

For immediate release

## **Lippo Karawaci secures USD1 billion funding to embark on strategic transformation, appoints new leadership**

- **A comprehensive funding programme aimed at strengthening balance sheet, improving liquidity, as well as allowing continued investments in existing key projects**
  - **USD1,010m funding programme consists of USD730m rights issue underwritten by the Riady family, and USD280m proceeds from asset divestment plans**
    - **Mr. George Raymond Zage III and Chow Tai Fook Nominee Limited will become shareholders in LPKR by participating in the rights issue**
  - **Funds to be used for:**
    - **Partial repayment of debt obligations resulting in improved debt maturity profile**
    - **Liquidity buffer for interest and REIT rental obligations**
    - **Continued investments in existing key projects**
- **Business strategy to re-focus on disciplined capital allocation across three core competencies: urban housing, lifestyle malls and healthcare**
- **Entirely new Board of Commissioners, consisting of prominent individuals and proven veterans in the real estate and investment sectors, to steward Company's vision, governance and transparency**
- **New management, helmed by Mr. John Riady, to execute its new business strategy and disciplined capital allocation to drive profitability, sustainable growth and shareholder value**

Jakarta, 12 March 2019 - PT Lippo Karawaci Tbk ("LPKR" or the "Company"), Indonesia's leading integrated real estate developer, today announced a comprehensive strategic transformation plan to recapitalise the Company, revamp its leadership team and re-focus its business on its three core competencies.

As part of the transformation plan, the Company has secured a USD1,010m funding programme, comprising:

- USD730m of proceeds from a rights issue underwritten by the Riady family ("**Rights Issue**");
- USD280m of proceeds from the completion of its asset divestment plans.

As a testament of their confidence in LPKR's strategy and prospects, Mr. George Raymond Zage III<sup>1</sup> and Chow Tai Fook Nominee Limited<sup>2</sup>, have each signed an undertaking to purchase rights and to subscribe for the rights issue shares for a total commitment of USD70m.

This funding programme is set to (i) right-size LPKR's balance sheet through deleveraging and repayment of up to USD275m of debt obligations; (ii) provide LPKR with sufficient liquidity buffer to fund debt interest and REIT rental obligations through year end 2020; and (iii) unlock shareholder value through investments in existing key projects.

In line with its commitment to generate shareholder value through building a best-in-class integrated real estate platform, the Company has identified three core competencies to focus on going forward – urban housing, lifestyle malls and healthcare:

- For the urban housing segment, LPKR will focus on expanding its Urban Homes product and developing value-added mixed-use projects that cater to the rising mass affluent population segment

Note: Assume exchange rate of US\$1 to S\$1.36 to IDR 14,500 throughout this press release; all figures subject to FX movements.

<sup>1</sup> Investment will be made through Tiga Investments Pte Ltd.

<sup>2</sup> Investment will be made through Swift Hunter Limited, a wholly-owned subsidiary of Chow Tai Fook Nominee Limited.

in Indonesia, which LPKR is well positioned to do by leveraging on a large prime landbank acquired historically at low prices.

- For the lifestyle malls segment, the Company will seek to maintain its market leadership in this segment, capitalising on Indonesia's strong domestic consumption theme, improve asset yields through proactive leasing and improved execution, as well as optimise returns through efficient asset recycling strategies.
- For the healthcare segment, LPKR will continue to provide the highest level of clinical quality and patient care, while seeking to deliver strong financial performance at its assets.

To deliver on this new business strategy, LPKR is pleased to announce a new leadership team that comprises some of the most prominent names in the global real estate and investment sectors. Its newly nominated Board of Commissioners, comprising Independent President Commissioner Mr. John Prasetio, along with commissioners Dr. Stephen Riady, Mr. George Raymond Zage III, Mr. Kin Chan, and Mr. Anangga W. Roosdiono, brings extensive and diverse experience to oversee the strategic direction and corporate governance of the Company, as well as provide overall guidance to the management to deliver sustainable value over the long term to shareholders.

In addition, the Company is pleased to announce the appointments of Mr. John Riady as Chief Executive Officer ("CEO"), Mr. Surya Tatang as Chief Financial Officer, Mr. Peter Yu as Director of Projects, and Mr. Bret Matthew Ginesky as Head of Investor Relations. Mr. Marshall Martinus will continue in his role as Chief Operating Officer.

Mr. John Riady, CEO of LPKR, said, "I am honoured to take on the role of CEO of the Company. I see great opportunities to build on what is today Indonesia's leading integrated real estate developer, to drive operational excellence, focus, and a more disciplined approach to capital allocation. I look forward to working closely with the new Board of Commissioners and the LPKR team to deliver greater value to our shareholders."

Mr. John Prasetio, nominated Independent President Commissioner, said: "The new Commissioners will serve as stewards of the Company's vision, governance and transparency. We look forward to providing oversight and working closely with John and the Company's leadership team to deliver on LPKR's performance and create long-term value for all our stakeholders."

## Details of comprehensive funding programme

### a) USD730m Rights Issue, underwritten by the Riady family

Demonstrating its continued commitment and confidence in LPKR, the Riady family, through PT Inti Anugerah Pratama ("IAP") or its wholly owned subsidiary, will act as a standby purchaser for any remaining rights issue shares not subscribed by other shareholders.

The rights exercise price has been fixed by the Company at IDR 235 per share. The rights exercise price represents a discount of 8.2% to the last closing price of the Company on 11 March 2019.

The Rights Issue is subject to approval at an Annual General Meeting of Shareholders ("AGMS") scheduled for 18 April 2019, as well as the Rights Issue registration statement being declared effective by the Indonesian Financial Service Authority ("Otoritas Jasa Keuangan" or "OJK"). It is expected to be completed in 1H 2019, with further details to be announced in due course.

### b) USD280m proceeds from asset divestment plans

LPKR remains committed to the continued execution of its asset divestment plans, with the objective of realising a total of USD280m of proceeds by end 2019:

- On 10 January 2019, LPKR announced the sale of its interest in two healthcare joint ventures in Myanmar, namely a 40% stake in Yoma Siloam Hospital Pun Hlaing Limited and a 35% stake in Pun Hlaing International Hospital Limited, to OUE Lippo Healthcare Limited. The sale is expected to generate USD20m of net proceeds when the transaction is completed in 1H 2019.

- On 11 March 2019, LPKR entered into a conditional sale and purchase agreement (“**CSPA**”) with Lippo Malls Indonesia Retail Trust (“**LMIRT**”), pursuant to which LPKR agreed to sell the retail components of Lippo Mall Puri (“**Puri Mall**”) for an aggregate consideration of USD260m. The acquisition is targeted to complete in 2H 2019, subject to regulatory, shareholders and other approvals.

## Use of proceeds

With the USD1,010m comprehensive funding programme in place, LPKR plans to deploy the cash proceeds in the following manner:

- Delever balance sheet with a partial bond buyback programme and repayment of existing indebtedness
- Provide liquidity buffer for all debt interests and REIT rental obligations up to year end 2020
- Generate returns through investments in existing key projects

### a) Delever balance sheet with partial bond buyback programme and repayment of existing indebtedness

LPKR intends to delever its balance sheet and reduce up to USD275m of existing indebtedness, through a bond tender offer and a debt repayment initiative:

#### i. *Bond tender/ Buyback*

Today, LPKR announced a tender offer to partially buyback up to USD150m of its outstanding USD410m 7.00% senior notes due 2022, and USD425m 6.75% senior notes due 2026.

#### ii. *Repayment and/ prepayment of debt obligations*

In addition to the proposed USD150m partial bond buyback, LPKR intends to utilise USD125m towards the repayment of other existing indebtedness due within the next two years. Any balance of the amount earmarked for the partial bond buyback will be used for repayment of other existing indebtedness, and/or general corporate purposes.

Collectively, these initiatives will improve LPKR’s debt maturity profile and near-term liquidity position.

### b) Provide liquidity buffer for all debt interests and REIT rental obligations up to year end 2020

The funding programme also provides for a USD290m liquidity buffer to fully fund all debt interest payments and REIT income support that LPKR is expected to incur through year end 2020, and an excess cash buffer of USD25m for working capital and general corporate purposes.

### c) Generate returns through investments in existing key projects

LPKR continues to remain focused on the funding, execution and successful delivery of its existing key projects.

Over the next three years, LPKR intends to invest up to USD100m of the funding proceeds in the development of eight existing key projects currently under construction – Holland Village, Millennium Village, Monaco Bay Residences, St Moritz Makassar, Kemang Office, Embarcadero, Lippo Office Thamrin and Holland Village Manado. The cost to complete these existing projects is estimated to amount to around USD275m, and will be fully funded by (i) the USD100m investment capital; (ii) account receivables to be received from units sold; and (iii) future sales from completed projects and projects in construction.

Additionally, LPKR intends to invest up to USD200m of the funding to develop Meikarta by subscribing to its pro-rata 54.4% rights entitlement, and acting as standby purchaser for any remaining rights issue shares not subscribed by other shareholders of PT Lippo Cikarang Tbk (“**LPCK**”), in a planned USD200m rights issue of LPCK. The Meikarta project is expected to be the next breakthrough integrated development that will boast world-class infrastructure and facilities including shopping malls, international hospitals, universities, an international exhibition centre, as well as a financial and technology hub.

Lastly, as part of the sale of Puri Mall, the Company expects to incur transaction-related taxes and expenses and REIT rental obligations amounting to USD60m. Additionally, LPKR is committed to maintaining its existing 30.7% stake in LMIRT by participating in the potential future equity fundraising by LMIRT associated with the acquisition of Puri Mall. It is estimated that this would require approximately USD60m of funding from LPKR.

### Revamped leadership team

#### a) Board of Commissioners

The following have been nominated to LPKR's Board of Commissioners as part of the strategic transformation, with their formal appointments being subject to the approval of shareholders at the upcoming AGMS:

- Mr. John Prasetio, President Commissioner of the Indonesia Stock Exchange since 2017, with over 45 years of experience in finance and accounting, to assume the role of Independent President Commissioner and Head of Audit Committee
- Dr. Stephen Riady, Executive Director and Chairman of Lippo Limited since 1991, and Executive Director and Chairman of Hongkong Chinese Limited since 1992, with over 30 years of experience in the real estate sector, to assume the role of Commissioner
- Mr. George Raymond Zage III, Founder and CEO of Tiga Investments with over 25 years of experience investing in Asia, to assume the role of Commissioner
- Mr. Kin Chan, CEO of Argyle Street Management since 2002 and Non-Executive Director of Hong Kong-listed CITIC Resources Holdings, with over 30 years of investment experience across various sectors, to assume the role of Commissioner
- Mr. Anangga W. Roosdiono, Founder and senior partner of Roosdiono & Partners with over 50 years of experience in legal, risk and compliance in Indonesia, to assume the role of Independent Commissioner and Head of Nomination and Remuneration Committee

#### b) Management team

The new management team comprises:

- Mr. John Riady has been appointed to the role of Chief Executive Officer of LPKR with immediate effect. He is also currently the President Commissioner of Siloam International Hospitals. Mr. Riady will lead the Group's existing portfolio of real estate businesses, driving operational excellence, focus, and disciplined capital allocation to deliver sustainable growth and value creation
- Mr. Surya Tatang has been appointed to the role of Chief Financial Officer of LPKR with immediate effect. Mr. Tatang has approximately 25 years of experience in the finance industry and he will be responsible for the Group's financial and management accounting, treasury, taxation, risk management and other corporate and regulatory compliance matters
- Mr. Peter Yu has been appointed to the role of Director of Projects of LPKR and will join the Company on 18 March 2019. Mr. Yu has over 35 years of experience in real estate investment, property development and project management and he will be responsible for leading the Company's strategic implementation and project management efforts
- Mr. Marshall Martinus will continue in his role as Chief Operating Officer of LPKR. Mr. Martinus has over 20 years of experience in the real estate industry, and will be responsible for leading the Group's property management and operating business units
- Mr. Bret Matthew Ginesky has been appointed to the role of Head of Investor Relations of LPKR and will join the Company on 25 March 2019. Mr. Ginesky has over 15 years of experience working in association with capital markets as an equity analyst and investor relations manager, and he will be responsible for leading the Company's investor relations efforts, including those related to bond investors and credit rating agencies



Mr. Prasetyo, Independent President Commissioner, said: "On behalf of LPKR and the Board of Commissioners, I would like to thank Mr. Theo L. Sambuaga and the outgoing Board of Commissioners, Mr. Agum Gumelar, Mr. Farid Harianto, and Mr. Sutiyoso, who have served as Commissioners of LPKR in the past few years."

Credit Suisse is the Sole Financial Advisor to LPKR and Dealer-Manager for the Bond Tender.

#### **About PT Lippo Karawaci Tbk ([www.lippokarawaci.co.id](http://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\$3.4bn as at 31 December 2018. 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.

Present in 35 cities, we are Indonesia's leading property developer with 1,297 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 54.4% and 62.7% respectively, LPKR develops and operates urban developments at Lippo Cikarang in Bekasi and at Tanjung Bunga in Makassar.

LPKR owns 51.05% of PT Siloam International Hospitals Tbk, Indonesia's leading private hospitals network, with 35 state-of-the-art-hospitals across 27 cities nationwide – 12 hospitals in Greater Jakarta, 23 across Java, Sumatra, Kalimantan, Sulawesi, Bali and Nusa Tenggara, supported by over 2,900 specialists and general practitioners and over 10,000 nurses and support staff.

LPKR also has 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 31 December 2018.

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