Mercator

List of proxies:

1. **KAVKLER Stanislav**, retired director of the technical consumer goods program at Mercator, d.d.
2. **STANKOVIĆ Rajko**, chairman of the MDS Society (Minority Shareholder Society of Slovenia)
3. **VZMD** (Pan-Slovenian Shareholders Association)

PROXY AUTHORIZATION LETTER

for attendance and voting at the 22nd regular Shareholders Assembly of the public limited company **Poslovni sistem Mercator, d.d.**, convened by the company Management Board, to take place on **Thursday**, **June 29**, **2015** at **1 p.m.** at the company headquarters in Ljubljana, Dunajska cesta 107, with the following agenda:

1. Opening of the Shareholders Assembly and appointment of the Shareholders Assembly chairperson
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.
3. Appointment of a certified auditing company for the year 2015

The undersigned ______________________________
(First and last name, or company name of the shareholder)

Personal registration number/registration number: ______________________________

Legal persons may check the pre-printed registration number; natural persons may optionally enter their PRN for more accurate identification. PRN as personal information shall be used exclusively for the purpose of exercising this proxy authorization and it shall be protected pursuant to the Personal Data Protection Act.

HEREBY REPRESENT: ______________________________
(state the first and last name of the authorized person/proxy from the list)

to exercise on my behalf the voting right to which I am entitled based on all my ordinary registered no par value shares of the company Poslovni sistem Mercator, d.d., symbol MELR, at the 22nd company Shareholders Assembly, as instructed on this proxy authorization form.

Assumption: If the first and last name of the proxy are not entered or if none of the numbers in front of the proxy names are circled, but all other sections of the proxy authorization form required for its validity are filled out, it shall be deemed that you selected KAVKLER STANISLAV as your proxy.

This authorization shall only apply for the 22nd Shareholders Assembly. The shareholder may revoke this authorization in writing at any time. The shareholder may also revoke the authorization by attending the Shareholders Assembly in person; however, in such case, the shareholder shall announce in writing his or her attendance with an application form which shall be received by the company no later than on the fourth day before the Shareholders Assembly.

A. Proposed resolutions and proposals for voting:

Item 1 of the agenda:

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.
Shareholder's voting instruction to the proxy: I, the undersigned shareholder, hereby instruct the proxy to vote as follows regarding the above resolution proposal:

FOR **AGAINST**
(circle accordingly) Shareholder's signature: ______________________
Proxy's proposal for voting: if the shareholder does not provide any instructions for voting on the above resolution proposal, the proxy shall vote as follows: **FOR**.

Explanation 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.

Item 2 of the agenda:

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.
Shareholder's voting instruction to the proxy: I, the undersigned shareholder, hereby instruct the proxy to vote as follows regarding the above resolution proposal:
FOR **AGAINST**
(circle accordingly) Shareholder's signature: ______________________
Proxy's proposal for voting: if the shareholder does not provide any instructions for voting on the above resolution proposal, the proxy shall vote as follows: **FOR**.

2. The Shareholders Assembly grants discharge from liability for the fiscal year 2014 to the Matej Lahovnik, previously the Supervisory Board chairman and currently the Supervisory Board deputy chairman.
Shareholder's voting instruction to the proxy: I, the undersigned shareholder, hereby instruct the proxy to vote as follows regarding the above resolution proposal:
FOR **AGAINST**
(circle accordingly) Shareholder's signature: ______________________
Proxy's proposal for voting: if the shareholder does not provide any instructions for voting on the above resolution proposal, the proxy shall vote as follows: **FOR**.

3. The Shareholders Assembly grants discharge from liability for the fiscal year 2014 to the Supervisory Board deputy chairman Rok Rozman.
Shareholder's voting instruction to the proxy: I, the undersigned shareholder, hereby instruct the proxy to vote as follows regarding the above resolution proposal:
FOR **AGAINST**
(circle accordingly) Shareholder's signature: ______________________
Proxy's proposal for voting: if the shareholder does not provide any instructions for voting on the above resolution proposal, the proxy shall vote as follows: **FOR**.

4. The Shareholders Assembly grants discharge from liability for the fiscal year 2014 to the Supervisory Board member Bojan Brank.
Shareholder's voting instruction to the proxy: I, the undersigned shareholder, hereby instruct the proxy to vote as follows regarding the above resolution proposal:
FOR **AGAINST**
(circle accordingly) Shareholder's signature: ______________________
Proxy's proposal for voting: if the shareholder does not provide any instructions for voting on the above resolution proposal, the proxy shall vote as follows: **FOR**.

5. The Shareholders Assembly grants discharge from liability for the fiscal year 2014 to the Supervisory Board member Boris Galić.

Shareholder's voting instruction to the proxy: I, the undersigned shareholder, hereby instruct the proxy to vote as follows regarding the above resolution proposal:

FOR **AGAINST**

(circle accordingly) Shareholder's signature: ______________________

Proxy's proposal for voting: if the shareholder does not provide any instructions for voting on the above resolution proposal, the proxy shall vote as follows: **FOR**.

6. The Shareholders Assembly grants discharge from liability for the fiscal year 2014 to the Supervisory Board member Zdenko Podlesnik.

Shareholder's voting instruction to the proxy: I, the undersigned shareholder, hereby instruct the proxy to vote as follows regarding the above resolution proposal:

FOR **AGAINST**

(circle accordingly) Shareholder's signature: ______________________

Proxy's proposal for voting: if the shareholder does not provide any instructions for voting on the above resolution proposal, the proxy shall vote as follows: **FOR**.

7. The Shareholders Assembly grants discharge from liability for the fiscal year 2014 to the Supervisory Board member Marjeta Zevnik.

Shareholder's voting instruction to the proxy: I, the undersigned shareholder, hereby instruct the proxy to vote as follows regarding the above resolution proposal:

FOR **AGAINST**

(circle accordingly) Shareholder's signature: ______________________

Proxy's proposal for voting: if the shareholder does not provide any instructions for voting on the above resolution proposal, the proxy shall vote as follows: **FOR**.

8. The Shareholders Assembly grants discharge from liability for the fiscal year 2014 to the Supervisory Board member Vesna Stojanović.

Shareholder's voting instruction to the proxy: I, the undersigned shareholder, hereby instruct the proxy to vote as follows regarding the above resolution proposal:

FOR **AGAINST**

(circle accordingly) Shareholder's signature: ______________________

Proxy's proposal for voting: if the shareholder does not provide any instructions for voting on the above resolution proposal, the proxy shall vote as follows: **FOR**.

9. The Shareholders Assembly grants discharge from liability for the fiscal year 2014 to the Supervisory Board member Veljko Tatić.

Shareholder's voting instruction to the proxy: I, the undersigned shareholder, hereby instruct the proxy to vote as follows regarding the above resolution proposal:

FOR **AGAINST**

(circle accordingly) Shareholder's signature: ______________________

Proxy's proposal for voting: if the shareholder does not provide any instructions for voting on the above resolution proposal, the proxy shall vote as follows: **FOR**.

10. The Shareholders Assembly grants discharge from liability for the fiscal year 2014 to the Supervisory Board member Ivan Valand.

Shareholder's voting instruction to the proxy: I, the undersigned shareholder, hereby instruct the proxy to vote as follows regarding the above resolution proposal:

FOR **AGAINST**

(circle accordingly) Shareholder's signature: ______________________

Proxy's proposal for voting: if the shareholder does not provide any instructions for voting on the above resolution proposal, the proxy shall vote as follows: **FOR**.

11. The Shareholders Assembly grants discharge from liability for the fiscal year 2014 to the Supervisory Board chairman Ante Todorić.

Shareholder's voting instruction to the proxy: I, the undersigned shareholder, hereby instruct the proxy to vote as follows regarding the above resolution proposal:

FOR **AGAINST**

(circle accordingly) Shareholder's signature: ______________________

Proxy's proposal for voting: if the shareholder does not provide any instructions for voting on the above resolution proposal, the proxy shall vote as follows: **FOR**.

12. The Shareholders Assembly grants discharge from liability for the fiscal year 2014 to the Supervisory Board member Damir Kuštrak.
Shareholder's voting instruction to the proxy: I, the undersigned shareholder, hereby instruct the proxy to vote as follows regarding the above resolution proposal:

FOR **AGAINST**

(circle accordingly) Shareholder's signature: ______________________

Proxy's proposal for voting: if the shareholder does not provide any instructions for voting on the above resolution proposal, the proxy shall vote as follows: **FOR**.

13. The Shareholders Assembly grants discharge from liability for the fiscal year 2014 to the Supervisory Board member Ivan Crnjac.
Shareholder's voting instruction to the proxy: I, the undersigned shareholder, hereby instruct the proxy to vote as follows regarding the above resolution proposal:

FOR **AGAINST**

(circle accordingly) Shareholder's signature: ______________________

Proxy's proposal for voting: if the shareholder does not provide any instructions for voting on the above resolution proposal, the proxy shall vote as follows: **FOR**.

14. The Shareholders Assembly grants discharge from liability for the fiscal year 2014 to the Supervisory Board member Darko Knez.
Shareholder's voting instruction to the proxy: I, the undersigned shareholder, hereby instruct the proxy to vote as follows regarding the above resolution proposal:

FOR **AGAINST**

(circle accordingly) Shareholder's signature: ______________________

Proxy's proposal for voting: if the shareholder does not provide any instructions for voting on the above resolution proposal, the proxy shall vote as follows: **FOR**.

15. The Shareholders Assembly grants discharge from liability for the fiscal year 2014 to the Supervisory Board member Ivica Mudrinić.
Shareholder's voting instruction to the proxy: I, the undersigned shareholder, hereby instruct the proxy to vote as follows regarding the above resolution proposal:

FOR **AGAINST**

(circle accordingly) Shareholder's signature: ______________________

Proxy's proposal for voting: if the shareholder does not provide any instructions for voting on the above resolution proposal, the proxy shall vote as follows: **FOR**.

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 proposal 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.
Shareholder's voting instruction to the proxy: I, the undersigned shareholder, hereby instruct the proxy to vote as follows regarding the above resolution proposal:

FOR **AGAINST**

(circle accordingly) Shareholder's signature: ______________________

Proxy's proposal for voting: if the shareholder does not provide any instructions for voting on the above resolution proposal, the proxy shall vote as follows: **FOR**.

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.
Shareholder's voting instruction to the proxy: I, the undersigned shareholder, hereby instruct the proxy to vote as follows regarding the above resolution proposal:

FOR **AGAINST**

(circle accordingly) Shareholder's signature: ______________________

Proxy's proposal for voting: if the shareholder does not provide any instructions for voting on the above resolution proposal, the proxy shall vote as follows: **FOR**.

Explanation resolution proposals as announced in the Shareholders Assembly documentation:
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 104,970,349.23 and by debiting the amounts based on elimination of general revaluation adjustment to equity 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 varied 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/fashion 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.

Supervisory Board member Bojan Brank resigned as Mercator, d.d., Supervisory Board 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 capital 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.

Item 3 of the agenda:

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.

Shareholder's voting instruction to the proxy: I, the undersigned shareholder, hereby instruct the proxy to vote as follows regarding the above resolution proposal:

FOR **AGAINST**

(circle accordingly) Shareholder's signature: ______________________

Proxy's proposal for voting: if the shareholder does not provide any instructions for voting on the above resolution proposal, the proxy shall vote as follows: **FOR.**

Explanation 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.

B. Voting on any counter-proposals:

If counter-proposals are submitted for the proposed resolutions (either in the period after this proxy authorization is issued or at the Assembly), I hereby authorize the proxy to vote on such counter-proposals as follows: **AT PROXY'S OWN JUDGEMENT AND DISCRETION.**

The proxy agrees with the specified manner of voting:

YES **NO**
(circle accordingly) Shareholder's signature: ____________________

Note: If the shareholder does not circle anything or circles YES, the proxy shall vote on any counter-proposals **BY OWN JUDGEMENT AND DISCRETION.** If the shareholder circles NO, the proxy shall not vote on shareholder's behalf on any counter-proposals.

Explanation: Since counter-proposals may be expected to be presented at the Shareholders Assembly, it is important for the proposed proxy to have the option to respond to such proposals accordingly, or to vote on them "at his/her own discretion".

In ________________________________, on this ________________________________ 2015.

Shareholder's signature: ________________________________ m. p. (for legal persons)

Note: Without the signature of the person issuing the proxy authorization, the proxy authorization form shall be invalid. By signing this authorization form, I revoke all and any other authorizations for representation at the Shareholders Assembly.
Proxy statement: I, the appointed proxy hereby declare that there is no conflict of interest pursuant to Article 308.a of the Companies Act ZGD-1. I furthermore declare that I shall act at the Shareholders Assembly in the best interest of the shareholder issuing the authorization.

For any additional explanations regarding the issue and contents of the authorization, please contact the Shareholder Information Office of Poslovni sistem Mercator, d.d., telephone **01 / 426 50 17**, each business day from **10 a.m.** to **6 p.m.** or at the following e-mail address: **mercator@vzmd.si**