

Lotte Confectionery (Korea): Demerger of Lotte Confectionery (Korea) and stock acquisition of Lotte Shopping (Korea) and Lotte Chilsung Beverage (Korea)

Changes in FTSE RAFI™ Index Series

17 October 2017

Lotte Confectionery (to be renamed to Lotte Holdings, 6535432) is currently suspended from trading in relation to a 0.2961238 for 1 demerger of Lotte Confectionery (new) (Korea, BD72J68) followed by 0.7038762:1 consolidation. Afterwards Lotte Confectionery and Lotte Confectionery (new) will have a 2.5 for 1 stock split.

Simultaneously, Lotte Holdings will acquire the investment businesses of Lotte Shopping (Korea, B0WGPZ5) and Lotte Chilsung Beverage (Korea, 6535443) respectively by issuing new shares to their shareholders. Lotte Shopping and Lotte Chilsung Beverage will also conduct a consolidation.

Currently Lotte Confectionery, Lotte Shopping and Lotte Chilsung Beverage are suspended from trading and will resume trading on 30 October 2017. In order to avoid index tracking error, Lotte Holdings (Temp Line I) and Lotte Holdings (Temp Line II) will be added to FTSE indices to reflect the distribution of Lotte Holdings shares for Lotte Shopping and Lotte Chilsung Beverage shareholders respectively.

Please see details of affected indices and effective dates below:

Index	Change	Effective From Start of Trading
FTSE RAFI Developed ex US 1000	<p>Lotte Holdings (Temp Line I) (Korea, BZ1GZ84) will be added to the index with a shares in issue total of 33,822,297 and an investability weighting of 35.97% and a weight adjustment factor of 0.0686074410076874.</p> <p>Lotte Shopping (Korea, B0WGPZ5) will remain in the index with a decreased shares in issue total from 29,552,204 to 26,390,756 and an unchanged investability weighting of 35.97% and an unchanged weight adjustment factor of 0.0686074410076874.</p> <p>Overall Index Impact = Neutral</p>	30 October 2017

<p>FTSE RAFI Developed ex US 1000 Index - QSR</p>	<p>Lotte Holdings (Temp Line I) will be added to the index as detailed above with a weight adjustment factor of 2.04212820427612.</p> <p>Lotte Shopping will remain in the index as detailed above with an unchanged weight adjustment factor of 2.04212820427612.</p> <p>Overall Index Impact = Neutral</p>	<p>30 October 2017</p>
<p>FTSE RAFI Developed ex US Mid Small 1500 Index</p>	<p>Lotte Confectionery (Korea, BD72J68) will be added to the index with a shares in issue total of 10,512,395 and an investability weighting of 38% and a weight adjustment factor of 0.0211829985778221.</p> <p>Lotte Confectionery (Korea, 6535432) will have a name change to Lotte Holdings and remain in the index with an increased shares in issue total from 14,200,000 to 24,987,605 and an unchanged investability weighting of 38% and an unchanged weight adjustment factor of 0.0211829985778221.</p> <p>Lotte Holdings (Temp Line II) (Korea, BZ1GZ95) will be added to the index with a shares in issue total of 10,182,421 and an investability weighting of 48.73% and a weight adjustment factor of 0.0333893936509356.</p> <p>Lotte Chilsung Beverage (Korea, 6535443) will remain in the index with a decreased shares in issue total from 1,237,203 to 799,345 and an unchanged investability weighting of 48.73% and an unchanged weight adjustment factor of 0.0333893936509356.</p> <p>Overall Index Impact = Neutral</p>	<p>30 October 2017</p>

<p>FTSE RAFI Developed Mid Small ex US 1500 Index - QSR</p>	<p>Lotte Confectionery will be added to the index as detailed above with a weight adjustment factor of 1.03027212227939.</p> <p>Lotte Confectionery will have a name change to Lotte Holdings and remain in the index as detailed above with an unchanged weight adjustment factor of 1.03027212227939.</p> <p>Lotte Holdings (Temp Line II) will be added to the index as detailed above with a weight adjustment factor of 1.47685675746483.</p> <p>Lotte Chilsung Beverage will remain in the index as detailed above with an unchanged weight adjustment factor of 1.47685675746483.</p> <p>Overall Index Impact = Neutral</p>	<p>30 October 2017</p>
<p>FTSE RAFI All World 3000 Index</p>	<p>Lotte Holdings (Temp Line I) will be added to the index as detailed above with a weight adjustment factor of 0.0686074410076874.</p> <p>Lotte Shopping will remain in the index as detailed above with an unchanged weight adjustment factor of 0.0686074410076874.</p> <p>Overall Index Impact = Neutral</p>	<p>30 October 2017</p>
<p>FTSE RAFI All World 3000 Index - QSR</p>	<p>Lotte Holdings (Temp Line I) will be added to the index as detailed above with a weight adjustment factor of 2.77010944240821.</p> <p>Lotte Shopping will remain in the index as detailed above with an unchanged weight adjustment factor of 2.77010944240821.</p> <p>Overall Index Impact = Neutral</p>	<p>30 October 2017</p>

FTSE RAFI Kaigai 1000 Index	<p>Lotte Holdings (Temp Line I) will be added to the index as detailed above with a weight adjustment factor of 0.0686074410076874.</p> <p>Lotte Shopping will remain in the index as detailed above with an unchanged weight adjustment factor of 0.0686074410076874.</p> <p>Overall Index Impact = Neutral</p>	30 October 2017
FTSE RAFI Developed Asia Pacific ex Japan	<p>Lotte Holdings (Temp Line I) will be added to the index as detailed above with a weight adjustment factor of 0.0686074410076874.</p> <p>Lotte Shopping will remain in the index as detailed above with an unchanged weight adjustment factor of 0.0686074410076874.</p> <p>Overall Index Impact = Neutral</p>	30 October 2017
FTSE RAFI Developed Asia Pacific ex Japan - QSR	<p>Lotte Holdings (Temp Line I) will be added to the index as detailed above with a weight adjustment factor of 2.23897903269154.</p> <p>Lotte Shopping will remain in the index as detailed above with an unchanged weight adjustment factor of 2.23897903269154.</p> <p>Overall Index Impact = Neutral</p>	30 October 2017

Please note :

1. The expected listing date of Lotte Confectionery (new) will be on 30 October 2017
2. ICB classification of Lotte Confectionery (new) will remain unchanged as 3577 (Food Products).
3. Lotte Holdings (Temp Line I) share number is based on the stock terms of 1.1444932 Lotte Holdings new shares for each Lotte Shopping share held.

Lotte Shopping share number is based on the 0.8930216:1 consolidation.

ICB classification for Lotte Holdings (Temp Line I) will remain unchanged as 5373 (Broadline Retailers)

4. Lotte Holdings (Temp Line II) share number is based on the stock terms of 8.2301943 Lotte Holdings new shares for each Lotte Chilsung Beverage share held.

Lotte Chilsung Beverage share number is based on the 0.6460906:1 consolidation.

ICB classification for Lotte Holdings (Temp Line II) will remain unchanged as 3537 (Soft Drinks).

5. Since the settlement date of Lotte Holding shares during the stock acquisition of the investment businesses from Lotte Shopping and Lotte Chilsung Beverage has not yet been announced, two temporary lines will remain in the index at the market price until they announce and will subsequently be amalgamated to Lotte Holding (6535432) on a T+2 notice.

FTSE will further issue a notice in due course.

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