

**PROSPECTUS FOR THE LISTING OF
COMMERCIAL PAPERS MEL07 –
Poslovni sistem Mercator, d.d.
FOR TRADING IN THE REGULATED MARKET**

Ljubljana, August 2013

INTRODUCTION AND IMPORTANT NOTES

The purpose of this Prospectus is the listing of 15,000 commercial papers of the issuer Poslovni sistem Mercator, d.d., Dunajska cesta 107, 1000 Ljubljana, Slovenija (hereinafter: the Issuer or Mercator, d.d., or the Company) with the symbol MEL07 for trading on the regulated market of the Ljubljana Stock Exchange, d.d., Ljubljana (hereinafter: LJSE). Mercator, d.d., authorized the company ALTA Invest, investment services, d.d., Železna cesta 18, 1000 Ljubljana, Slovenija (hereinafter also referred to as: ALTA Invest, d.d.), to prepare and conduct the activities required to list the commercial papers for trading on the regulated market.

The offering of the new commercial papers with the symbol MEL07 by the issuer Mercator, d.d. (hereinafter: new commercial papers or commercial papers) shall take place in two rounds. The first round of the offering took place from July 23, 2013 from 2 PM, Slovenian local time, to July 29, 2013 until 3 PM, Slovenian local time. The offering of commercial papers included, based on the company Management Board resolution dated July 2, 2012, and the resolution made by the authorized Management Board member based on the said Management Board resolution, the offer of up to 15,000 new commercial papers with a total nominal value of EUR 15,000,000.00, which shall be sold through the issuer's floating account open with the Central Securities Clearing Corporation (Centralna klirinško depotna družba, d.d.), Tivolska cesta 48, 1000 Ljubljana, Slovenia (hereinafter: KDD). In the first round of the offering of new commercial papers of the company Mercator, d.d., 6,552 commercial papers of the company Mercator, d.d., were subscribed and paid up until July 31, 2013 until 12 (noon), with a total nominal value of EUR 6,552,000.00. After the completion of the first round of the offering, the commercial papers were issued on July 31, 2013 in dematerialized form by entry into the central register of dematerialized securities, kept by the KDD. Offering of new commercial papers that were not sold in the first round of the offering (hereinafter: remaining commercial papers) shall continue in the second round of the offering, which will take place from August 1, 2013 from 2 PM, local Slovenian time, to August 28, 2013 until 3 PM, local Slovenian time. The second round of the offering can be prematurely ended at any time during the duration of the second round.

Pursuant to the provisions of the Financial Instruments Market Act (Official journal RS, No. 67/2007, as changed and amended; hereinafter: ZTFI), the provisions of the Chapter 2 (two) on the publication of the prospectus for sale of the securities to the public, and the provisions of the 2nd chapter on the listing of securities for trading on the regulated market shall not apply to the sale or listing of new commercial papers of the company Mercator, d.d., for trading on the regulated market. Pursuant to Article 25 of the Financial Instruments Market Act (ZTFI), money market instruments specified in Article 7, Paragraph 4 of the same act, with maturity of less than 12 months are not classified as securities. Therefore, Chapter 2 (two) of the Financial Instruments Market Act (ZTFI) does not apply to commercial subject to sale or listing for trading on the regulated market.

The prospectus is not a prospectus as defined in the Financial Instruments Market Act (ZTFI) or in the EC Regulation No. 809/2004 (including all and any amendments and implementing rules: "The Prospectus Regulation"), nor a prospectus subject to the law of any other jurisdiction, and it has not been confirmed by any supervisory body.

The prospectus is prepared pursuant to the legislation of the Republic of Slovenia for the purpose of listing of the commercial papers for trading on the regulated market in the Republic of Slovenia. Direct or indirect distribution or reproduction (in part or whole) is not allowed for any other persons or outside the Republic of Slovenia. By obtaining this document/prospectus, the recipient agrees to comply with the above restrictions.

In making the decision about investing into commercial papers, potential investors should rely on their own analysis of the issuer and the contents of this document/prospectus, including all and any relevant risks. Information in the prospectus are not investment recommendations, nor should they be considered investment or personal consulting, legal, tax, or any other professional consulting or advice. For such advice or consulting, each potential investor should contact an attorney, tax consultant or other relevant expert. Before making a decision to invest in the offered commercial papers, this prospectus should be read in entirety. Furthermore, the investors should be aware and advised that the prospectus does not necessarily include all information required to analyze and evaluate the viability or justification of the purchase of the commercial papers. Any potential investor shall assume full responsibility for obtaining additional information in order to conduct analyses and estimates of the financial status and level of risk related to the issuer, in the scope in and in the manner seen required or fit by such investor. Furthermore, potential investor should be aware that operations, business performance and results, financial position, and outlooks of the issuer could have changed since the date of preparation of this prospectus. Even in the event of such changes, this prospectus shall not be changed or amended by the issuer. The issuer is regularly informing the public about any major business events via its website at www.mercator.si and through the electronic information system of the Ljubljana Stock Exchange, d.d., Ljubljana, called SEO-net: <http://seonet.ljse.si/>.

The prospectus was prepared by the issuer's responsible persons. Mercator, d.d., as the issuer of the commercial papers, assumes all responsibility for the accuracy and completeness of information presented in this prospectus, as at the day of preparation of the prospectus. The issuer's responsible persons ensure, having committed their full reasonable diligence, that to their best knowledge the information included in the prospectus comply with the facts and that no relevant information which could affect the meaning of these information or the prospectus was omitted, and that they have committed their full reasonable diligence to attain such compliance and completeness.

For expert consulting on preparation of the prospectus and services related to the offering or first offering of new commercial papers in the Republic of Slovenia, subject to Slovenian law, and with regard to the issue of new commercial papers of the company through a floating account held with the register of securities with the Central Securities Clearing Corporation (KDD) and listing of the new commercial papers of the company on the regulated market of the Ljubljana Stock Exchange, the issuer has signed a contract with the company ALTA Invest, investicijske storitve, d.d., Železna cesta 18, Ljubljana (hereinafter: ALTA Invest, d.d., or ALTA). Expert consulting provided by and documents prepared by the company ALTA Invest, d.d., are not binding for the issuer. The issuer may decide at own discretion whether to include the solutions, explanations, or notes proposed by the company ALTA Invest, d.d., into the contents of the issuer's documents, and specify at own discretion the final contents of all documents, including this prospectus. Therefore, the company ALTA Invest, d.d., shall not be held responsible for the contents of the prospectus or the information therein. Moreover, the company ALTA Invest, d.d., did not separately or independently review the information presented in this prospectus. The company ALTA Invest, d.d., does not make any guarantees or representations, express or implied, as to the accuracy or completeness of information in this prospectus. No part of this prospectus shall be deemed or taken as a reference or in any way considered a promise or guarantee made by the company ALTA Invest, d.d.

This Prospectus may only be used for its expressly stated purpose. Use of the entire prospectus or parts thereof for any other purpose is not allowed. Unauthorized distribution, copying, and publication of the information or parts of the text from the prospectus are not allowed.

Unless expressly stated otherwise in this prospectus, no person or entity is authorized to provide any information or guarantees regarding the new commercial papers. Should anyone provide such information, the investors shall not rely on it as if such information was confirmed by the issuer. In case of delivery of this prospectus or in case of sale to which this prospectus pertains, this shall in no way be deemed or assumed to mean that no changes regarding the issuer or the issuer's subsidiaries as a whole have occurred in the period from the date of preparation of this prospectus, nor shall this mean that the information in the prospectus is accurate as at any date later than the date of preparation of this prospectus.

Some amounts included in this prospectus were rounded. Therefore, (a) minor differences may occur between the amounts of the same items or same data in different tables, and (b) sums of amounts in some tables are not necessarily arithmetic sums of the figures before such sums.

This prospectus includes forward-looking forecasts or estimates of profit, i.e. statements regarding the future, rather than the past. These statements can be identified by the words such as "planned or budgeted", "believe", "anticipated", "target", "will", "may", "anticipate", "would", "could", or similar expressions and negations thereof. Such statements about the include known and unknown risks, uncertainties, and other relevant factors that are beyond the issuer's influence or control, which could result in actual results, operations, or performance being materially or considerably different from any future results, operations, or performance as stated or contained in these forward looking statements. Such forward looking statements are based on numerous assumptions regarding the current and future business strategy and the environment in which the issuer is operating at the moment and in which the issuer will operate in the future. Relevant factors that could cause the issuer's actual results, operations, and performance to differ considerably from those expressed in the forward-looking statements are those described in Chapter 2 ("factors of risk") and elsewhere in this prospectus. These forward-looking statements shall only apply as at the date of the preparation of this prospectus. The issuer expressly rejects any obligation or liability or commitment to send any updates or amendments of the forward-looking statements contained in this prospectus, which would reflect the changes in the issuer's forecasts about such statements, or any changes of events, conditions, or circumstances based on which the forward-looking statements were made, unless required by the relevant legislation or regulations for listing on the Ljubljana Stock Exchange, d.d., Ljubljana (»LJSE«). The investors should be aware that several relevant factors may cause the actual results to differ considerably from the plans, goals, expectations, estimates, and forecasts expressed in such forward-looking statements.

SUMMARY OF PROSPECTUS

A. INTRODUCTORY NOTE

Also prepared in addition to this prospectus summary was the prospectus which includes detailed information that allow insight into the legal status of the issuer, the issuer's financial position and business possibilities, and rights pertaining to the commercial papers.

Summary of the Prospectus shall be understood as an introduction to the Prospectus (presentational document); therefore, the summary should be read in conjunction with the Prospectus. The Prospectus includes more detailed information regarding the financial and legal status of the Issuer, as well as a more detailed analysis and specification of the rights and business possibilities based on the commercial papers. However, it should be noted that the Prospectus does not necessarily include all information that could be necessary for assessment of justifiability or rationality of the purchase and payment of the Issuer's commercial papers. Any potential investor shall assume entire responsibility for obtaining additional information in order to conduct analyses and estimates of the financial status and level of risk related to the issuer, in the scope in and in the manner seen required or fit by such investor.

B. INFORMATION ABOUT THE ISSUER OF THE COMMERCIAL PAPERS

<u>Company name/abbreviated name:</u>	Poslovni sistem Mercator, d.d.
<u>Head office:</u>	Ljubljana
<u>Address:</u>	Dunajska cesta 107, 1113 Ljubljana
<u>Telephone number:</u>	00386 (0)1 560 10 00
<u>Organizational form:</u>	Public limited company
<u>Date of entry into the register:</u>	Republic of Slovenia
<u>Relevant legislation/jurisdiction:</u>	Legislation of the republic of Slovenia
<u>Share capital:</u>	Share capital of the company as registered with the share register amounts to EUR 157,128,514.53.

C. INFORMATION ABOUT THE FINANCIAL INSTRUMENT

<u>Financial instrument type:</u>	Money market instrument – commercial paper (MEL07), issued in dematerialized form.
<u>Commercial paper maturity:</u>	Maturity in 142 days after the start of the interest accrual period, i.e. on December 20, 2013.
<u>Selling price:</u>	<p>The offered price of commercial papers subscribed and paid up during the first round of the offering was 98.0963% of the nominal value of the commercial paper.</p> <p>In the second round, the offering price of the commercial papers will be adjusted accordingly, considering the progress of the interest accrual period and market conditions.</p>
<u>Interest rate:</u>	<p>The interest rate for the commercial papers subscribed and paid up during the first round of the offering was 4.92 %.</p> <p>In case of subscription and payment in the second round, the interest rate for the commercial papers will be adjusted accordingly, considering the progress of the interest accrual period and market conditions.</p> <p>Interest shall be calculated considering the selling price and nominal value of the commercial paper by linear/simple method, accrued and payable at the end of period, based on the actual number of days to maturity (interest accrual period) and 360 days for one year. Interest is rounded to three decimal places. Interest shall be accrued from July 1, 2013 to December 20, 2013.</p>
<u>Face (nominal) value of commercial paper:</u>	EUR 1,000.00 per denomination
<u>Total face (nominal) value of the issue:</u>	Up to EUR 15,000,000.00 oz. up to 15,000 commercial papers.
<u>Commercial paper transferability:</u>	Commercial papers shall be freely transferable by entry or registration of such transfer with the central register of the Central Securities Clearing Corporation (Centralna klirinško depotna družba, d.d.), Tivolska cesta 48, 1000 Ljubljana, Slovenia (hereinafter: KDD).

Purpose of the issue:

Managing the maturity of the Issuer's assets and liabilities and diversification of the base of debt financing sources

Method and period of payment of liabilities from financial instruments:

Liabilities related to the commercial paper shall be paid upon maturity on December 20, 2013 in the amount of the commercial paper's face value. Payment shall be made in entirety in a single amount/instalment. No interest shall be paid prior to the date of maturity.

If the day on which the liabilities pertaining to the commercial paper are due is not a business day in the Republic of Slovenia, payments shall be made on the first business day after the date of maturity. In such case, the holder of the commercial paper or beneficiary to the payment based thereon shall not be entitled to any interest for the time from the maturity of the security until the first ensuing business day.

Business day shall be deemed any day on which payments can be made in the Republic of Slovenia in domestic currency during regular working hours on a day that is not Saturday, Sunday, state holiday or other holiday.

The Issuer shall redeem its liabilities pertaining to the commercial paper to the beneficiary's account of which the beneficiary shall notify the Issuer until such payment. Before paying or redeeming any liabilities pertaining to the commercial paper, the Issuer shall invite the beneficiaries for whom the Issuer has no information about a current account to submit such information.

If a beneficiary to any amount pertaining to the commercial paper fails to provide the information on their current account as per the provisions in the paragraph above by the last business day of the Central Securities Clearing Corporation (KDD) before the day of maturity of the commercial paper, or if the information provided about the beneficiary or the current account is deficient to the extent that it does not allow the Issuer to conduct the payment to the beneficiary's account, the

	<p>Issuer shall be obliged to pay out such sum as soon as possible, but no later than on the fifth business day after the information about the beneficiary and the beneficiary's current account was submitted fully and correctly as per this or the previous paragraph. In such case, the beneficiary shall not be entitled to any interest or other payment resulting from such delay.</p>
<u>Beneficiaries to payment of the principal:</u>	<p>A beneficiary to the payment of the principle of the commercial paper shall be any holder of the commercial paper or any other beneficiary who is registered with the central register two business days before the maturity of the security.</p>
<u>Other rights based on the commercial papers:</u>	<p>Except for the claims to the Issuer for the payment of principal of the commercial paper, the commercial paper shall not be deemed to bear any other right to the holder or other beneficiary; this also applies to the right to exchange the commercial paper for another type of financial instrument.</p> <p>Holder of the commercial paper or other beneficiary registered with the central register shall not have the right to claim from the Issuer any premature payment of the principal pertaining to the commercial paper before the maturity date. The financial instrument does not include a clause or provision that would allow the Issuer the right to settle the commercial paper prematurely, before the maturity date.</p> <p>Except for the holder of the commercial paper or other beneficiary registered with the central register, no person shall be entitled to assert the rights regarding the commercial paper. Regardless of this, the claim for the payment of any sum pertaining to the commercial paper may only be asserted by the beneficiary to such payment.</p>
<u>Status of liabilities from financial instruments:</u>	<p>The Issuer's liabilities towards the holders or beneficiaries, based on the commercial papers, are backed by entire Issuer's property. The commercial papers are therefore not backed by any underlying collateral or guarantee of the Issuer and the holders of</p>

Commitments/covenants and restrictions
thereof regarding the issue of financial
instruments:

Listing:

commercial papers shall not have any preferential treatment relative to other creditors or claims regarding repayment.

The Issuer shall not make any commitments or restrictions regarding its operating policies with regard to the issue of the commercial papers.

In order to list the commercial papers for trading on the regulated market of the Ljubljana Stock Exchange, d.d., Ljubljana (LJSE), the Issuer shall submit to the LJSE a request for listing of 15,000 commercial papers with the symbol MEL07.

Holders of commercial papers will be able to start trading the commercial papers on the regulated market of the Ljubljana Stock Exchange, d.d., when the commercial papers issued to their trading accounts are listed for trading.

D. SUMMARY OF RISKS ASSUMED BY THE HOLDER OF COMMERCIAL PAPER

Before adopting a decision to invest in commercial papers of the company Mercator, d.d., prospective investors should carefully examine the information provided in the Prospectus, and consider the fact that the Prospectus does not necessarily include all information required by the investor to make an informed decision on the purchase of the commercial papers.

Risks related to the Issuer

Before making a decision to invest in the offered commercial papers, this prospectus should be read in entirety. Furthermore, the investors should be aware and advised that the prospectus does not necessarily include all information required to analyze and evaluate the viability or justification of the purchase of the commercial papers. The key risk assumed or faced by holders of the commercial papers or beneficiaries to payment based thereon is the risk that the Issuer is unable to pay the liabilities based on the commercial papers (hereinafter: risk of default). As a result, the Prospectus includes in the chapter on risk factors those aspects that could affect the Issuer's ability to settle the liabilities based on the commercial papers. In addition, the presented risk factors do not include all possible risk factors. Therefore, prospective investors, making a decision regarding the purchase of the commercial papers of the company Mercator, d.d., should consider and factor in other risks that could affect such decision.

Risks pertaining to commercial papers

Risk of default

Holders of the commercial papers or beneficiaries to payment based thereon assume or face the risk that the Issuer is unable to pay the liabilities based on the commercial papers (risk of default). The Issuer's liabilities towards the holders or beneficiaries, based on the commercial papers, are backed by entire Issuer's property. The commercial papers are not backed by any underlying collateral or guarantee of the Issuer and the holders of commercial papers shall not have any preferential treatment relative to other creditors or claims regarding repayment.

Liquidity risk

Despite the fact that Mercator, d.d., intends to list the commercial papers for trading at the Ljubljana Stock Exchange, there is no guarantee that there will be considerable trading volume on the Ljubljana Stock Exchange. As a result, it is possible that a holder of commercial papers will not be able to dispose of them (sell them) before their maturity. Low liquidity can also affect the market price of the commercial papers.

Interest rate risk

A selling price and thereby a fixed interest rate shall be set for the commercial papers upon the issue thereof. Until maturity, holders of commercial papers are exposed to the risk of change in interest rate. Due to short maturity period of commercial papers, the risk is lower than with long-term financial instruments; however, it is possible that the interest rate on the Issuer's commercial papers will be lower than the current market interest rate. Risk of sensitivity to change in the interest rate can be assessed with duration.

Risk of reinvesting the principal and coupons of the commercial paper

Since the commercial paper does not pay out coupons, the investors are not exposed to reinvestment risk.

E. BROKERAGE COMPANIES INVOLVED IN THE LISTING OF THE COMMERCIAL PAPER FOR TRADING IN THE REGULATED MARKET

ALTA Invest, investment services, d.d., Železna cesta 18, Ljubljana, is in charge of preparing and conducting the activities required to list the commercial papers for trading on the regulated market.