

Pursuant to Article 337, Paragraph 4 of the Companies Act (hereinafter referred to as ZGD-1), the Management Board of the company POSLOVNI SISTEM MERCATOR, d.d., Dunajska cesta 107, Ljubljana (hereinafter referred to as the company), hereby submits the following

Report on justified cause for full omission of pre-emptive/priority right in the increase of share capital by new in-kind and cash contributions

The shareholder Agrokor, d.d., holding an 80.75% share of the share capital of the company POSLOVNI SISTEM MERCATOR, d.d., proposed to the Shareholders Assembly an increase of the company share capital by new in-kind and cash contributions, from EUR 157,128,514.53 by EUR 97,046,536.86, so that the total company share capital after the increase amounts to EUR 254,175,051.39. For the purpose of the capital increase, at least 2,325,582 new dematerialized ordinary registered no par value shares with notional value of EUR 41.73 will be issued.

Pursuant to the "220,000,000 Super Subordinated Loan Agreement" dated June 26, 2014, signed between the company POSLOVNI SISTEM MERCATOR, d.d., as the borrower and the companies Agrokor Investments B.V. and Agrokor, d.d., as the creditors, the company Agrokor Investments B.V. granted and provided to the company POSLOVNI SISTEM MERCATOR, d.d., a loan in the amount of EUR 200,000,000.00. Pursuant to the said agreement, the creditor shall have the right to convert the loaned amount into the borrower's equity, subject to condition that the Shareholders Assembly of the company POSLOVNI SISTEM MERCATOR, d.d., adopt a relevant resolution on the increase of capital. Adoption of the proposed resolution will allow the creditor to swap its receivable pertaining to the principal in the amount of EUR 200,000,000 for the equity of the company POSLOVNI SISTEM MERCATOR, d.d. Capital increase by in-kind contributions shall be reviewed by an auditor.

The emission value per one share is EUR 86, which is equal to the value per one share as specified in the successfully completed takeover bid by the company Agrokor, d.d.

The increase of share capital by cash contribution in the amount of EUR 52.00 is necessary to allow the issue of an integer number of new shares.

The resolution proposal by the shareholder Agrokor, d.d., expressly specifies that the pre-emptive/priority right of the existing shareholders to subscribe the new shares be omitted. Considering the fact that this is a capital increase by in-kind contribution, in which both the subject of the in-kind contributions and the person to provide the in-kind contributions are specified in the Shareholders Assembly convocation, the omission of pre-emptive right of the existing shareholders is necessary because the specific in-kind contribution can only be provided by a specific person.

Full omission of the pre-emptive right in the manner specified in the proposed Shareholders Assembly resolution is in the best economic interest of the company. At the same time, positive auditor's opinion regarding the capital increase by in-kind contributions will ensure the protection of interests of all shareholders. For that reason, we believe that omission of the pre-emptive right of the current shareholders is materially justifiable as only thus will we be able to attain the goal that is objectively in the best interest of the company.

Ljubljana, September 19, 2014

Management Board President:
Anton Balažič