



Mercator

DOCUMENTATION

for the 23rd regular Shareholders Assembly
of the company Mercator, d.d.

April 2016

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Documents pertaining to item one of the agenda

OPENING OF THE SHAREHOLDERS ASSEMBLY AND APPOINTMENT OF THE SHAREHOLDERS ASSEMBLY CHAIRPERSON

The Management Board hereby proposes to the Shareholders Assembly of the company MERCATOR, d.d., to adopt the following

resolution:

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

Explanation:

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.

Ljubljana, April 8, 2016

Management Board President:

Toni Balažič

Documents pertaining to item two of the agenda

PRESENTATION OF ANNUAL REPORT AND THE SUPERVISORY BOARD'S REPORT ON THE RESULTS OF ANNUAL REPORT REVIEW AND AUDIT FOR THE 2015 FISCAL YEAR; 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.

The Management Board and Supervisory Board hereby propose to the Shareholders Assembly of the company MERCATOR, d.d., to adopt the following

Resolutions:

- A) Granting discharge from liability to the company Supervisory Board for the fiscal year 2015**

The Shareholders Assembly grants discharge from liability to the company Supervisory Board for the fiscal year 2015.

- B) Granting discharge from liability to the company Management Board for the fiscal year 2015**

The Shareholders Assembly grants discharge from liability to the company Management Board for the fiscal year 2015.

Explanation:

Since the company Poslovni sistem Mercator, d.d., did not generate profit in 2015, the Shareholders Assembly shall not make any decisions with regard to allocation thereof. The Shareholders Assembly shall be informed that as at December 31, 2015, net loss for the fiscal year amounted to EUR 3,799,694. Retained earnings were positive at the end of 2015, at EUR 619,318. The company did not offset the distributable loss in the amount of EUR 3,180,376.

It is evident from the Mercator Group results that after several years of intensive business restructuring, Mercator Group returned to the path of positive performance in 2015. Consistent pursuit of the strategy adopted in 2012, based on the pillars of optimization, growth, focus, and profitability, has brought positive results. Following our strategic guidelines, we continued in 2015 the activities to step up the focus on our core activity, i.e.

fast-moving consumer goods retail; we notably cut our costs as a part of our cost rationalization efforts; and divested some non-strategic activities. With the new owner, consolidation of retail activities in the region has boosted our activities to improve Mercator's competitiveness in our profitable markets, i.e. Slovenia, Serbia, and Montenegro. We continued to develop a multi-level offer of high-quality and well-priced products. After the refurbishments, our store formats are even closer to the modern consumers in terms of equipment, offer, services, and working hours.

In 2015, revenue of the company Poslovni sistem Mercator, d.d., amounted to EUR 1,403,504 thousand, which is 3.6% less than in 2014. The drop in revenue is a result of closing down of unprofitable units, especially in the home product and apparel programs, and the devastating fire at Mercator's fruit and vegetable warehouse in Ljubljana. Changes in costs were consistent with the revenue. Cost of sales and selling and marketing costs for the company Mercator, d.d., which include the purchase value (cost) of goods sold, production costs, selling and marketing costs, and other expenses, dropped by 5.0% relative to the year before. In addition, administrative expenses were decreased as well, by 11.9%. Results from operating activities in 2015 were at EUR 51,077 thousand, which is a ten-fold improvement over the year 2014, while net result for the year was a loss of EUR -3,800 thousand. Nevertheless, net result for the year improved by EUR 91,311 thousand relative to 2014.

In 2015, the composition of the Supervisory Board changed. At the session held on April 22, 2015, the Works Council of Mercator, d.d., appointed Matjaž Grošelj as a new employee representative in the company Supervisory Board as the term of the previous Supervisory Board member Ivan Valand expired on May 19, 2015. As at December 31, 2015, Supervisory Board composition was as follows: Ante Todorčić, Matej Lahovnik, Damir Kuštrak, Ivan Crnjac, Darko Knez, and Ivica Mudrinić as shareholder representatives, and Matjaž Grošelj, Vesna Stojanović, and Veljko Tatić as employee representatives.

There were no changes in the composition of the Management Board in 2015. Company Management Board continues to consist of three members: Toni Balažič as the Management Board president, and members Drago Kavšek and Igor Maroša.

Ljubljana, April 8, 2016

Management Board President:
Toni Balažič

Supervisory Board Chairman:
Ante Todorčić

Appendix to item 2 of the agenda:

- Annual Report complete with the corporate governance statement and information on compensation paid out to the Management Board and Supervisory Board, and the Supervisory Board's report



Mercator

Documents pertaining to item three of the agenda

APPOINTMENT OF A CERTIFIED AUDITING COMPANY FOR THE YEAR 2016

Based on the proposal by the Audit Committee, the Supervisory Board hereby proposes to the Shareholders Assembly of the company MERCATOR, d.d., to adopt the following

resolution:

The auditing company DELOITTE REVIZIJA, d.o.o., Dunajska cesta 165, Ljubljana, shall be appointed as the company auditor for 2016.

Explanation:

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.

Ljubljana, April 8, 2016

Supervisory Board Chairman:
Ante Todorčić

INFORMATION FOR THE SHAREHOLDERS

1. Total number of shares and voting rights as at the day of Shareholders Assembly convocation

As at the day of Shareholders Assembly convocation, the company has 6,090,943 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.

2. Information on additional items of the agenda

Shareholders whose combined shareholdings amount to one twentieth (five percent) of share capital, may request in writing 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 to be adopted with regard to a particular agenda item, shall be attached to the request. It shall suffice to send the request to the company no later than seven days after the announcement of Shareholders Assembly convocation.

Pursuant to Article 298, Paragraph three of the Companies Act (ZGD-1), the company Management Board shall announce those additional agenda items that are requested by the shareholders no later than seven days after the announcement of the 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. Requests for additional agenda item submitted by electronic mail must be sent as a scanned image file attached to the e-mail message. The image file must 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 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 additional agenda item may only be discussed at the Shareholders Assembly if it is announced in the same way as the Shareholders Assembly convocation, no later than 14 days before the Shareholders Assembly; otherwise, it shall be discussed at the first subsequent Shareholders Assembly. The Management Board will provide in the same deadline and in the same way an announcement of the consolidated copy of the agenda.

3. Information on shareholder proposals

The shareholders may submit, in writing, resolution proposals to each item of the agenda. A shareholder proposal will only be announced by the company Management Board if the shareholder submits within seven days after the convocation of the Shareholders Assembly

to the company a reasonably justified proposition, along with the statement of whether the shareholder will counter the proposal by the managerial/supervisory body, and whether the shareholder intends to convince other shareholders to vote for her/his proposal. The shareholder shall not be required to justify an election proposal.

The shareholders may also submit the resolution and election proposals to the company by electronic mail, to the address skupscina@mercator.si. Resolution or election/voting proposals submitted by electronic mail must be sent as a scanned image file attached to the e-mail message. The image file must 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 person, if applicable. The company has 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 Management Board shall not announce the shareholder's proposal and the pertaining explanation in the following cases:

- if an announcement of the proposal would constitute a criminal or minor offence;
- if the proposal could lead to a Shareholders Assembly resolution that would be in breach of the legislation or the provisions of the Articles of Association;
- if the explanation of the proposal includes obviously wrong or misleading information or insults in its key points;
- if the shareholder's proposal with the same contents has already been submitted to the company Shareholders Assembly;
- if the same shareholder's proposal with essentially the same explanation has been submitted at two or more company Shareholders Assemblies in the last five years, and if less than one twentieth (five percent) of the represented share capital voted in favour of such proposal;
- if the shareholder makes it clear that she / he would not attend the Shareholders Assembly and would not be represented there; or
- if the shareholder has not upheld her or his submitted proposal at the Shareholders Assembly in the last two years, or did not do so via proxy.

The Management Board shall not announce the explanation to the proposal if it includes more than 3,000 characters. The Management Board has the right to announce any proposal and their respective explanations in a summary, if several shareholders submit their proposals on the same issue. Shareholder proposals that are not submitted to the company within seven days after the announcement of the Shareholders Assembly convocation and are presented at latest at the Shareholders Assembly shall be discussed at the Assembly.

4. Information on the shareholder's right to information

The Management Board shall provide reliable information on company affairs at the Shareholders Assembly, if such information is required for assessment of the agenda items. Upon questions posed by several shareholders with regard to the same issue, the Management Board may submit the information in a combined reply. The Management Board will submit information on legal and business relations of the company with its subsidiaries, if this is deemed necessary for assessment of the agenda.

Regardless of the provisions from the previous paragraph, the Management Board shall not be required to submit information in the following cases:

- if submitting the information is, by sound economic judgement, of such nature that it could cause injury to the company or an associated company;
- if the information is related to balancing and assessment methods, when the description of such methods in the appendix suffices for assessment of property, finance, and performance aspects of the company corresponding to the actual circumstances;
- if submitting such information would constitute a criminal or minor offence or non-compliance with sound business practice;
- if the information has already been announced on the company website in the FAQ section at least seven days before the Assembly.

If a shareholder is provided with information outside the Shareholders Assembly, the same information shall be submitted to any other shareholder upon their request, even if such information is not deemed necessary for assessment of the agenda item. If a shareholder is not provided with the required information at the Shareholders Assembly, they may request that their question and the reason for which access to information was denied be entered into the Assembly minutes.

5. 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 (close of business) of May 6, 2016, and who are registered as shareholders in the central register of dematerialized securities as at close of business of May 6, 2016. 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 a.m. 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 available free of charge 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 session, from 9 a.m. to 12 noon. The power of attorney/authorization may also be submitted to the company by electronic mail to the address 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 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.

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 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 p.m. In case of absence of quorum at such time, the Assembly shall be rescheduled for 2 p.m. on the same day at the same place, regardless of the percentage of total share capital represented at the Assembly.

Ljubljana, April 8, 2016

Management Board President:

Toni Balažič