



Company Registration No. 197001177H  
(Incorporated in the Republic of Singapore)

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## 51<sup>st</sup> ANNUAL GENERAL MEETING

### Responses to substantial and relevant questions received from Isetan Singapore Limited shareholders

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The Board of Directors (the “**Board**”) of Isetan (Singapore) Limited (the “**Company**”) wishes to thank the Company’s shareholders who submitted their questions in advance of the Annual General Meeting (“**AGM**”) to be convened and held by way of electronic means on 28 April 2022 at 10.00 am.

#### **Responses to questions submitted by shareholders which are relevant to the Resolutions of the AGM**

We received questions from shareholders relating to the Company’s 2021 financials, business operations and strategy, and investment property. As there were overlaps in the questions received, we will not be providing responses to every question. We have, therefore, grouped related and similar questions together, and provided our corresponding responses to them. Please refer to our responses as set out in **Appendix (1)**.

By Order of the Board

Lun Chee Leong  
Company Secretary  
22 April 2022

## Appendix (1)

### Responses to substantial and relevant questions received from shareholders

<b>Question</b>	<b>Response</b>
<b>Isetan Wisma Investment Property</b>	
<p>1) Please refer to page 5 of the Annual Report about “Chairman’s statement”, particularly “Investment property at Isetan Wisma Atria”. It was stated that “As per our announcement on 15 December 2021, our exercise to gather expressions of interest for purchase of our investment property at Wisma Atria from potential purchasers has run its course without yielding a positive outcome for the matter to proceed further.” May I know how many potential purchaser(s) have expressed interest?</p> <p>Please refer to page 108 of the Annual Report about “Investment properties”. It is understood that Wisma Atria is “Leasehold – 99 years from 1 April 1962”. In another words, it only has remaining tenure of 39 years. As lease amortisation accelerates towards the tail end of tenure according to Bala’s Table, is there a threshold on how long more the Board and Management plan to hold Wisma Atria?</p> <p>Is there anyone in the company management or board who has the knowledge and capability to take care of the properties in the portfolio?</p>	<p>The initial Expression of Interest attracted 16 parties. However, the Company did not receive any offers (conditional or otherwise) from any of these parties. This may have been due to the uncertain market conditions posed by the Covid-19 pandemic and its impact on retail in Singapore, including the lack of tourists / visitors to Singapore which has impacted footfall in Orchard Road.</p> <p>As per our announcement on 15 December 2021, we will continue to explore options regarding our investment property at Wisma Atria, including the possibility of a future sale. Currently, we do not have a threshold on how long more the property will be held as an investment property. The Board and management constantly review the use of the property to see how to make the best use of this strategic asset having regard to the goals of the Company.</p> <p>Some aspects of the department store business involve elements of leasing of retail space. We have management personnel who have experience in this regard. In addition, we have dedicated staff with the necessary experience to look after our investment properties. One of our Independent Directors is also serving on the board of a REIT in Singapore and is able to provide advice in relation to the management of our investment properties.</p>
<b>Company strategies and operations</b>	
<p>2) Have the Board and Management considered expanding/focusing more on supermarket (like SGX-listed Sheng Siong), which is not only an essential service during pandemic but also non-discretionary spending?</p>	<p>The Board and management have considered the possibility of expansion of the Company’s supermarket business. This has been done in the past in our Isetan Jurong East store. That said, we are</p>

Question	Response
	<p>competing locally as a niche operator catering to a specific target market.</p> <p>In assessing the feasibility of any expansion of our supermarket business, we take into consideration factors such as the demographics of the target location, capital expenditure needed, revenue forecast and estimated operating expenses with the view to determining whether any specific expansion will be in the interests of the company.</p>
<p>3) With the Covid-19 situation looking more optimistic, what are the concrete plans or targets from the management in both retail and property segment?</p> <p>With the closure of stores for the past years, is Isetan looking to exit Singapore retail sector in the near future?</p>	<p>For the retail segment, the easing of Safe Management Measures is a welcome boost to our efforts to increase its revenue progressively. Post-covid, we will focus on operational performance at each store. We will continue to increase our loyalty customer base via our upgraded mobile app, enhancing our E-commerce website with a wider assortment of merchandise, reach out to new customers with our presence in Lazada Mall, and enabling more customer convenience through digitalization of our operations. We will also resume the retail activities that did well for us before the Covid-19 pandemic started (e.g., our popular food fairs and seasonal events held in mall atriums).</p> <p>For the property segment, we will focus primarily on exploring options regarding our investment property at Wisma Atria. For the immediate future, we will continue to review its tenancy mix and maintain a target of 100% occupancy rate; the premises on level four of the property which was previously vacant has since been tenanted to a prominent financial institution.</p> <p>We have been right sizing our retail segment in recent years by maintaining the stores that are performing up to our expectations and in line with our Company strategy. There are presently no plans for us to exit the Singapore retail sector.</p>
<p>4) Please refer to page 9 of the Annual Report about “Management discussion of results of</p>	<p>The contribution from the E-Commerce business to the Company’s business is</p>

Question	Response
<p>operations and financial position”, particularly “Retail”. In the 2<sup>nd</sup> paragraph, it was stated that “The Company’s online business, which registered a four-fold increase in 2020 as compared to 2019, continued to do well in 2021 with a double-digit growth rate as compared to 2020.” How many % of total revenue in 2021 came from online business?</p> <p>Of which, how many % of online business revenue in 2021 came from e-supermarket segment?</p>	<p>currently relatively insignificant. However, we will continue to build on the growth momentum by widening our assortment of merchandise and working with our network of suppliers to bring in niche products. With our online stores, customers can have access to more touchpoints and a seamless online/offline shopping experience (e.g., our “Click and Collect” service collaboration with Lazada which will also help to draw customers to the store). We will monitor closely the performance of the online business moving forward.</p>
<p><b>Questions relating to notes to the Financial Statements</b></p>	
<p>5) Please refer to note 13 on page 80 of the Annual Report 2021 where it is stated that the fair value of the financial asset in the unquoted equity in Isetan Japan Sdn Bhd has decreased from \$1.697 million to \$1.394 million.</p> <p>What is the reason for the drop in the fair value of this investment?</p>	<p>The fair value of Isetan Japan Sdn Bhd has been adjusted downwards to reflect its performance in recent years, which was partly impacted by the Covid-19 pandemic.</p>
<p>6) Please refer to note 14 on page 81 of the Annual Report about “Other investment, at amortised cost”. The % loss allowance on current bonds has increased from 13.1% in 2020 to 29.4% in 2021. May I ask the Audit Committee what went wrong? What industry(ies) are these current bonds in?</p>	<p>The quantum of the loss allowance has remained relatively unchanged since 2020. This relates to bonds that the company continues to hold.</p> <p>Due to the maturity of certain bonds under current assets which reduces the ending gross balance of this line item, the cumulative loss allowance as a % of the gross amount of bonds has increased on 31 December 2021 as compared to 31 December 2020.</p> <p>The relevant impaired bonds are from the Industrial and Chemicals sectors.</p>
<p>7) Please refer to note 34 on page 95 of the Annual Report about “Commitments”. How will the “capital commitments” trend be like over the next 2-3 years? How will they be funded?</p>	<p>The capital commitments trend is likely to remain constant over the next 2 to 3 years.</p>