



Securities Investors Association (Singapore)
7 Maxwell Road #05-03 MND Building Annexe B Singapore 069111
Tel: (65) 6227 2683 Email: admin@sias.org.sg
www.sias.org.sg
UEN No: S99SS0111B
GST Reg No: M90367530Y0Y

REIT: Lippo Malls Indonesia Retail Trust
(**Manager:** LMIRT Management Ltd.)

Stock code: D5IU

Meeting details:

Date: 22 September 2025

Time: 10.00 a.m.

Venue: Mandarin Oriental Singapore, Level 1, Oriental Ballroom, 5 Raffles Avenue, Singapore 039797

Q1. At the extraordinary general meeting on 22 September 2025, unitholders will be asked to approve a non-underwritten rights issue of up to 9 billion rights units on the basis of 117 rights units for every 100 existing units, to raise gross proceeds of up to \$63.1 million.

The issue price is \$0.007 per rights unit, representing a 50% discount to the closing price of \$0.014 per unit before the announcement, and an approximate 30% discount to the theoretical ex-rights price of \$0.010 per unit, and approximately an 88% discount to the net asset value per unit as at 31 December 2024.

Paragraph 3 of the circular¹ states that the proceeds will be used to repay existing loans, fund general working capital and finance asset enhancement initiatives.

- (i) For the benefit of unitholders, how did the board determine the terms of the rights issue, specifically the number of rights units, the price of the rights units and the resulting minimum amount to be raised?**
- (ii) What specific safeguards have the independent directors put in place to protect unitholders from being unduly diluted if they are unable or unwilling to participate in the rights issue?**

The minimum net proceeds are expected to be approximately \$29.2 million, which will primarily be applied towards loan repayment.

- (iii) Is the rights issue intended mainly to raise funds for the redemption of the remaining US\$22.6 million 7.5% Senior Notes due 9 February 2026?**
- (iv) Will the manager be seeking an undertaking from Tokyo Century Corporation/ITOCHU Corporation, a 11.37% substantial unitholder, to subscribe for their rights entitlement and to apply for excess rights units? If not, why not?**
- (v) If unitholders do not approve the rights issue or the whitewash resolution, how does management expect the REIT to meet the 2026 Notes redemption?**

Q2. As at 30 June 2025, the REIT's interest coverage ratio (ICR) stood at 1.53 times, marginally above the regulatory requirement of 1.5 times. Had distributions on the subordinated perpetual securities of S\$140 million and S\$120 million been paid, ICR would have been 1.18 times.

The REIT has a gearing of 43.86% as at 30 June 2025.

¹¹

https://links.sgx.com/FileOpen/LMIRT_Circular%20to%20Unitholders.ashx?App=Announcement&FileID=858315

- (i) What are the improvements in the REIT's gearing and ICR under the maximum and minimum subscription scenario?
- (ii) Post-rights issue, what is the board's target capital structure and how will it align with and support the REIT's strategic objectives and growth plans?
- (iii) Does the board plan to resume distributions to unitholders in the near term? How does the dividend stopper provision hinder the REIT's ability to provide distributions to unitholders?

Q3. When the REIT was first listed in 2007 at an IPO price of \$0.80 per unit, the estimated market capitalisation was \$850 million. Currently, the REIT has a market capitalisation of approximately \$130 million even though the units in issue have increased from 1.06 billion to 7.70 billion.

The price chart of the REIT since IPO is shown below.



(Source: <https://sg.finance.yahoo.com/quote/D5IU.SI/>)

- (i) What has been the total unitholder return over the past 5, 10 and 15 years?
- (ii) To enable unitholders to make informed decisions, can the manager provide an assessment of the REIT's investment merits? Has the manager demonstrably created value for unitholders since listing?
- (iii) If unitholders approve the rights issue, how confident are the directors that the REIT will be able to create long-term value for unitholders given the REIT's track record since 2007?
- (iv) Has the board considered an orderly liquidation of the REIT to avoid further value erosion and return capital to unitholders?

As disclosed in paragraph 6.1 of the circular, three of the four directors do not hold any units of the REIT, while the only director with holdings owns just 150,000 units.

- (v) How aligned are the directors with unitholders given this ownership profile? Will the board consider mandatory unit ownership guidelines, equity-linked remuneration, or other mechanisms to ensure better alignment?

Shareholders are welcome to use and/or adapt the questions prepared by SIAS and to forward them to the company.

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