

Pursuant to Articles 18 and 19 of the Articles of Association of the company POSLOVNI SISTEM MERCATOR, d.d., Article 295, Paragraph 2, of the Companies Act (ZGD-1), Rules and Regulations of the Ljubljana Stock Exchange, d.d., resolutions by the company Management Board dated May 7, 2014, July 8, 2014, and July 24, 2014, and the resolutions by the company Supervisory Board dated May 20, 2014, July 15, 2014, and July 25, 2014 the Management Board hereby convenes the

**20<sup>th</sup> regular Shareholders Assembly  
to take place on August 29, 2014 at 1 PM  
at the company headquarters in Ljubljana, Dunajska cesta 107**

## **I. AGENDA AND RESOLUTION PROPOSALS**

### **1. Opening of the Shareholders Assembly and appointment of the Shareholders Assembly chairperson**

**RESOLUTION PROPOSAL:**

*Pavle Pensa, attorney at law from Ljubljana, shall be appointed Chairman of the Shareholders Assembly.*

**Explanation summary for the resolution proposal as announced in the Shareholders Assembly documentation:**

Pursuant to the company Articles of Association, the company Shareholders Assembly shall be presided over by a Chairperson appointed by the shareholders upon proposal by the party convening the Assembly.

### **2. Presentation of Annual Report and the Supervisory Board's Report on the results of Annual Report review and audit for the 2013 fiscal year; information on the offsetting of net loss; information on the compensation and rewards of the members of managerial and supervisory bodies; information on the Supervisory Board evaluation procedure; and granting discharge from liability to the company Supervisory Board and Management Board.**

**RESOLUTION PROPOSAL:**

- A) Granting discharge from liability to the company Supervisory Board for the fiscal year 2013

*The Shareholders Assembly grants discharge from liability to the company Supervisory Board for the fiscal year 2013.*

B) Granting discharge from liability to the company Management Board for the fiscal year 2013

*The Shareholders Assembly grants discharge from liability to the company Management Board for the fiscal year 2013.*

**Explanation summary for the resolution proposals as announced in the Shareholders Assembly documentation:**

Since the company did not generate profit in 2013, the Shareholders Assembly shall not make any decisions with regard to allocation thereof. The Shareholders Assembly will be informed that as at December 31, 2013, net loss for the fiscal year amounted to EUR 35,599,369.98. Retained earnings were also negative, amounting to EUR 14,790,059.72 as at December 31, 2013. Both the net loss for the fiscal year and the retained earnings have been offset with other revenue reserves in the amount of EUR 50,389,429.70.

Three processes were in progress simultaneously at Mercator in 2013, which will have major long-term effects on company operations and further development: the process of sale, operations restructuring, and corporate debt restructuring. These processes, highly complex as they are, took place in an extremely challenging environment that included changes in shopping behaviour, poor pricing perception among the consumers, and persistently harsh economic conditions in all markets of Mercator's operations. Despite the negative market situation and the drop in Mercator Group revenue resulting from lower sales of apparel, textile, and technical consumer goods, lower revenue in Slovenia and Croatia, and the inevitable operations restructuring process, Mercator succeeded in maintaining its market position in all of its markets.

By reorganization of company operations and improvement measures, particularly the cost rationalization and divestment, the company Mercator, d.d., succeeded in reducing the loss and debt, generate operating profit of EUR 52 million, and signing the agreement on refinancing of Mercator Group's financial liabilities until the year 2020, which will pave the way for the improvement of liquidity and financial stabilization and optimization of operations, which will benefit all stakeholders.

### **3. Appointment of a certified auditing company for the year 2014**

**RESOLUTION PROPOSAL:**

*The auditing company DELOITTE REVIZIJA, d.o.o., Dunajska cesta 165, Ljubljana, shall be appointed as the company auditor for 2014.*

**Explanation summary for the resolution proposal as announced in the Shareholders Assembly documentation:**

The resolution proposal is based on the Supervisory Board proposal. Pursuant to Article 281 of the Companies Act (ZGD-1), the Supervisory Board shall propose the candidate for the company auditor.

The auditing company proposed for appointment has relevant auditing experience in the fields of activity of the company, and references both in Slovenia and abroad.

#### **4. Changes and amendments to Article 37 of the company Articles of Association**

##### **RESOLUTION PROPOSAL:**

*Article 37, Paragraph 4 of the company Articles of Association shall be changed and amended to the following wording: "Supervisory Board sessions shall be attended by Supervisory Board and Management Board members, and invited experts or individuals presenting relevant reports; the Supervisory Board may also invite other persons to be present during discussion of particular agenda items, if their presence is required for such discussion."*

##### **Explanation summary for the resolution proposal as announced in the Shareholders Assembly documentation:**

Pursuant to Article 259 of the Companies Act (ZGD-1), the sessions of the managerial and supervisory bodies shall not be attended by persons who are not members of such bodies, unless expressly specified otherwise by the Articles of Association. Pursuant to the currently effective Articles 34 and 37 of the Mercator, d.d., Articles of Association, Supervisory Board sessions may be attended, in addition to the Supervisory Board and Management Board members, by persons presenting reports and experts or consultants if this is required in order to clarify and specific issues. It is specified in the financial restructuring and refinancing agreements, as agreed by their signatories, that Mercator, d.d., Management Board would propose to the Supervisory Board to invite a representative of the financial creditors to the Supervisory Board sessions at which individual agenda items deal with business or financial restructuring. Therefore, an amendment is proposed to allow participation of such persons at Supervisory Board sessions.

Resolution to the agenda item 1 is proposed by the Management Board; resolutions to agenda items 2 and 4 are proposed by the Management Board and the Supervisory Board; and the resolution to agenda item 3 is proposed by the Supervisory Board.

## **II. INFORMATION FOR THE SHAREHOLDERS**

##### **Access to Shareholders Assembly Documentation, proposed resolutions including explanations, and information on the Shareholders Assembly**

Documentation, or materials, for the Shareholders Assembly, including resolution proposals and full explanations thereto, Annual Report complete with Supervisory Board Report and the statement of corporate governance, and other documents specified in Article 297.a, Paragraph 2, of the Companies Act (ZGD-1), shall be made available to the company shareholders at the company headquarters in Ljubljana, Dunajska cesta 107, ground floor, each business day from the day of announcement of the Shareholders Assembly convocation to the day of the Shareholders Assembly session from 9 AM to 12 noon. All documentation referred to above will also be available on the company website at <http://www.mercatorgroup.si>. Convocation of the Shareholders Assembly, explanation of the resolution proposals, and other materials are also published on the website of the Ljubljana Stock Exchange, d.d. (<http://seonet.ljse.si>). Information provided in Article 296 of the Companies Act (ZGD-1), Paragraph 3, and detailed information on the rights of the shareholders with regard to submitting any requests for additional agenda items, counter-proposals to proposed resolutions, election/voting proposals, and shareholder rights to information (Article 298, Paragraph 1; Article 300, Paragraph 1; and Articles 301 and 305 of the Companies Act ZGD-1) are published on the company website.

##### **Requests and proposals by the shareholders**

Shareholders whose combined shareholdings amount to one twentieth (five percent) of share capital, may request in writing in seven days after the convocation of the Shareholders Assembly an additional item of the agenda. A written proposal of the resolution on which the Shareholders Assembly should vote/decide, or an

explanation of the agenda item in case no resolution is adopted with regard to a particular agenda item, shall be attached to the request. Pursuant to Article 298, Paragraph 3 of the Companies Act (ZGD-1), the company Management Board shall announce those additional agenda items that are requested and submitted by the shareholders no later than seven days after the announcement of this Shareholders Assembly convocation. The shareholders may submit the requests for additional items of the agenda to the company by electronic mail, to the address [skupscina@mercator.si](mailto:skupscina@mercator.si).

The shareholders may submit, in writing, resolution and election proposals to each item of the agenda. A shareholder proposal will only be announced by the company Management Board in the same way as this convocation, if it is submitted to the company within seven days after the convocation of the Shareholders Assembly complete with a reasonably justified proposition, along with the statement that the shareholder/proposing party will counter the proposal by the Management or Supervisory Board and that she or he intends to convince other shareholders to vote for her/his proposal. Pursuant to Article 301 of the Companies Act (ZGD-1), the shareholder shall not be required to justify an election proposal. The shareholder's proposal shall be announced and communicated in the way provided by Article 296 of the ZGD-1 only if the shareholder has submitted a reasonably justified proposal within seven days after the announcement of the Shareholders Assembly convocation. The shareholders may also submit the resolution and election proposals to the company by electronic mail, to the address [skupscina@mercator.si](mailto:skupscina@mercator.si).

Requests for additional agenda items and resolution or election/voting proposals submitted by electronic mail shall be sent as a scanned image file attached to the e-mail message. The image file shall include a handwritten signature of the natural person; in case of legal persons, such documents shall include the handwritten signature of the company representative as well as the seal of the legal person, if applicable. The company shall have the right to check the identity of the shareholder or, the person conferring the power of attorney by e-mail, as well the authenticity of the signature.

#### **Shareholder's right to information**

Shareholders shall be entitled to raise questions at the Shareholders Assembly and request information on company affairs if such information is required for assessment of agenda items; furthermore, the shareholders may exercise their right to information pursuant to Article 305, Paragraph 1, of the Companies Act (ZGD-1).

#### **Attendance conditions and assertion of voting rights**

The Assembly may be attended and voted at only by those shareholders who register their attendance in writing in such way that the Management Board receive their application no later than at close of business on the fourth day before the Shareholders Assembly, i.e. by the end of August 25, 2014, and who are registered as shareholders in the central register of dematerialized securities as at COB (close of business) of August 25, 2014. The application shall be submitted by regular mail to the address Mercator, d.d., Dunajska cesta 107, Ljubljana, Tajništvo pravnega sektorja (Legal Affairs Secretary Office). The applications to the Shareholders Assembly cannot be submitted using electronic means. Only applications with original signatures of the shareholders or their proxies shall be accepted and deemed valid. The Shareholders Assembly Application Form shall be available at the company website, and freely available at the company headquarters in Ljubljana, at Dunajska cesta 107, ground floor, each business day from the day of announcement of the convocation to the day of the Shareholders Assembly convention, from 9 AM to 12 noon.

Each shareholder with the right to attend the Shareholders Assembly may also appoint a proxy to attend the Shareholders Assembly on their behalf and exercise their voting right. The power of attorney/authorization shall be submitted to the company in writing. The power of attorney/authorization shall remain in possession of the company. Proxy voting form is available at the company website; it is also freely available at the company headquarters at Ljubljana, Dunajska cesta 107 (ground floor), each workday from the day of announcement of the convocation to the day of the Shareholders Assembly session, from 9 AM to 12 noon. The power of attorney/authorization may also be submitted to the company by electronic mail, to the address [skupscina@mercator.si](mailto:skupscina@mercator.si), scanned into an image file and attached to the e-mail message. Such document shall include a handwritten signature of the natural person; in case of legal persons, such documents shall include the handwritten signature of the company representative as well as the seal of the legal person, if applicable. The company shall have the right to check the identity of the shareholder or, the person conferring the power of attorney by e-mail, as well the authenticity of the signature. The shareholders may also revoke the power of attorney/authorization in the same way it was submitted, at any time until the day of the Shareholders Assembly.

The shareholders or their proxies or attorneys shall be obliged to prove their identity upon request by presenting a personal identification document and written authorization/power of attorney; in addition, statutory representatives shall also be required to present an extract from the judicial or business register.

As at the day of Shareholders Assembly convocation, the company has 3,765,361 ordinary registered no par value shares. Pursuant to the relevant legislation, each ordinary share carries one vote for its owner at the Shareholders Assembly. As at the day of Shareholders Assembly convocation, the company has 42,192 treasury shares which do not carry voting rights.

The shareholders are kindly requested to check in at the Shareholders Assembly reception office upon their arrival, no later than half hour before the beginning of the convention / session, to confirm their presence with their signatures on the list of attendants and to claim their voting devices. The hall where the Shareholders Assembly is to take place will be open 30 minutes before the beginning of the session.

The Shareholders Assembly is convened for 1 PM. In case of absence of quorum at such time, the Assembly shall be rescheduled for 2 PM on the same day at the same place, regardless of the percentage of total share capital represented at the Assembly.

President of the Management Board  
Anton Balažič

Supervisory Board Chairman  
Matej Lahovnik