
LOTTE SHOPPING CO., LTD

News Release: IMMEDIATE RELEASE

Lotte Shopping, Takes Over 2 department stores of POSCO in Korea and overseas

- Entered into contract with the Daewoo International and POSCO Construction, which are the subsidiary companies of POSCO Group on September 1 (Monday)... for operation of the Daewoo Department Store in Masan and Diamond Plaza in Vietnam
- Putting a lot of efforts to revive the regional economy, Lotte shopping strived to take over the two department stores by winning the citizens of the Masan region.
- Spurring on with the businesses in Vietnam through taking over the Diamond Plaza in Ho Chi Minh... Management stabilization is anticipated in a short period of time due to the experience of having operated under consignment during 2008~2011
- Lotte will concentrate on its retail capabilities for these 2 department stores to become the landmarks of the respective areas

Lotte Shopping (CEO: Lee, Won Joon) entered into contract for taking over the operation and acquiring shares of Daewoo International and POSCO Construction, which are the subsidiary companies of POSCO Group Monday, September 1 in order to commence operation of the Daewoo Department Store in Masan and Diamond Plaza in Vietnam.

Daewoo Department Store in Masan, which commenced operation in November 1997, has a total operating area of 85,300m² on 5 underground floors and 8 above-ground floors. Lotte Shopping, through the execution of this contract for consigned operation, will be

taking over the business operation rights and the manpower of this Department Store. Lotte Shopping will lease the building for 20 years until 2035 to KB Asset Management.

Through this contract, Lotte Shopping is able to open a department store with the minimum cost, thereby reducing financial risks while investors including the KB Asset Management has secured stable source of income for the next 20 years, thereby making this a ground-breaking win-win deal for all the parties involved. Lotte Shopping will be completing the procedures for approval of report on combining of companies within this year in order to commence business operation in full scale by early next year.

Lotte Department Store is planning to put efforts towards economic growth of the Masan Region and improve working environment of staffs and executives of the Daewoo Department Store. Firstly, the operation of the Daewoo Department Store in Masan by Lotte Department with outstanding capacity to procure high quality products and brand names will increase the number of customers using the Department Store, which will in turn induce activation of the old urban center surrounding the Department Store, particularly for the fish market, through the effect of drawing customers to the area. The Lotte Department Store will establish a diverse means of and put an extensive range of efforts to making contribution towards the local society. In addition, improvement in the welfare and wage system for the staff and executives of the Lotte Department Store will be implemented in stepwise manner in order to put efforts in improving the working environment of more than 200 staff and executives of the Daewoo Department Store for whom the guarantee for their employment was provided through the aforementioned contract.

Lotte Shopping purchased 50% shares of the Diamond Plaza located in Ho Chi Minh that the POSCO Construction owned previously. Diamond Plaza, which began its business operation in 2000, is a residential and commercial complex with the first department store in Ho Chi Minh City, and has a total operating area of 57,000m² on 12 underground floors and 20 above-ground floors.

Diamond Plaza will be the 2nd Lotte Department Store to be opened in Vietnam. Lotte Department Store will be opening its first department store in Vietnam, the Hanoi outlet on the 2nd (Tuesday). In addition, the Lotte Department Store has the plan to commence the business operation of the Diamond Plaza during the 1st half of the next year by completing the acquisition of permits and approval within this year in order to spur on with its business in Vietnam and in overseas countries. As Lotte Department Store has the experience of having operated the Diamond

Plaza under consignment from 2008 to 2011, it would be possible to stabilize and normalize the business management without void in operation following taking over.

Lee, Won Joon, CEO of Lotte Shopping, stated that, “we are planning to make contribution towards the economic growth of the Masa Region through activation of the businesses of the Daewoo Department Store and the surrounding regions and to further elevate the level of recognition of Lotte in the Vietnam market through the taking over of the Diamond Plaza”, and that, “we will put out utmost efforts to ensure that both of these department stores will become the landmark of their respective regions by fully focusing the distribution capabilities of Lotte.” (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, hypermarkets, 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.