



News Release **Press Release**



News

Press Release

Photo Gallery

Press Release

<< Back to News List

Covid-19 Renders Rental Subsidies Unsustainable; LPKR To Initiate Restructuring Discussions On Leases With First REIT

1 June 2020

Jakarta – PT Lippo Karawaci Tbk (“LPKR” or the “Company”) today announced that as a result of the COVID-19 pandemic in Indonesia and its material negative impact on hospital subsidiary Siloam’s business, LPKR will be initiating a restructuring process with First REIT with regard to the significant rental support that LPKR provides. These restructuring discussions reflect the Government of Indonesia’s declaration of the current situation as a national disaster and extraordinary event. The level of subsidies is prohibiting spending to expand medical care and improve medical facilities across Indonesia.

COVID-19 has significantly impacted Siloam’s revenues and led to a drastic decline in patient volumes across Indonesia. Under the current rental structure, LPKR provides a rental support which guarantees First REIT a certain rental level, such that a decline in Siloam’s revenues would increase the support provided by LPKR. Revenues in some hospitals are down as much as 40-50% yoy and we anticipate the impact to be significant and structural over the medium term.

Additionally, the rental support agreements, which were entered into over the past 10 years, also have a currency peg component, which puts further pressure on the arrangement in light of the Rupiah’s depreciation. Even before accounting for the decline in revenues as a result of COVID-19, the rental amounts for almost all the hospitals range of 30-100% of the hospital’s Gross Operating Revenue — and with a weighted average of close to 40% — a level that is unrealistic to sustain and support.

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 31 December 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 1,413 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 37 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\$1.3bn of assets under management respectively, as at 31 December 2019.

For more information please contact:

Investor Relations:

Bret Ginesky
Head of Investor Relations
Bret.Ginesky@lippokarawaci.co.id
Office: +622125669078

Corporate Communications:

Danang Kemayan Jati
Vice President, Head of Corporate Communications
DanangJ@lippokarawaci.co.id
Mobile: +628557801299

This press release has been prepared by PT Lippo Karawaci Tbk (“LPKR”) and is circulated for the purpose of general information only. All opinions and estimations included in this release constitute our judgment as of this date and are subject to change without prior notice. LPKR disclaims any responsibility or liability whatsoever arising which may be brought against or suffered by any person as a result of reliance upon the whole or any part of the contents of this press release and neither LPKR nor any of its affiliated companies and their respective employees and agents accepts liability for any errors, omissions, negligent or otherwise, in this press release and any inaccuracy herein or omission here from which might otherwise arise.

Forward-Looking Statements

Certain statements in this release are or may be forward-looking statements. These statements typically contain words such as “will”, “expects” and “anticipates” and words of similar import. By their nature, forward looking statements involve a number of risks and uncertainties that could cause actual events or results to differ materially from those described in this release.

[⇒ Sitemap](#)

 © 2014 LIPPOKARAWACI.CO.ID. ALL RIGHTS RESERVED

[SIGN UP E-News](#)

[/ RSS Subscription](#)