



Mercator

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., resolution by the company Management Board dated April 20, 2015, and the resolution by the company Supervisory Board dated April 21, 2015, the Management Board hereby convenes the

**22nd regular Shareholders Assembly
to take place on June 18, 2015 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 of the resolution proposal:

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 2014 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 2014

- 1. Discharge from liability to individual Supervisory Board members for the fiscal year 2014 shall be granted to each member separately.*
- 2. The Shareholders Assembly grants discharge from liability for the fiscal year 2014 to Matej Lahovnik, previously the Supervisory Board chairman and currently the Supervisory Board deputy chairman.*
- 3. The Shareholders Assembly grants discharge from liability for the fiscal year 2014 to the Supervisory Board deputy chairman Rok Rozman.*

4. *The Shareholders Assembly grants discharge from liability for the fiscal year 2014 to the Supervisory Board member Bojan Brank.*
5. *The Shareholders Assembly grants discharge from liability for the fiscal year 2014 to the Supervisory Board member Boris Galić.*
6. *The Shareholders Assembly grants discharge from liability for the fiscal year 2014 to the Supervisory Board member Zdenko Podlesnik.*
7. *The Shareholders Assembly grants discharge from liability for the fiscal year 2014 to the Supervisory Board member Marjeta Zevnik.*
8. *The Shareholders Assembly grants discharge from liability for the fiscal year 2014 to the Supervisory Board member Vesna Stojanović.*
9. *The Shareholders Assembly grants discharge from liability for the fiscal year 2014 to the Supervisory Board member Veljko Tatić.*
10. *The Shareholders Assembly grants discharge from liability for the fiscal year 2014 to the Supervisory Board member Ivan Valand.*
11. *The Shareholders Assembly grants discharge from liability for the fiscal year 2014 to the Supervisory Board chairman Ante Todorić.*
12. *The Shareholders Assembly grants discharge from liability for the fiscal year 2014 to the Supervisory Board member Damir Kuštrak.*
13. *The Shareholders Assembly grants discharge from liability for the fiscal year 2014 to the Supervisory Board member Ivan Crnjac.*
14. *The Shareholders Assembly grants discharge from liability for the fiscal year 2014 to the Supervisory Board member Darko Knez.*
15. *The Shareholders Assembly grants discharge from liability for the fiscal year 2014 to the Supervisory Board member Ivica Mudrinić.*

If the proposal to Item 1 of the agenda to vote on the discharges from liability separately for each Management Board member is not adopted, then the Management Board and the Supervisory Board propose that the following resolution be voted on in place of the resolutions 2–15 above:

16. The Shareholders Assembly grants discharge from liability to the company Supervisory Board for the fiscal year 2014.

B) Granting discharge from liability to the company Management Board for the fiscal year 2014

The Shareholders Assembly grants discharge from liability to the company Management Board for the fiscal year 2014.

Explanation of the resolution proposals:

Since the company Mercator, d.d., did not generate profit in 2014, the Shareholders Assembly shall not make any decisions with regard to allocation thereof. The Shareholders Assembly shall be informed that as at December 31, 2014, net loss for the fiscal year amounted to EUR 95,110,864.40. Retained earnings were also negative, amounting to EUR 24,913,126.52 as at December 31, 2014. Both the net loss for the fiscal year and the retained earnings have been offset with other revenue reserves in the amount of EUR 15,053,641.69 and by debiting the share premium in the amount of EUR 15,053,641.69.

The year 2014 was a year of major changes for the Mercator Group, particularly in terms of ownership and financial restructuring. Agrokor, d.d., became the majority shareholder of Mercator,

d.d., holding along with the company Agrokor Investments B.V. a total of 88.10% of Mercator shares. In mid-2014, Mercator Group completed its financial restructuring, and in November, a capital increase was carried out at Mercator, d.d.

In 2014, Mercator carried on its measures introduced as a part of the four-pillar strategy (optimization, focus, profitability, growth); improved working capital management; rationalized costs; and improved employee productivity. Numerous marketing activities were carried out as a response to the perceived desires and habits of our customers as the company sought to improve their loyalty and satisfaction.

In 2014, Mercator, d.d., revenue amounted to EUR 1,455,212 thousand, which is 0.6% less than in 2013. The drop is largely a result of closing down of some non-profitable or underperforming units of the fast-moving consumer goods program, home product units, and textile units. Net profit was also significantly affected by impairments to long-term financial investments into subsidiaries and impairments to real property. Adjusting for these non-recurring events, the loss in 2014, reported at EUR 95 million, would have been considerably lower at EUR 8 million.

Considering the fact that most Supervisory Board members were replaced in the year 2014, it is proposed pursuant to the provision from Article 294, Paragraph 1, Sentence 2 of the Companies Act (ZGD-1) that discharge from liability for Supervisory Board members be voted on separately for each member.

Bojan Brank, Supervisory Board member of Mercator, d.d., resigned as of June 27, 2014. On August 4, 2014, other Supervisory Board members representing the shareholders, including Matej Lahovnik, Rok Rozman, Boris Galić, Zdenko Podlesnik, and Marjeta Zevnik, filed their respective statements of resignation and resigned as of August 28, 2014.

At the 20th regular Shareholders Assembly of the company Poslovni sistem Mercator, d.d., held on August 29, 2014, the following Supervisory Board members representing the interests of shareholders were appointed, as proposed by the majority shareholder Agrokor, d.d.: Damir Kuštrak, Ante Todorić, Ivan Crnjac, Matej Lahovnik, Darko Knez, Ivica Mudrinić; Vesna Stojanović, Veljko Tatić, and Ivan Valand remained in the Supervisory Board as worker representatives.

The Management Board has changed as well. It currently includes three members: Toni Balažič as the Management Board President, and Drago Kavšek and Igor Maroša as Management Board members. Stanka Pejanović is no longer a Management Board member. She was relieved from her position on no-fault grounds, for other business and economic reasons, at the Supervisory Board session on September 18, 2014.

3. Appointment of a certified auditing company for the year 2015

RESOLUTION PROPOSAL:

The auditing company DELOITTE REVIZIJA, d.o.o., Dunajska cesta 165, Ljubljana, shall be appointed as the company auditor for 2015.

Explanation of the resolution proposal:

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.

Resolution to the agenda item 1 is proposed by the Management Board; resolution to agenda item 2 is 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 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) is 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 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 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.

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.

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 June 14, 2015, and who are registered as shareholders in the central register of dematerialized securities as at close of business of June 14, 2015. 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, 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 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.

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
Ante Todorčić