
LOTTE SHOPPING CO., LTD

News Release: IMMEDIATE RELEASE

Lotte Dept. to open 'BETWEEN', Korea's first and biggest offline overseas direct purchase store

- Main Store of Lotte Department has planned to open an Overseas direct purchase multi-shop which sells Cloths, Handbag, Shoes, Living room props and other related items on September 19th (Fri.)
- Prices that are 130% of the local sales price offered, solving issues in online direct purchases such as 'checking goods' and 'delivery problems'
- An attempt on new collaboration, strategic partnership with 'ASOS', European biggest overseas direct purchase site as well as special BI designed by 'AMERICAN RETRO', a renowned brand in France

Lotte Department Store is launching 'BETWEEN', Korea's biggest overseas direct purchase multi-store on September 19th (Fri.) on the 2nd floor of its main store. 'BETWEEN', as the first store to offer goods offline with the price of online direct purchasing, is expected to resolve all problems which are experienced in online direct purchasing, such as 'being unable to check goods personally', 'exchange return problems', and the feature of offline stores being 'more expensive than online'. In particular, problems related to delivery such as 'delay in delivery', and 'loss of goods' are expected to be solved, providing convenient shopping.

The overseas direct purchase market in Korea has increased rapidly since 2011. Since

2011, its size has increased by two-folds, and the amount has reached 1.1 trillion Korean Won. When users were asked for the reason of direct purchasing, they responded by saying 'affordable prices cheaper than Korea (41.8%)', 'brands that are not available in Korea (23.6%)' and 'diverse products (21.9%)'. It can be interpreted that prices as well as the needs on the various products that were not available in Korea applied significantly in turning to direct purchasing. Now, specialists predict that direct purchasing will grow into the form of a new shopping channel and lifestyle.

In line with such trend, Lotte Department Store has completed the 'BETWEEN' store that is about 160m² (approximately 50 pyeong) within a period of about a year after much contemplation. 'BETWEEN' is a word in English that means 'a connection or relationship involving two or more parties' and it portrays Lotte Department Store acting as a 'bridge' connecting 'overseas and Korea', 'offline and online' and 'contemporary and young character'. With the concept being 'unique', 'casual' and 'trendy', it has targeted women in the 20s~30s who enjoyed value consumption and who are well experienced with overseas traveling and overseas direct purchasing. As the word overseas direct purchase suggests, prices offered will be 130% of the local sales price, making it similar to the prices in online direct purchasing and the store is expected to provide all the services that can only be experienced in department stores.

In 'BETWEEN', over 30 brands from all of the world including America, England, France and Italy will be available offering brands such as 'VELVET by Graham and Spencer', 'AMERICAN RETRO' and 'HARLYN'. Moreover, 'BETWEEN' will also showcase various brands that have started in Korea then advanced into the foreign market.

In addition, BETWEEN has made a new attempt in diverse collaborations. Above all, through a strategic partnership with 'ASOS', European biggest online multi-shop and more famous in Korea as a direct purchase store, the 'ASOS' products would have the first offline store in the world - BETWEEN. In 'BETWEEN', 'ASOS' products would be available, and purchase can be made on the spot using a smart device located within a store. Furthermore, the logo of BETWEEN was specially designed by 'AMERICAN RETRO', a renowned French brand, and YG Artist Limited products designed by a famous American designer, 'Brian' is planned to be showcased.

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Song Jung Ho, the director of Lotte Department Store's MD Strategy stated that "Preparations for 'BETWEEN' began last Fall and after a great deal of efforts for about a year, it is finally being launched" and that "With the start of 'BETWEEN', omni-channel type of stores will continuously be launched, organically connecting all shopping channels such as online □offline and mobile

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.