

**PRESENTATION DOCUMENT FOR THE LISTING OF
COMMERCIAL PAPER
OF THE COMPANY POSLOVNI SISTEM
MERCATOR, D.D., LJUBLJANA, WITH THE SYMBOL
MEL11
FOR TRADING IN THE REGULATED MARKET
LJUBLJANSKA BORZA, d.d., Ljubljana**

INTRODUCTION AND IMPORTANT NOTES

This Presentation Document for the listing of 12-month commercial paper of the company POSLOVNI SISTEM MERCATOR, D.D., Ljubljana, with the symbol MEL11, the maturity of which shall be shorter than 12 months, for trading in the regulated market of the Ljubljana Stock Exchange – Ljubljanska borza, d.d. (hereinafter also referred to as: the Presentation Document), is drawn up for the purpose of listing the 20,000 newly issued commercial paper with the symbol MEL11 and ISIN code SI0032501692 (hereinafter also referred to as: Commercial Paper or commercial paper) of the issuer Poslovni sistem Mercator, d.d., Dunajska cesta 107, 1000 Ljubljana, Slovenia (hereinafter: the Issuer; or Mercator, d.d.; or the company), for trading in the regulated market of the Ljubljana Stock Exchange (Ljubljanska borza, d.d.), Ljubljana (hereinafter also referred to as: LJSE).

Commercial paper was issued in a public offering procedure carried out in the Republic of Slovenia and for which the rules on the publication of a presentation document are not binding. Pursuant to the provisions of the Financial Instruments Market Act (Official Journal of the Republic of Slovenia No. 67/2007, as subsequently changed and amended; hereinafter referred to as: ZTFI), the offering of commercial paper was not subject to the provisions of the 2nd chapter on the publication of a prospectus for offering of securities to the public; in addition, provisions of the ZTFI for the listing of securities for trading in the regulated market did not apply either for the listing of commercial paper for trading in the regulated market of the Ljubljana Stock Exchange (Ljubljanska borza, d.d.), Ljubljana. 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 paper subject to listing for trading on the regulated market.

The Presentation Document 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 pursuant to the law of any other jurisdiction, and it has not been confirmed by the Securities Market Agency (ATVP) or any supervisory body.

In making the decision about investing into commercial paper, potential investors should rely on their own analysis of the issuer and the contents of this Presentation Document, including all and any relevant risks. Information in the Presentation Document 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 paper, this Presentation Document should be read in entirety. Furthermore, the investors should be aware and advised that the Presentation Document does not necessarily include all information required to analyze and evaluate the viability or justification of the purchase of the commercial paper. 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 deemed necessary 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 Presentation Document. Even in the event of such changes, this Presentation Document 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.mercatorgroup.si and through the electronic information system of the Ljubljana Stock Exchange, d.d., Ljubljana, the SEOnet: <http://seonet.ljse.si/>.

The Presentation Document was prepared by the Issuer's responsible persons. Mercator, d.d., as the Issuer of the commercial paper, assumes full responsibility for the accuracy and completeness of information presented in this Presentation Document, as at the day of preparation of the

Presentation Document. The issuer's responsible persons ensure, having committed their full reasonable diligence, that to their best knowledge the information included in the Presentation Document comply with the facts and that no relevant information which could affect the meaning of these information or the Presentation Document was omitted, and that they have committed their full reasonable diligence to attain such compliance and completeness.

For expert consulting on preparation of the Presentation Document and services related to the offering or first offering of the new commercial paper in the Republic of Slovenia, pursuant to Slovenian law, and with regard to the issue of new commercial paper of the company through the central register of dematerialized securities with the Central Securities Clearing Corporation (Centralna klirinško depotna družba, delniška družba), Tivolska cesta 48, 1000 Ljubljana (hereinafter referred to as KDD or KDD, d.d.) and listing of the new commercial paper of the company on the regulated market of the Ljubljana Stock Exchange (LJSE), the Issuer has signed a contract with the company ALTA Invest, d.d. 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 Presentation Document. Therefore, the company ALTA Invest, d.d., shall not be held responsible for the contents of the Presentation Document or the information therein. Moreover, the company ALTA Invest, d.d., did not separately or independently review the information presented in this Presentation Document. 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 Presentation Document. No part of this Presentation Document 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.

The Presentation Document is developed pursuant to the legislation of the Republic of Slovenia, exclusively for the purpose of listing the commercial paper for trading on the regulated market of the LJSE, and it is not intended for further direct or indirect distribution or reproduction (partly or in entirety) , including outside the Republic of Slovenia. It should be noted that distribution or reproduction of this Presentation Document or the contents thereof (partly or in entirety) in respective countries may be restricted by law or may be regulated differently by law. This Presentation Document may only be used for its expressly stated purpose. Use of the entire Presentation Document 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 Presentation Document are not allowed.

Unless expressly stated otherwise in this Presentation Document, no person or entity is authorized to provide any information or make any warranties or representations regarding the offering of new commercial paper or regarding the new commercial paper offered. 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 Presentation Document or in case of sale to which this Presentation Document 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 Presentation Document, nor shall this mean that the information in the Presentation Document is accurate as at any date later than the date of preparation of this Presentation Document.

Some amounts included in this Presentation Document 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 Presentation Document may include forward-looking statements pertaining to 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 Presentation Document. These forward-looking statements shall only apply as at the date of the preparation of this Presentation Document. The issuer expressly rejects any obligation or liability or commitment to send any updates or amendments of the forward-looking statements contained in this Presentation Document, 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, 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.

PRESENTATION DOCUMENT SUMMARY
(HEREINAFTER REFERRED TO AS: SUMMARY)

PRESENTATION DOCUMENT SUMMARY

A. INTRODUCTORY NOTE

Also prepared in addition to this Presentation Document summary was the Presentation Document that includes detailed information allowing insight into the legal status of the issuer, the issuer's financial position and business possibilities, and rights pertaining to the commercial paper.

Summary of the Presentation Document shall be understood as an introduction to the Presentation Document; therefore, the summary should be read in conjunction with the Presentation Document. The Presentation Document 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 paper. However, it should be noted that the Presentation Document 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 paper. 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 PAPER

<u>Company name/abbreviated name:</u>	Poslovni sistem Mercator, d.d.
<u>Seat:</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 254,175,051.39.

C. INFORMATION ABOUT THE FINANCIAL INSTRUMENT

<u>Financial instrument type:</u>	Money market instrument – commercial paper (MEL11), issued in dematerialized form
<u>Commercial paper maturity:</u>	Maturity in 364 days after the start of the interest accrual period, i.e. on December 4, 2017.
<u>Selling price:</u>	Selling price per denomination (unit) of commercial paper in the initial offering was 98.604% of its face value, or EUR 986.04 per denomination.
<u>Interest rate:</u>	<p>Interest rate on commercial paper is 1.40% p.a.</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 two decimal places. Interest shall accrue from December 5, 2016, to December 4, 2017.</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 20,000,000.00 oz. up to 20,000 commercial papers. The Issuer reserves the right to either increase or decrease the total face (nominal) value of the issue.
<u>Commercial paper issue and transferability:</u>	The commercial paper is registered to the holder's name and it is issued in dematerialized form and registered with the central register of the Central Securities Clearing Corporation (Centralna klirinško depotna družba, d.d., Tivolska cesta 48, 1000 Ljubljana, Slovenia), hereinafter referred to as: KDD. The commercial paper is freely transferable pursuant to relevant KDD rules and regulations effective from time to time.

Method and period of payment of liabilities from
financial instruments:

Liabilities related to the commercial paper shall be paid upon maturity on December 4, 2017, 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 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.
<u>Purpose of the issue:</u>	Managing the maturity of the Issuer's assets and liabilities and diversification of the base of debt financing sources
<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 four business days before the maturity of the security.</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>Other rights based on the commercial paper:</u>	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.
<u>Status of liabilities from financial instruments:</u>	The Issuer's liabilities towards the holders or beneficiaries, based on the commercial paper, are backed by entire Issuer's property. The commercial paper is therefore not backed by any underlying collateral or guarantee of the Issuer and the holders of commercial paper shall not have any preferential treatment relative to other creditors or claims regarding repayment.
<u>Commitments/covenants and restrictions thereof regarding the issue of financial</u>	The Issuer shall not make any commitments or restrictions regarding its operating policies with

instruments: | regard to the issue of the commercial paper.

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

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

Risks related to the Issuer

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

Risks pertaining to commercial paper

Risk of default

Holders of the commercial paper or beneficiaries to payment based thereon assume or face the risk that the Issuer is unable to pay the liabilities based on the commercial paper (risk of default). The Issuer's liabilities towards the holders or beneficiaries, based on the commercial paper, are backed by entire Issuer's property. The commercial paper is not backed by any underlying collateral or guarantee of the Issuer and the holders of commercial paper 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 paper 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 paper will

not be able to dispose of it (sell it) before its maturity. Low liquidity can also affect the market price of the commercial paper.

Interest rate risk

A selling price and thereby a fixed interest rate shall be set for the commercial paper upon the issue thereof. Until maturity, holders of commercial paper are exposed to the risk of change in interest rate. Due to short maturity period of commercial paper, the risk is lower than with long-term financial instruments; however, it is possible that the interest rate on the Issuer's commercial paper 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. COMPANIES TAKING PART IN THE OFFERING, ISSUE, AND LISTING OF COMMERCIAL PAPER ON THE REGULATED MARKET

For expert consulting and services within the scope of Financial Instruments Market Act (ZTFI) regarding the offering and sale of commercial paper of the company Mercator, d.d., and issue thereof through the central register of securities with the Central Securities Clearing Corporation (KDD), and for services regarding the listing of the commercial paper on the regulated market of the Ljubljana Stock Exchange, the Issuer has signed a contract with ALTA Invest, d.d.

No agreement on underwriting nor agreement involving the principles of firm commitment or best effort has been signed between the Issuer and ALTA Invest, d.d., and the Issuer has no intent of entering any such agreement. ALTA Invest, d.d., Železna cesta 18, Ljubljana, Slovenia, was also the authorized agent for the subscription of new commercial paper and it rendered the auxiliary services of a payment agent receiving the payments for the commercial paper.

F. SUBSCRIPTION, AND PAYMENT OF COMMERCIAL PAPER

Commercial paper was issued in a public offering procedure carried out in the Republic of Slovenia and for which the rules on the publication of a presentation document are not binding. Pursuant to the provisions of the Financial Instruments Market Act (Official Journal of the Republic of Slovenia No. 67/2007, as subsequently changed and amended; hereinafter referred to as: ZTFI), the offering of commercial paper was not be subject to the provisions of the 2nd chapter on the publication of a prospectus for offering of securities to the public, nor to the provisions on the listing of securities for trading in 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, shall not be classified as securities. Therefore, Chapter 2 (two) of the Financial Instruments Market Act (ZTFI) does not apply to commercial paper subject to listing for trading in the regulated market.

The Issuer did not sign with ALTA Invest, d.d., any agreement on underwriting of the issue (first offering of commercial paper was carried out without underwriting obligation).

In the first offering, the commercial paper was subscribed and paid for at discount relative to the face value. Theoretical value of commercial paper as at each day before its maturity can be calculated using the formula presented in chapter 4 of the Presentation Document.