relations at PT Indika Energy, and Head of Investor Relations at PT Bank Mandiri</li> <li>Formerly a Research Analyst at PT CLSA Indonesia covering Indonesian banks and multifinance companies</li> <li>Previously worked as an equity analyst covering US Banking sector at Stifel Nicolaus and Hibernia Southcoast Capital</li> </ul>
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### 3 Successfully repositioned operations for growth

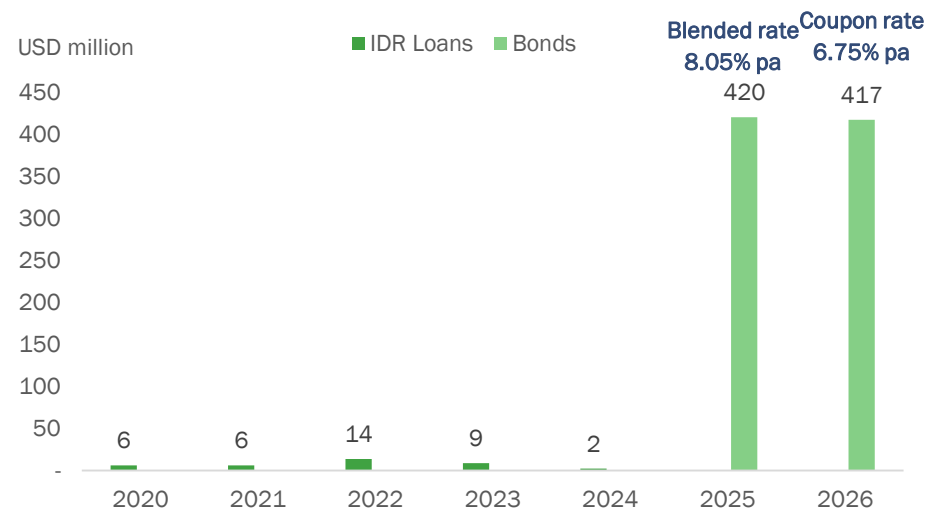
Strengthened balance sheet following USD 788mn rights issue

Gearing is at historically low levels

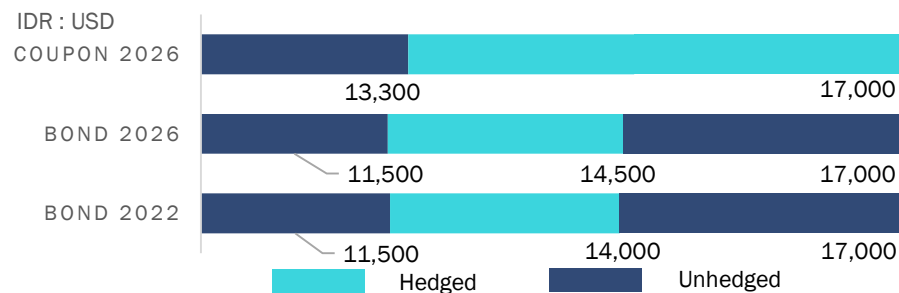


Note:  
(1) Post 2022 bonds being called in February 2020

No significant debt maturing until 2025<sup>(1)</sup>



Currency risk is offset by hedging strategy



- From time to time, LPKR enters into non-deliverable USD call spread options to protect USD denominated bonds principal & coupon payments.

### 3 Successfully repositioned operations for growth

LPKR's on-going projects are on track to be fully completed by Q1 2021

Significant construction progress since rights issue  
Aggregate LPKR projects under construction<sup>(1)</sup>



Note:

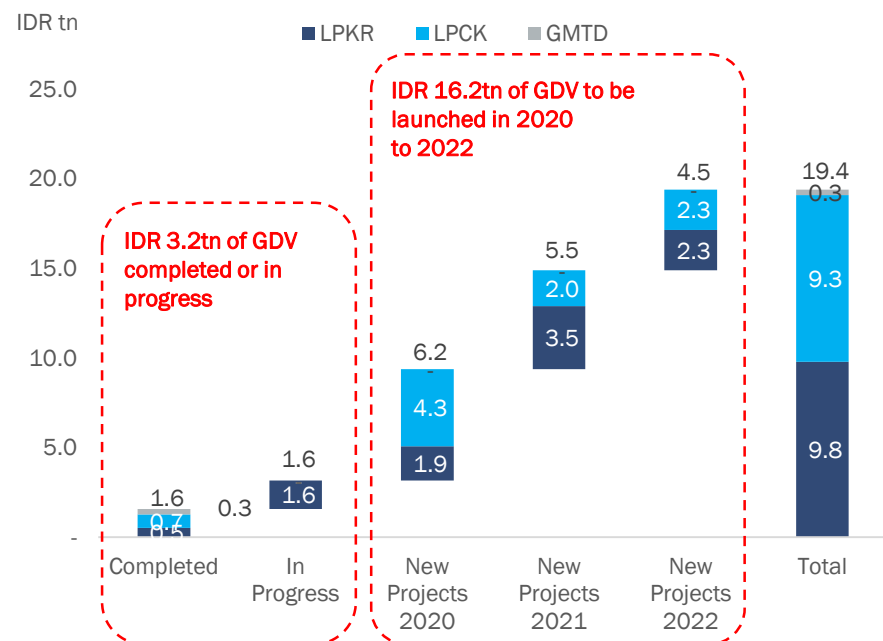
(1) Refers to the 5 key LPKR projects under construction in 2019 i.e. Holland Village Jakarta, Fairview House, Hillcrest House, Embarcadero Suites and Holland Village Manado

### 3 Successfully repositioned operations for growth

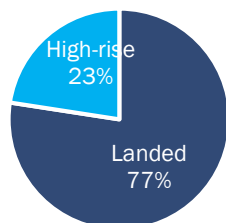
LPKR's businesses have unique organic growth potential

#### Land Banking & Development

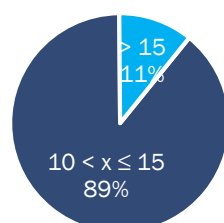
Significant GDV well-positioned to take advantage of demand pick-up  
Gross development value ("GDV")<sup>(1)</sup> by subsidiary (excluding land sales)



GDV by type<sup>(2)</sup>



GDV by price (IDR / sqm)<sup>(2)</sup>



Notes:

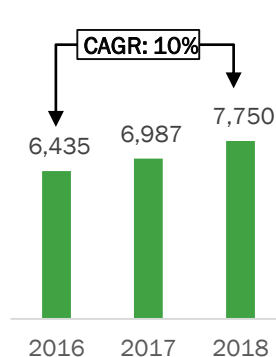
- (1) Defined as management's estimate of total marketing sales achievable for such developments, subject to successful development and relevant licenses and permits obtention as applicable
- (2) GDV breakdown by value

#### Real Estate Management & Services

High growth in recurring income businesses

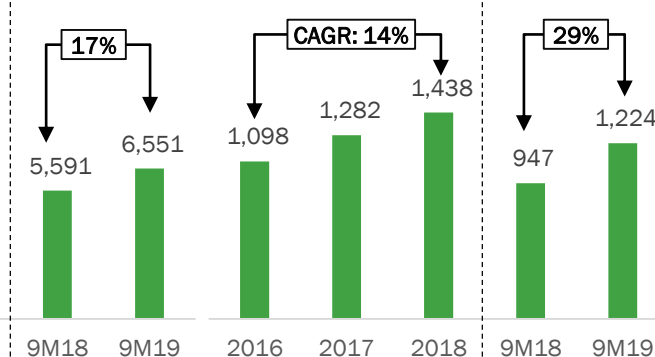
Revenue

IDR bn



EBITDA

IDR bn



#### Investments and Fund Management

Strong pipeline of proprietary assets

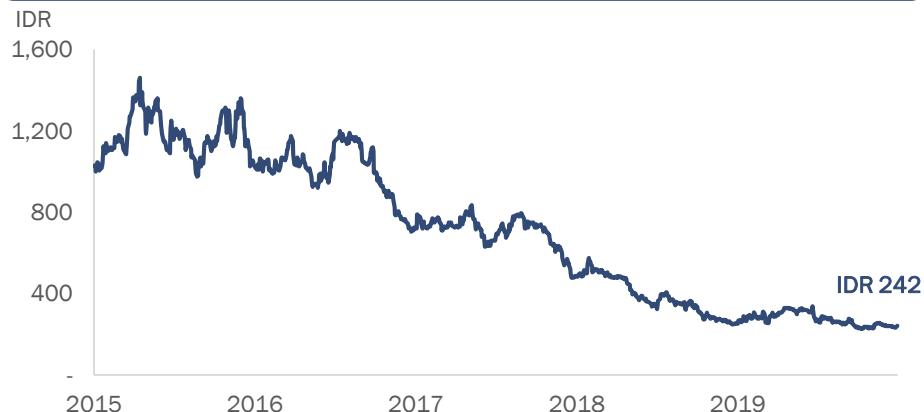
- 19 malls and hotels currently owned by LPKR which can be injected into related funds and release capital while generating recurring management fee income
- Unparalleled ability to source acquisition opportunities to increase AUM by injecting 3<sup>rd</sup> party assets

# 4 Historically low valuation uncorrelated with fundamental value

LPKR is currently trading at undemanding valuation from historical and relative perspective

## LPKR Historical Share Price

Price per share close to its historical low



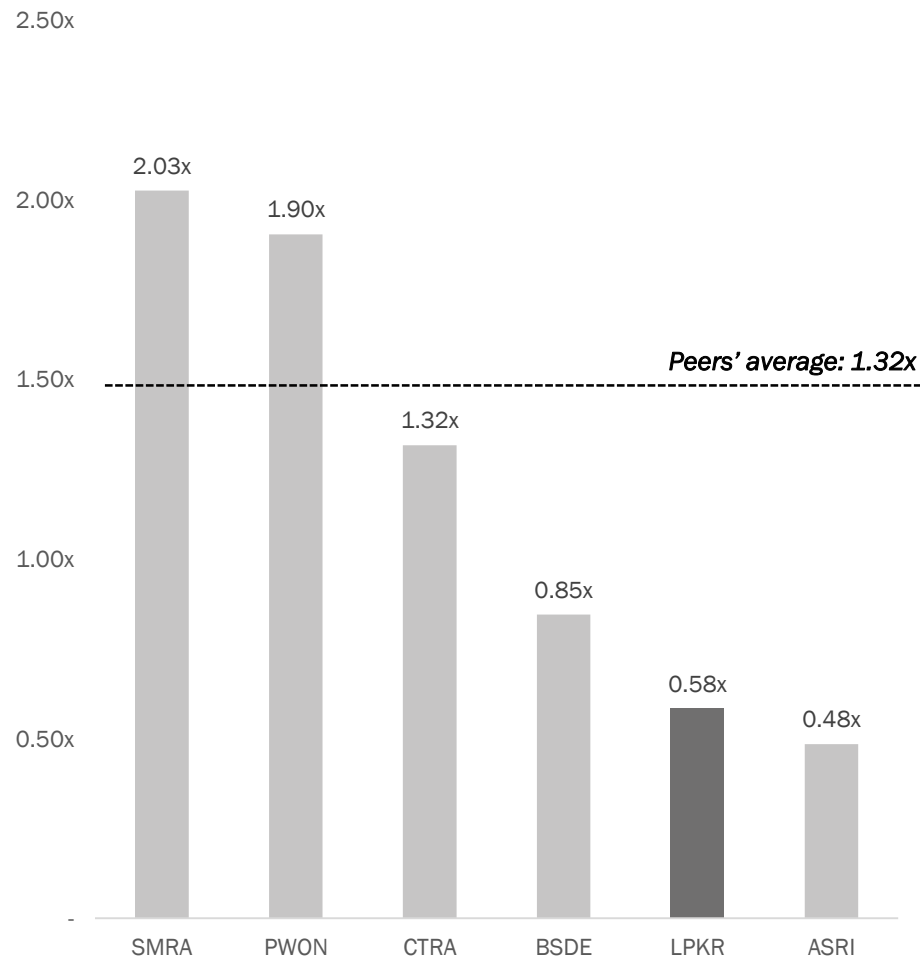
## LPKR vs Siloam Share Price

LPKR has not benefitted from Siloam's rally since March announcement of rights issue



## Price-to-Book

LPKR is trading well below its peers' average



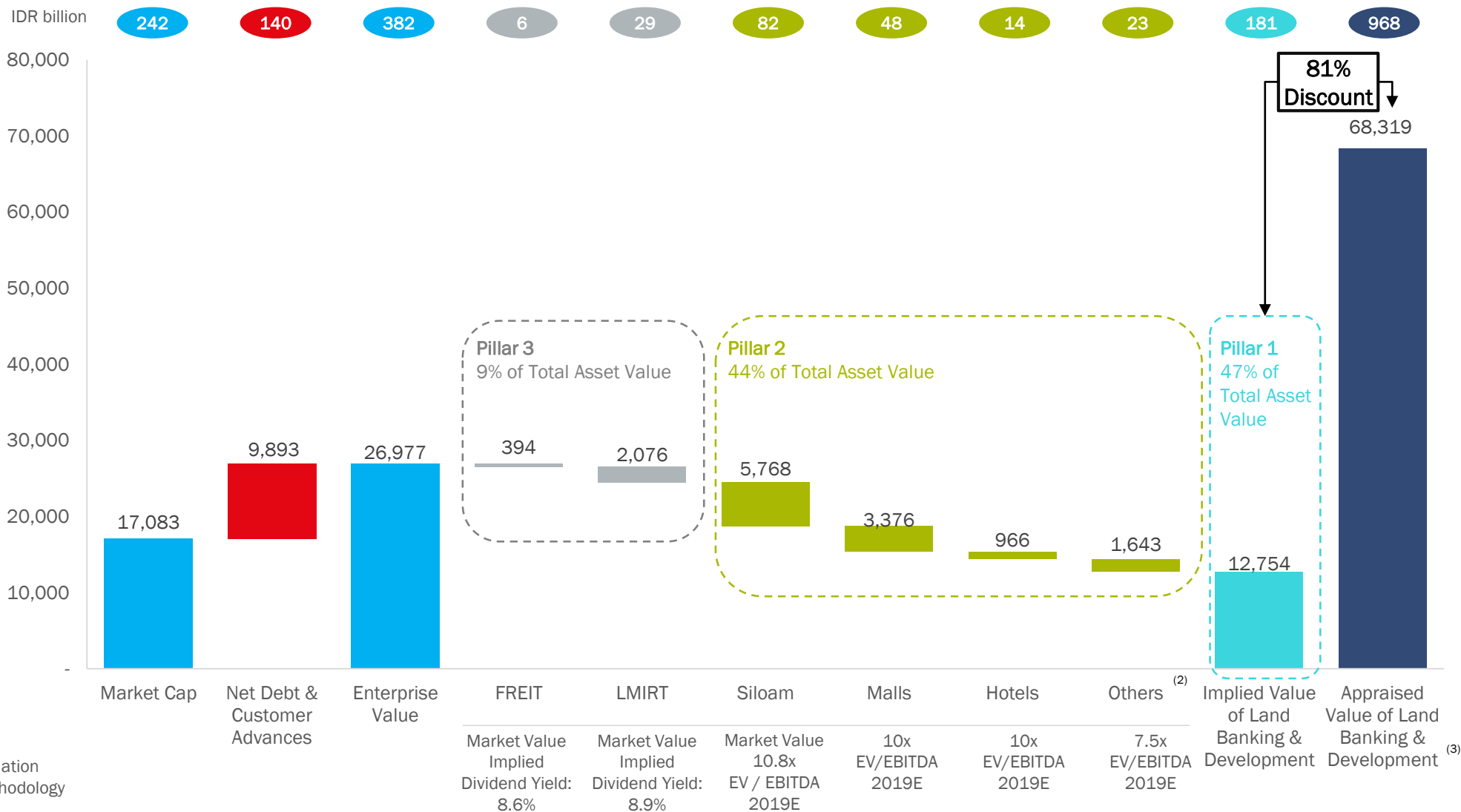


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# Historically low valuation uncorrelated with fundamental value

LPKR's share price implies an 81% discount on its core Land Banking & Development segment

Value Per share<sup>(1)</sup> (IDR):



Notes:

(1) Derived based on total number of shares outstanding of 70.6bn as of 31 Dec 2019

(2) Others include Town Management Division, San Diego Hills, Sky Parking, Asiatic Finance, Bowspirit Capital, Prima Cipta Lestari and Sunshine Food Group

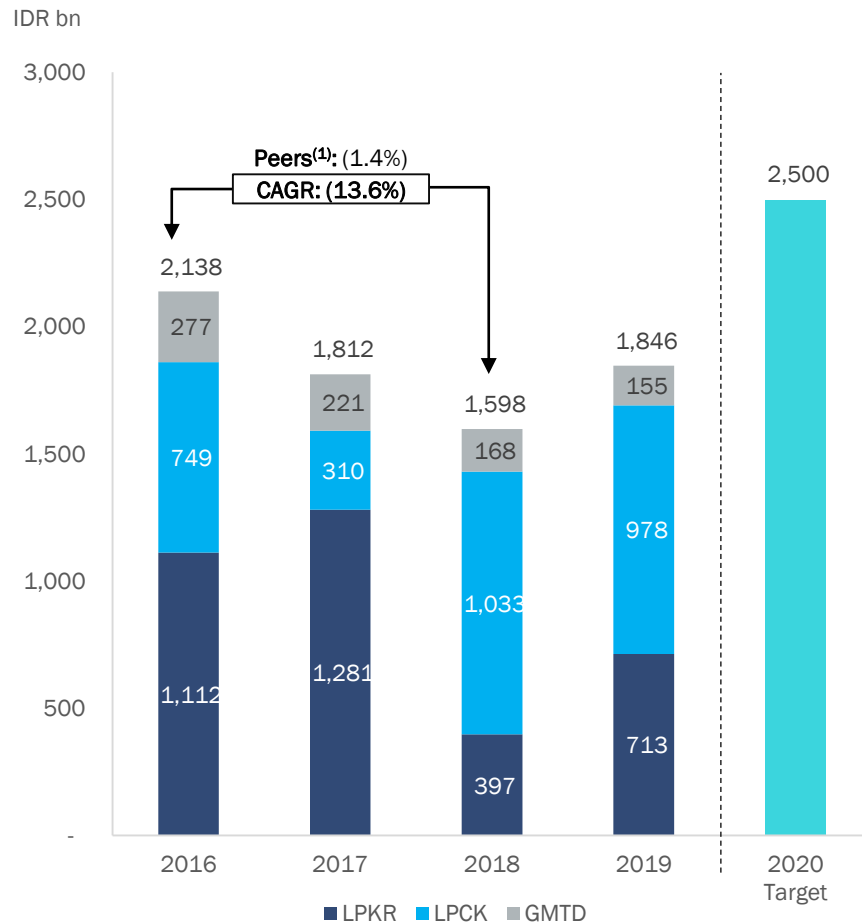
(3) Appraised value by local partner of CBRE, local partner of CB Richard Ellis, local partners of Baker Tilly International, and FAST. Assuming IDR : USD of 14,174

## KEY UPDATES

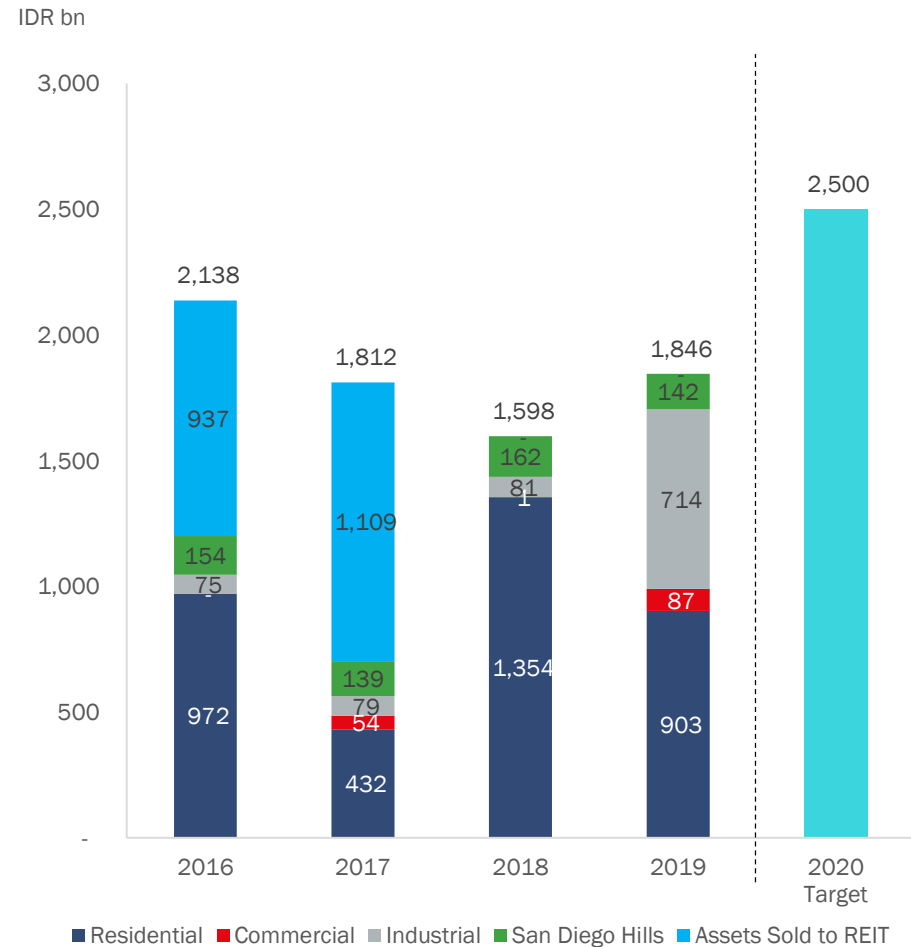


# Pillar 1 – Marketing sales execution

Marketing sales have started to stabilize and pick up in 2019 driven by projects construction progress  
Marketing sales breakdown by subsidiary

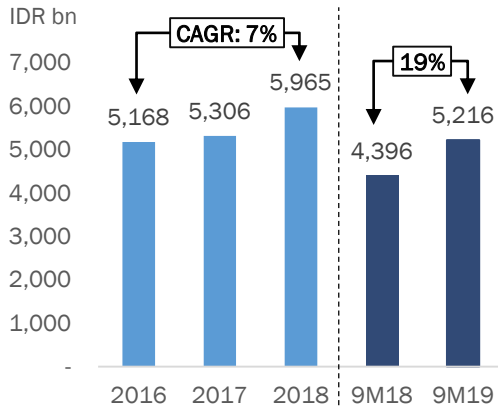


Marketing sales are supported by a diversified portfolio  
Marketing sales breakdown by nature

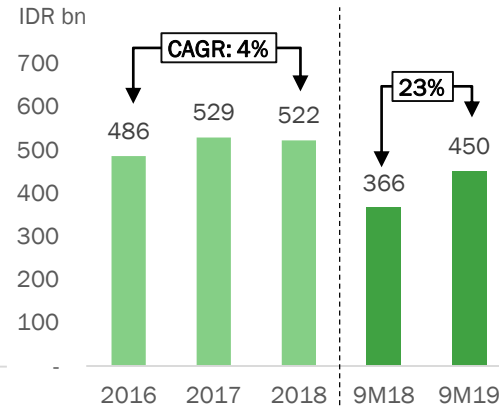


## Pillar 2 – Summary financial performance

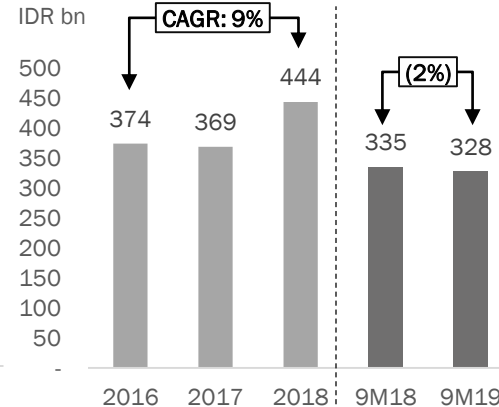
### Revenue Healthcare



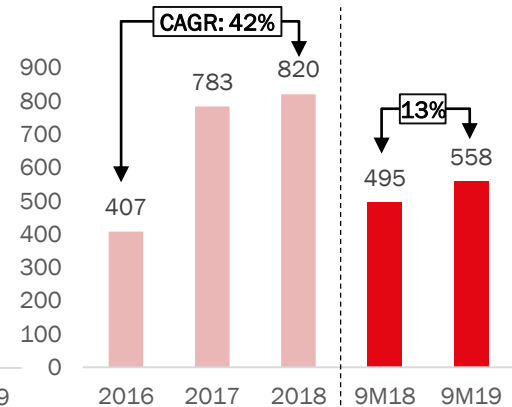
### Revenue Retail Malls



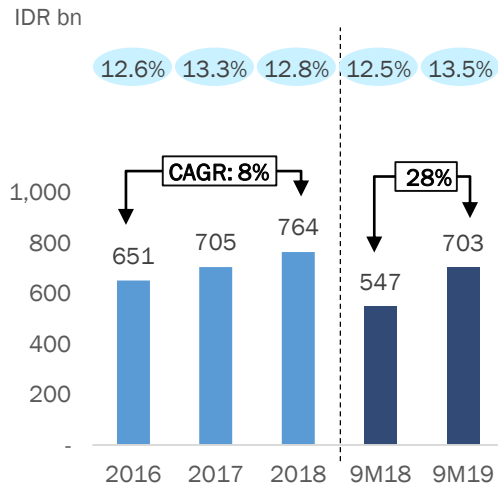
### Revenue Hotels



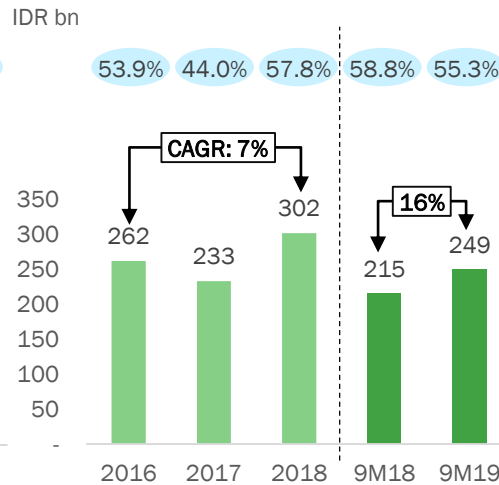
### Revenue Others



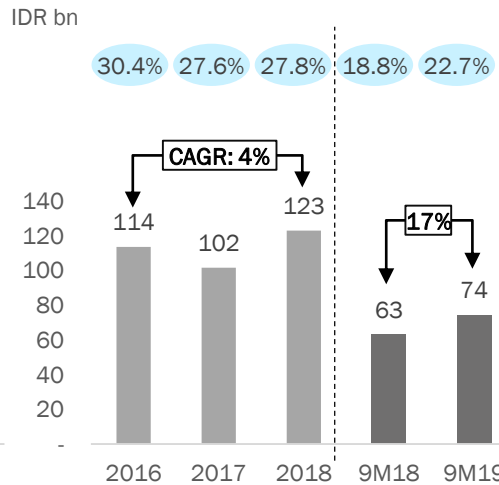
### EBITDA & EBITDA Margin Healthcare



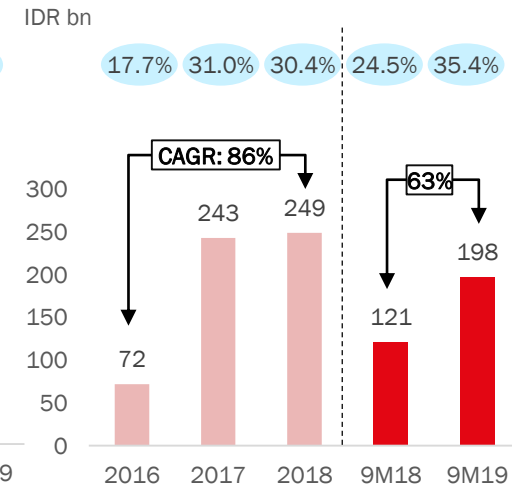
### EBITDA & EBITDA Margin Retail Malls



### EBITDA & EBITDA Margin Hotels



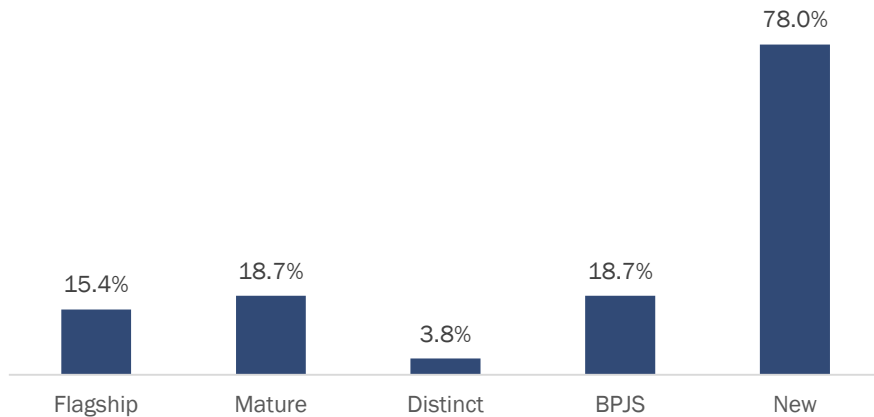
### EBITDA & EBITDA Margin Others



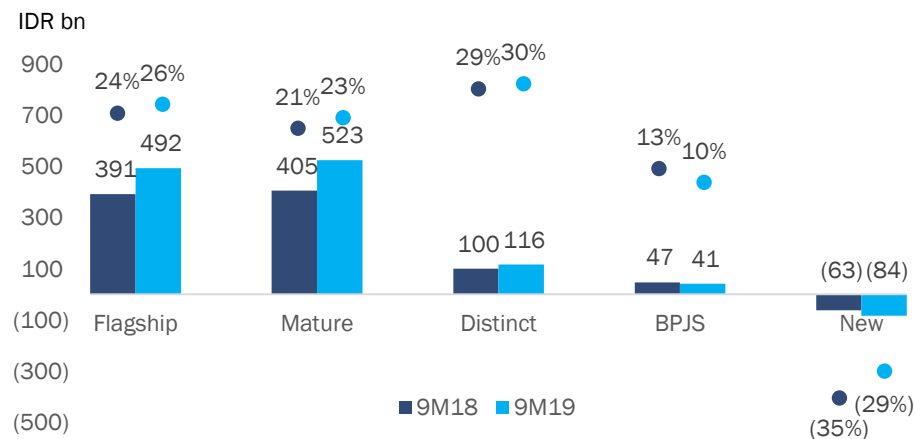
## Pillar 2 – Healthcare

Siloam is driven by strong market fundamentals and significant operating improvement potential

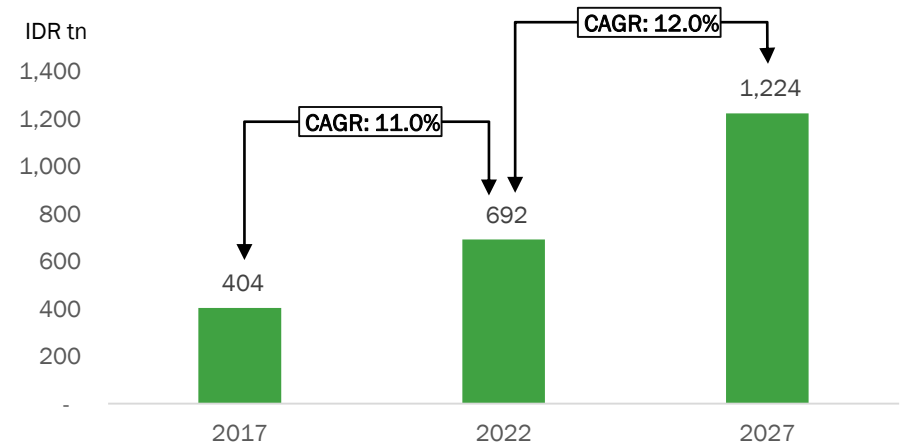
### Net GOR growth by hospital type 9M2018 – 9M2019



### EBITDAR and EBITDAR margin by hospital type 9M2018 – 9M2019

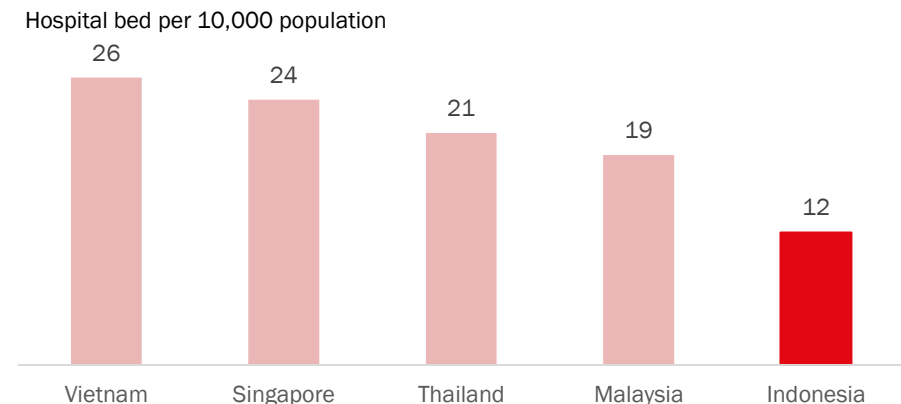


### Indonesia healthcare spend expected to triple by 2027 Annual healthcare spending, 2017 – 2027E



Source: BMI Research

### Healthcare infrastructure underpenetrated relative to regional peers Hospital bed density



Source: WHO

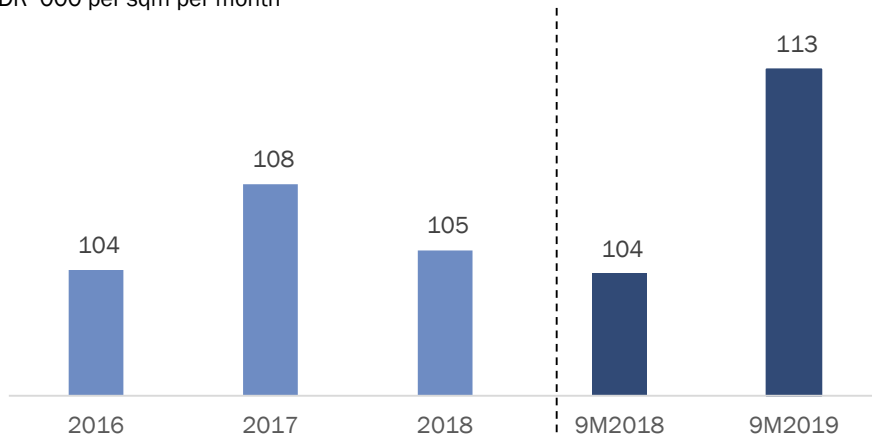


## Pillar 2 – Retail Malls

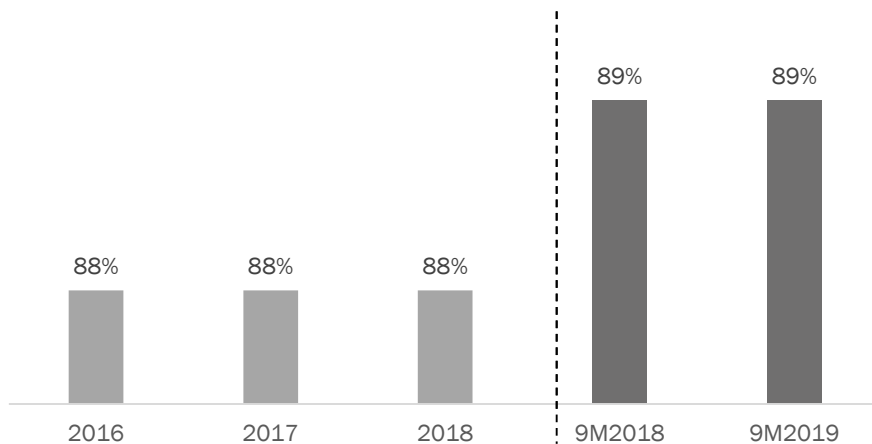
Indonesian retail outlook is positive, supported by middle-income growth

**Rental rates grew 9% y-o-y in 9M2019 boosted by Specialty stores**  
Average rental rate of malls owned and leased by LPKR

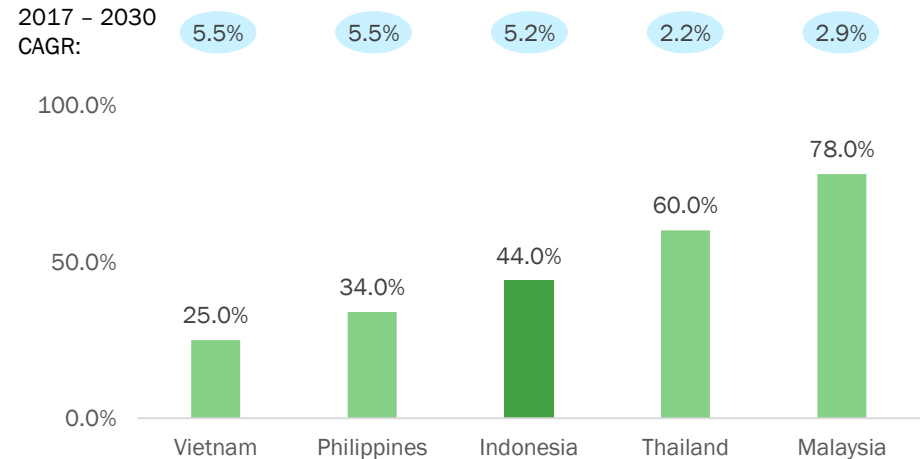
IDR '000 per sqm per month



**Occupancy rates remain high at 88% - 89%**  
Occupancy rates across malls managed by Lippo Malls Indonesia

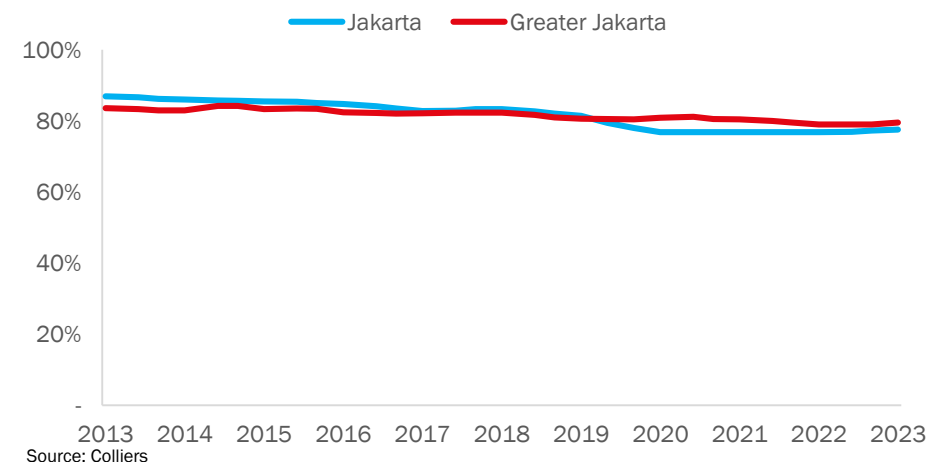


**Growing middle class expected to boost consumer spending**  
Middle and affluent class<sup>(1)</sup> share of total population



Source: Boston Consulting Group

**Occupancy expected to remain around 80% in Greater Jakarta**  
Occupancy rates (2013 - 2023E)



Source: Colliers

Notes:

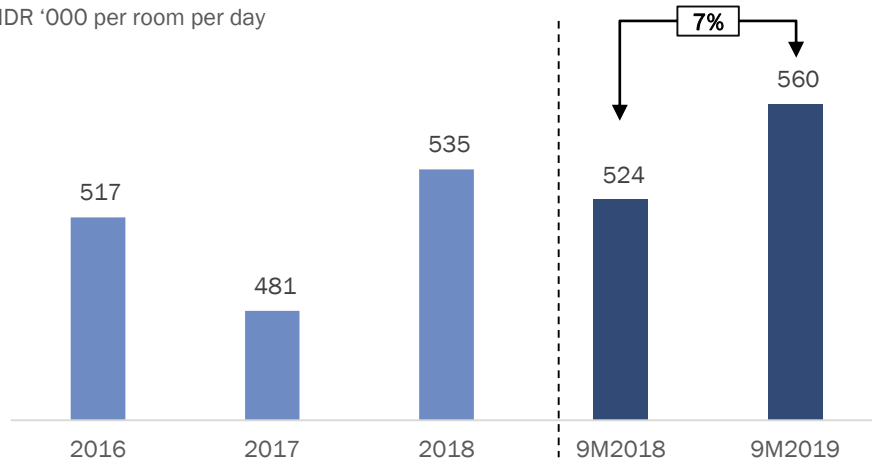
(1) Based on Boston Consulting Group's income classification based on relative purchasing power. In Indonesia, middle and affluent income households have monthly incomes exceeding US\$224. In the Philippines, these households have monthly incomes exceeding US\$465, in Thailand US\$442, and in Vietnam US\$660.

## Pillar 2 – Hotels

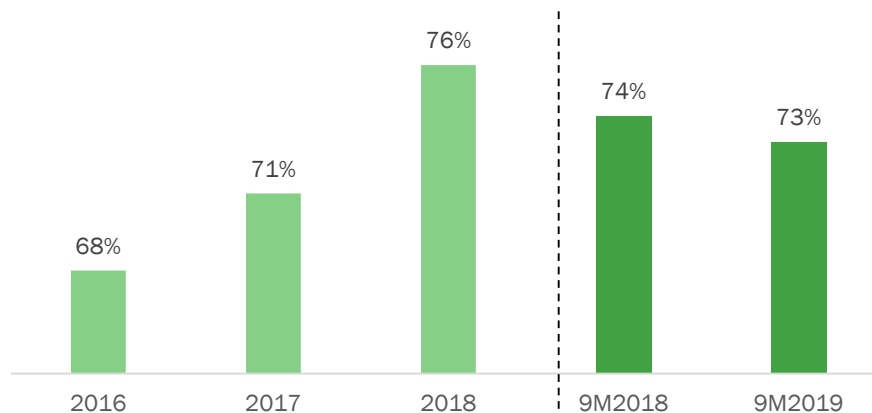
Tourism industry is a key priority of the Government and benefits from favourable initiatives

### Average room rate<sup>(1)</sup> 2016 – 9M2019

IDR '000 per room per day



### Occupancy 2016 – 9M2019



### Key Drivers

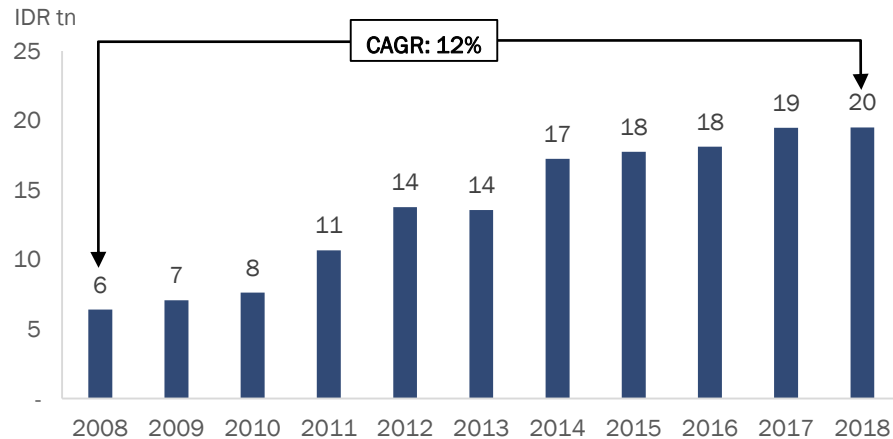
- **Growth in the Indonesian tourism industry has accelerated to 20% p.a. since 2016** from a c. 9% CAGR from 2010 to 2016 on the back of favourable government initiatives:
  - “The 10 New Balis” initiative in 2016 to replicate Bali’s success in 10 new tourist destinations in Indonesia
  - **Total investments of c. USD 20bn** to improve connectivity and facilities to these destinations
  - **Infrastructure expansion** to meet passenger demand for air travel to increase the total capacity of Indonesia’s 9 largest airports by more than 50% within 4 years
  - **Visa exemption** was launched for 169 countries in 2016 in support of the tourism industry
  - Engaged in **intensive promotion of border tourism and Indonesia as a MICE and sports-tourism destination**
  - Aggressive development of ‘halal tourism’
- **The Indonesian tourism industry remains a key priority for the Jokowi administration**
  - Inbound revenue from the tourism sector is critical to reduce future current-account deficits arising from the country’s high dependence on commodity exports
  - The government has set **ambitious targets of 20m visitors and USD 18bn in tourism revenue by 2020**

Notes:

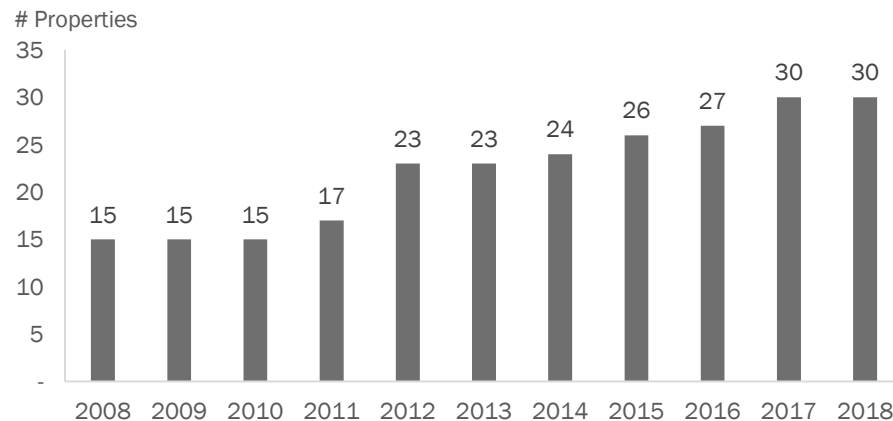
(1) Includes Aryaduta Hotel Kuta Bali from 2018 onwards

## Pillar 3 – Fund management

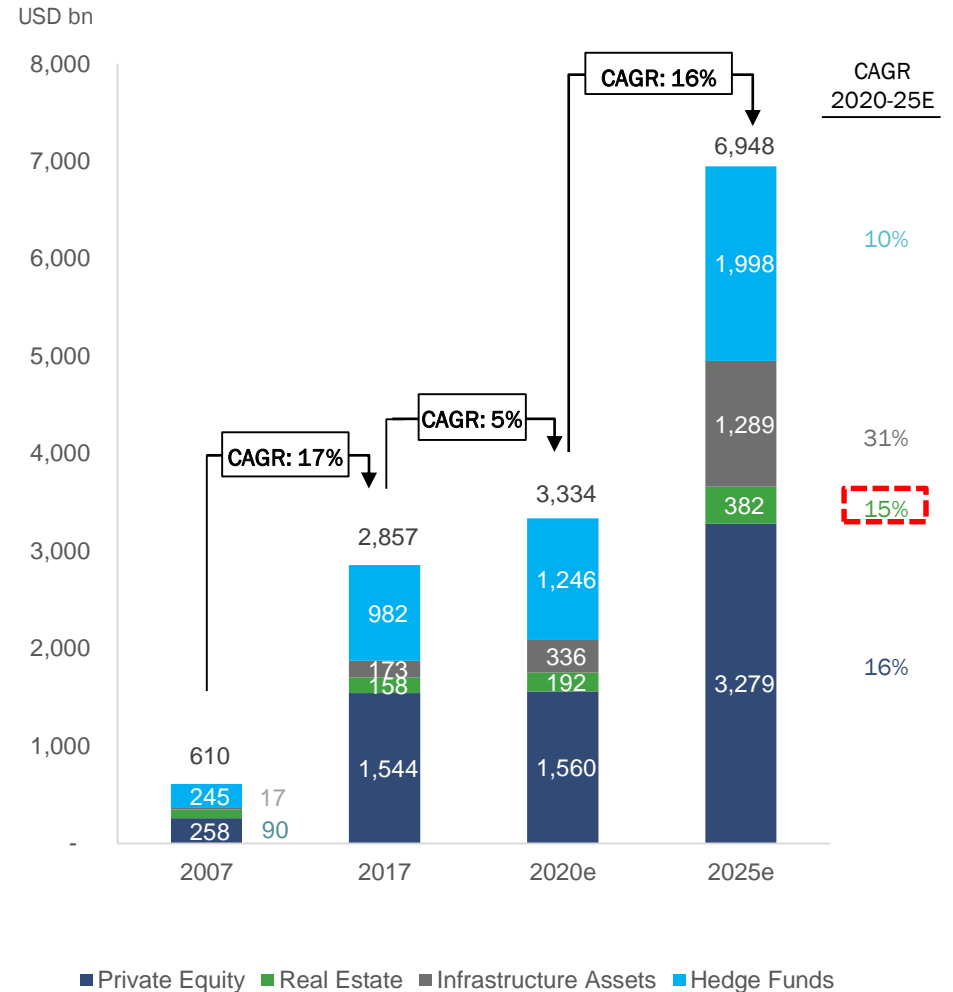
**LMIRT's AUM has grown at a high CAGR of 12% over last decade**  
*LMIRT Portfolio Valuation (2008 – 2018)*



**LMIRT has built a diversified portfolio of high-quality assets**  
*Number of LMIRT portfolio properties (2008 – 2018)*



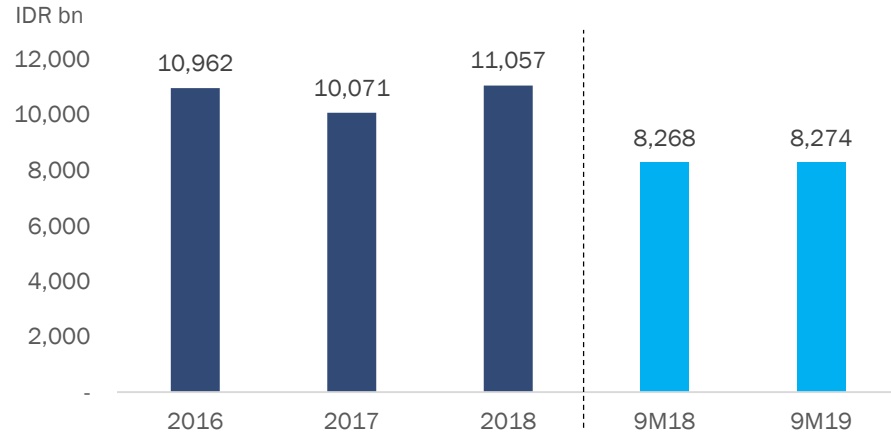
**Real Estate to attract strong inflows of USD 190bn over 2020-25**  
*Breakdown of APAC fund management AUM by fund type*



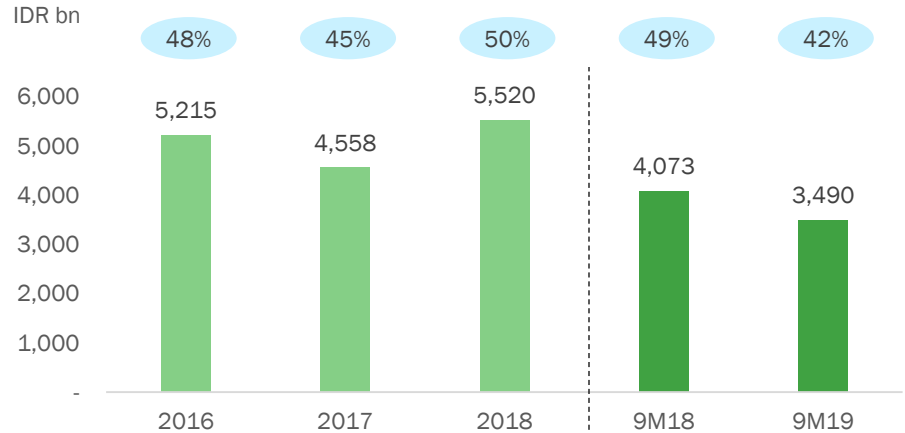
Source: PricewaterhouseCoopers

# Consolidated financial performance

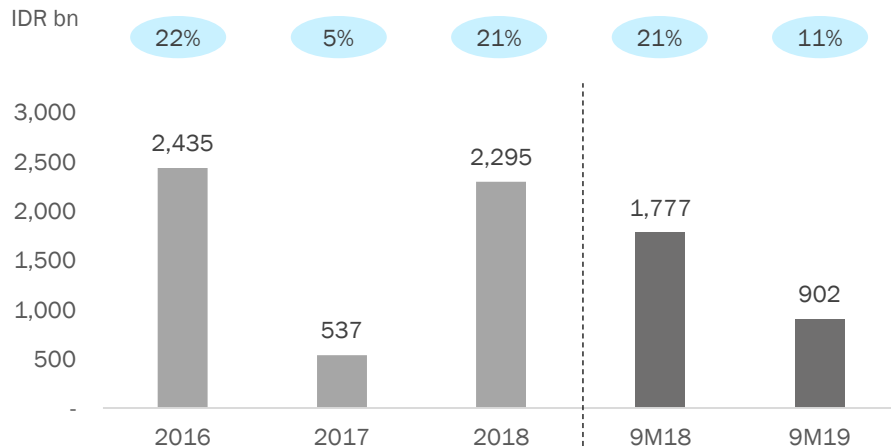
## Revenue Consolidated



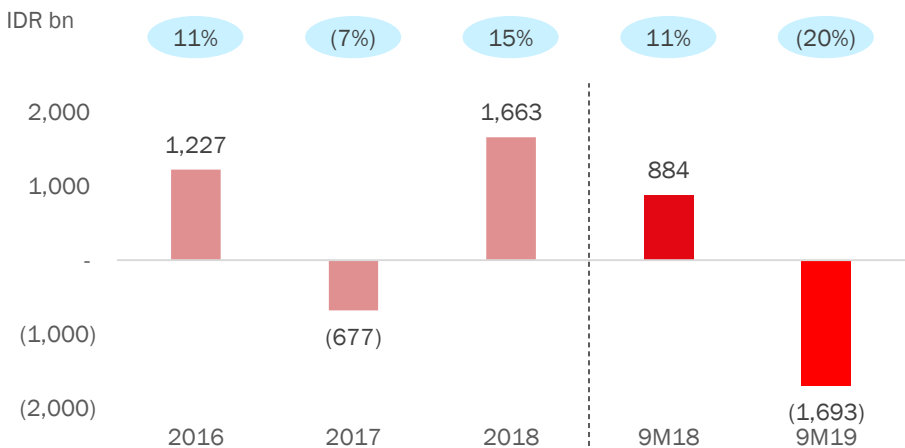
## Gross profit & gross profit margins Consolidated



## EBITDA & EBITDA Margins<sup>(1)</sup> Consolidated



## Net profit & net profit margins Consolidated

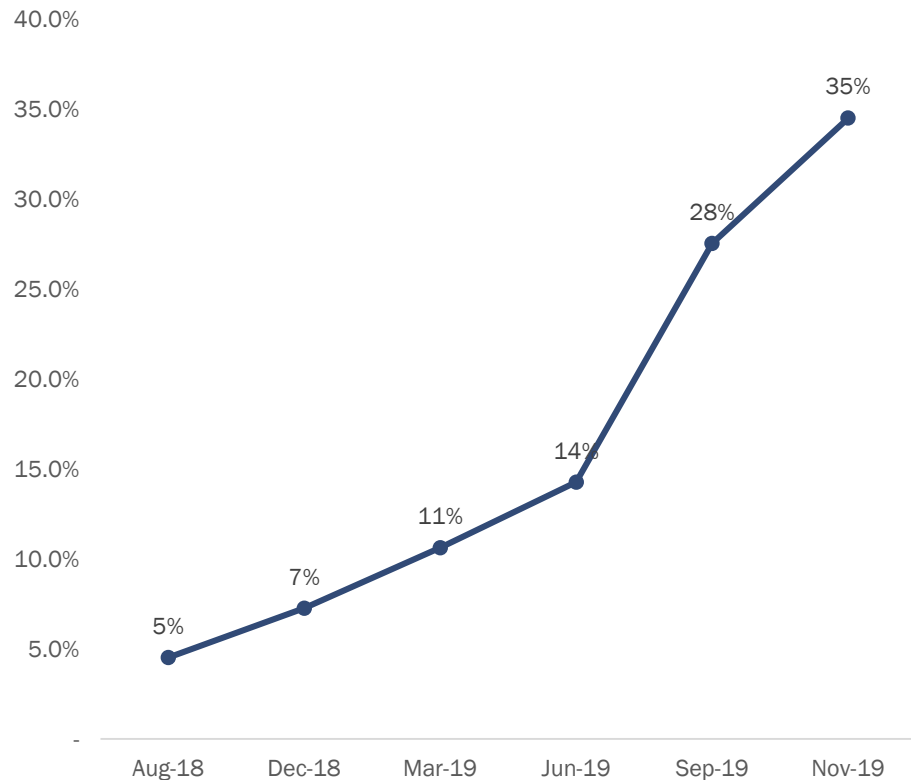


Notes:

(1) YoY decline in 9M19 EBITDA mainly due to one-off items such as penalties, cost overruns and other items related to project completion delays. This one-off items are part of new management's efforts to clean up, and management is confident that the nature of this item is one-off, exhaustive and prudent

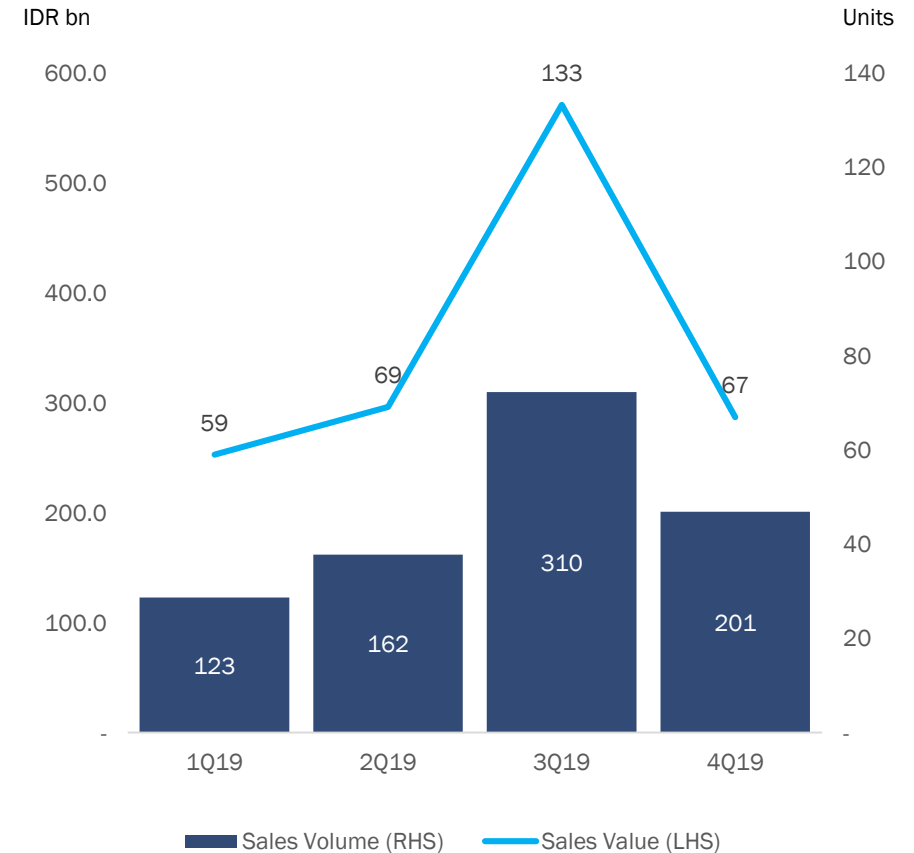
# Key updates – Meikarta

## Significant construction progress since rights issue



- 20 of 28 towers in District 1 were topped off by YE2019
- All 28 towers are expected to be topped off by Feb 2020

## Marketing sales have started to pick up



- 2H2019 marketing sales have picked up supported by positive construction progress



## Key updates – Puri Mall

1

LPKR and LMIRT have agreed to an extension of the long stop date of the transaction to June 30, 2020

2

Puri Mall Strata process is currently pending the below:

- Regulatory body approval
- Governor's approval
- Administrative process to obtain the legalization of segregation deed and registration of title

3

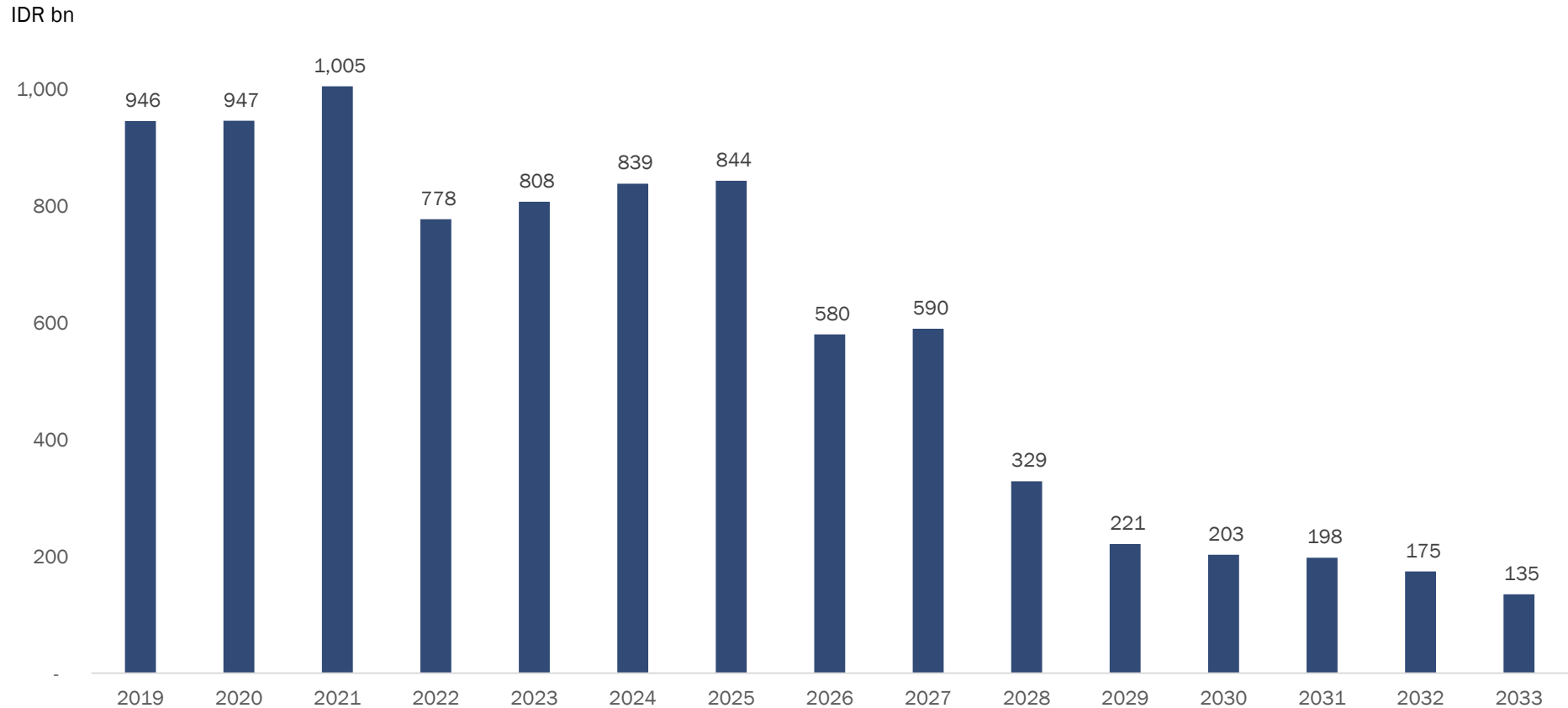
Once Strata is issued, LMIRT and LPKR will start the completion process, which involves processes including SGX clearance, fund raising, and unitholder extraordinary general meeting,

4

Transaction to be completed in 1H 2020

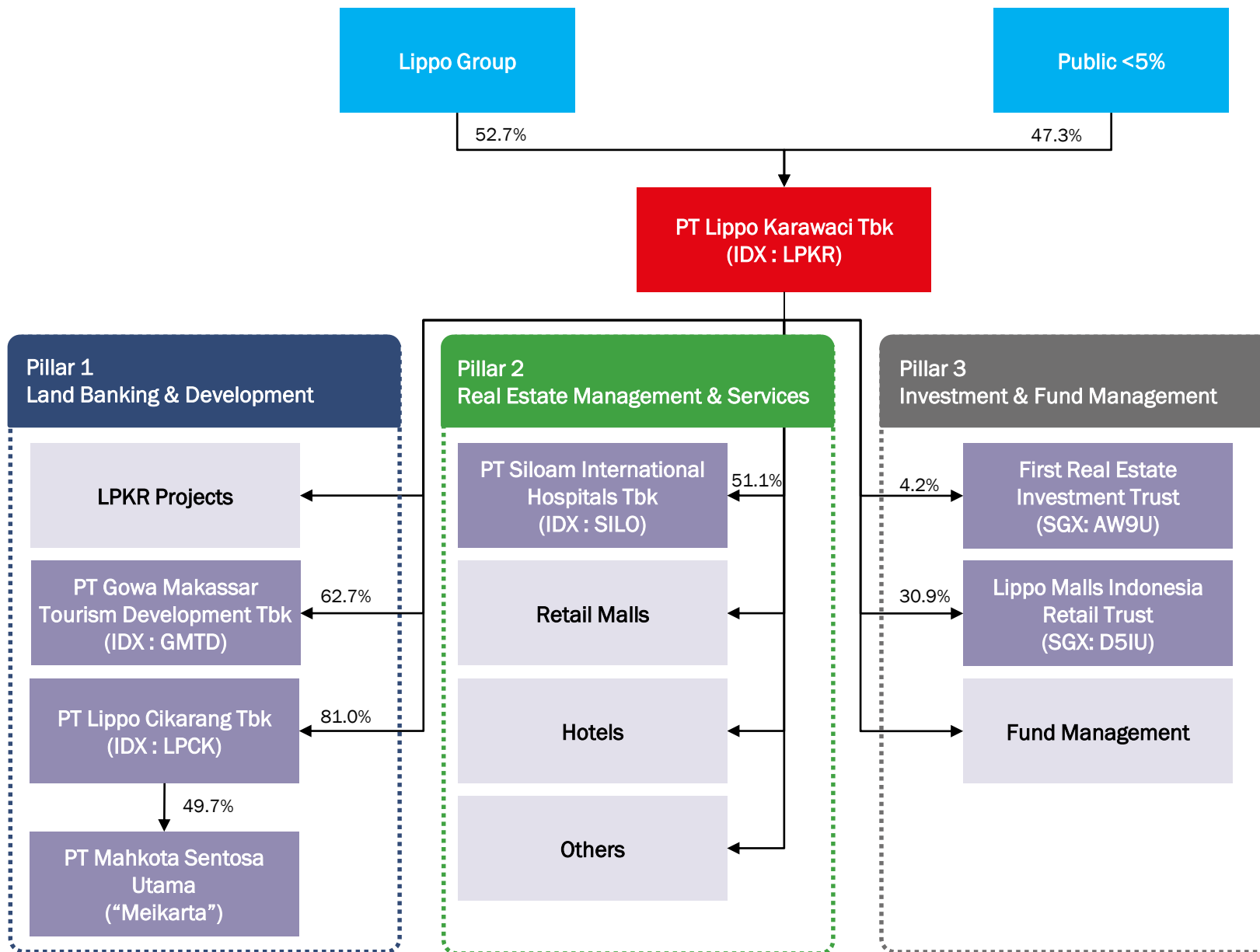
# Key updates – Rental payment to REITs

## Net rental payment from LPKR to REITs<sup>(1)</sup>



- Expected reduction in net rental payments from 2022 onwards as certain lease rental agreements mature
- There is a portion that is reflective of exchange rate changes between SGD and IDR
- The annual changes are linked to Sg CPI changes and Siloam revenues

# Company Structure as of 31 Dec 2019



## LEGEND

Subsidiaries

Operating Divisions

## 2020 commitments summary

- 1 Disposal of Puri Mall to LMIRT
- 2 Disposal of IDR 2tn of non-core assets
- 3 Finalize construction of LPKR projects
- 4 Achieve IDR 2.5tn of marketing sales
- 5 No increase in consolidated leverage