
LOTTE SHOPPING CO., LTD

News Release: IMMEDIATE RELEASE

Lotte Department Store and Korea Federation of Small and Medium Business entered business agreement

- On Tuesday (29th), at the main branch of Lotte Department Store, the 'Symbiotic cooperation agreement ceremony' ...was held for commitment to market expansion for SMEs and supports for management and training.
- Opened 'Dream Plaza', the industry's first symbiotic cooperation hall for small and medium enterprises ... to support the sales of the products of SMEs
- Support business consulting, expand training program ... establish realistic and effective symbiotic cooperation strategies by organizing a consulting group.

On Tuesday (29th), Lotte Department Store signed 'symbiotic cooperation business agreement (MOU)' with Korea Federation of Small and Medium Enterprises and will start to support SMEs in a realistic and effective way. In this signing ceremony, Lotte Department Store promised to expand the market for SMEs and provide support for management consulting and training program.



■ Support for domestic and overseas market

The signing ceremony started from 10 am in the presence of Lee Won Jun, the CEO of Lotte Department Store, Kim Ki Mun, the chairman of the Korea Federation of Small and Medium Enterprises, among others, together with the opening ceremony of the first 'Dream Plaza' shop, located on the 9th floor of the main branch of Lotte Department Store. Dream Plaza, the industry's first symbiotic cooperation hall for SMEs, is the first business for the symbiotic cooperation business agreement, and was created to expand the market for SMEs.

Dream Plaza, which is about 66m² (20pyeong), is a select shop, which presents various products with about 10 SMEs' brands such as Privia(cosmetics), Lubunny (apron and echo bag), Design Chosun (lacquerware inlaid with mother-of-pearl), etc. Lotte Department Store will support the overall costs to run Dream Plaza including paying all of the interior costs, and hiring the sales staffs, etc. Dream Plaza is planned to be operated by selecting competitive brands every 1~2 months. Lotte Department Store will open another Dream Plaza in Jamsil in the coming September, and another one in Busan Main branch in November, and expands new Dream Plazas mainly in other big branches.

Through Dream Plaza, SMEs will be able to expand their domestic market as well as to get fueled to expand to overseas markets such as providing special promotions in overseas

market like China, etc. First, for 1 month from August 22, 'Korean products festival' will be held in Highway Branch, China, and the products from about 20 brands, recommended by Korea Federation of Small and Medium Enterprises, will be displayed in the special store. Booths will be installed to facilitate Chinese local buyers to look into the products and get purchase consulting to expand the opportunities in the distribution channels in China. Lotte Department Store will support all the expenses such as customs duty, distribution costs, sales staff, etc., and will continue to make effort to introduce good quality products from SMEs by holding continuous events in overseas branches in Russia, Indonesia, Vietnam, etc.

In the second half of this year, Lotte will support SMEs to expand to overseas market through product consulting with foreign buyers by providing opportunities for about 20 SMEs to participate in well known fashion exhibitions.

■ Reinforcing communication and providing support for training and business consulting

Lotte Department Store plans to organize a consulting group to establish more effective symbiotic cooperation strategy and support training program and business consulting to assist SMEs in reinforcing their competence.

First, from this coming August, 'Consulting group for SMEs', which is composed of 10 people including the head of the Mmarketing managerdivision of Lotte Department Store, the head of the product Merchandising headquarters will be organized, the director of Korea Federation of Small and Medium Enterprises, the representatives from SMEs, etc., will be established and quarterly meetings will be held. This meeting is planned to be held to share the difficulties from the survey targeting affiliated companies regarding the deal satisfaction with a more realistic approach and solve the problems. Lotte Department Store will improve its policy by sharing within the company, and establish the optimized symbiotic model in connection with the academia.

Moreover, to foster profesional manpower, from the next year, Lotte will choose 5 people per semester and support for the whole MBA expenses. Lotte will also open their online and offline lectures of 'Shared growth fund" regarding financial management, business strategy, marketing, etc., which were originally provided to the affiliated companies only, to the member companies of Korea Federation of Small and Medium Enterprises. Lotte will provide support for the consulting expenses regarding overall businesses such as financial, manufacture mangement, marketing, etc. to small businesses as well.

Furthermore, Lotte Department Store will expand its limit of 'Shared growth purse", which is for providing short-term funds to SMEs having financial problems, from KRW 0.4 billion to KRW 1 billion. Lotte Department Store has been running this Shared growth fund since last 2009, and a Shared growth fund which is for providing interest rate benefits to the affiliated companies when they borrow money from fiduciary institutions from 2010. Lotte has provided assistance for totally 202 cases with this Shared growth purse, for the amount of

15F Avenuel BD, 130 Namdaemunno 2-ga, Jung-gu, Seoul, Republic of Korea, 100-092

KOSPI: 023530

<http://www.lotteshopping.com>

KRW 40.4 billion, and 444 cases of the Shared growth fund, for the amount of KRW 257.2 billion.

Lee Won Jun, the CEO of Lotte Department Store, stated that “we will do our best to coexist with small and medium enterprises to establish a healthy distribution environment. And we will make a greater effort to take social responsibility as a Korean leading global department store.” (End)

Lotte Shopping (KOSPI: 023530) is a leading global retail corporate with assets of KRW 38,973 billion and operations worldwide. Lotte Shopping operates a wide variety of businesses, ranging from department stores, supermarkets, finance, consumer electronics, convenience stores and home shopping. Lotte Shopping was incorporated in Dow Jones Sustainability Index World Sector since 2009 and was named the Supersector Leader in the retail category. Information about Lotte Shopping is available at www.lotteshoppingir.com/eng/index.jsp.