

## **SHAREHOLDER'S PROPOSAL TO THE GENERAL MEETING ON THE COMBINATION OF THE SHARE SERIES AND ON A RELATED DIRECTED SHARE ISSUE WITHOUT PAYMENT AS WELL AS ON AN AMENDMENT OF THE ARTICLES OF ASSOCIATION**

Stockmann plc's ("Company") shares are divided into series A shares and series B shares according to the Articles of Association. The series A shares and series B shares differ from each other in that a series A share confers 10 votes at the General Meeting and a series B share one vote. On the date of this proposal, 28 January 2016, the Company had 30,553,216 series A shares and 41,495,467 series B shares. The series A shares and series B shares are subject to public trading and listed on the main list of Nasdaq Helsinki Ltd.

The shareholder HTT STC Holding Ltd ("Shareholder"), representing (per 28 January 2016) approximately 11.68 per cent of the Company's shares and approximately 10.69 per cent of the votes conferred by the shares, proposes to the General Meeting that the Company's two share series be combined so that, following the measures taken to combine the share series, the Company would have only a single class of shares which is publicly listed and the shares would carry one (1) vote each and otherwise have equal rights. The combination of the share series involves a directed share issue without payment for the holders of series A shares and a partial amendment of the Articles of Association.

The Shareholder's proposals, elaborated below, form a whole which requires that all parts of it have to be approved.

The Shareholder proposes to the General Meeting that the share series are combined as follows:

### **Combination of the share series**

The Shareholder proposes that the Company's share series be combined without increasing the share capital so that the provisions concerning the Company's different share series are removed in the manner specified below, in which case each series A share will be changed to correspond to the current series B share. In connection with the combination of the share series, series A shares that have been changed to shares corresponding to the current series B share will be incorporated into the book-entry system and an application will be made to admit them to public trading. The combination of the share series will be registered in the Finnish Trade Register on or about [17 March 2016]. The combination will not require any actions from shareholders.

### **Directed share issue without payment**

With regard to the combination of the share series, the shareholder proposes that a share issue without payment is to be directed to the holders of series A shares in deviation from the shareholders' pre-emptive rights in such a way that for each forty (40) series A shares held, three (3) new shares would be given in the Company's single share series, after the amendment of the Articles of Association. On the basis of the combination of the share series and the directed share issue without payment, the ownership of each forty (40) series A shares will be converted into the ownership of forty-three (43) shares in the Company ("Exchange Ratio").

Each holder of series A shares on the record date [17 March 2016] has the right to receive new shares.

The new shares will be distributed to the holders of series A shares in proportion to their ownership, and they will be directly registered into the respective book-entry account on the basis of book-entry account entries on the record date and according to the rules and practices applied in the book-entry system. The share issue without payment will not require any actions by shareholders.

To the extent that the number of series A shares held by a holder of series A shares is not divisible by forty (40), the shares formed on the basis of the remainders will be given, as specified in more detail by the Company's board of directors and in accordance with an agreement to be made between the Company and a bank appointed by the Company's board of directors, to be sold by the bank appointed by the Company on behalf of the holders of series A shares whose number of series A shares is not divisible by forty (40).

The maximum number of the shares to be issued in the directed share issue without payment is 2,291,491 shares. The number of the shares to be issued is based on the Exchange Ratio presented above and on the number of the Company's A shares in accordance with the date of this proposal. If the total number of all the shares that are issued in the share issue without payment in accordance with the Exchange Ratio is a fraction, the total number of the shares will be rounded up to the nearest full share.

The new shares will entitle to the rights for shareholders as of registration. For the sake of clarity, it is stated that the new shares do not entitle to any dividends that may be decided by the Annual General Meeting on 15 March 2016 and that are paid based on the previous financial period.

The Company's board of directors is entitled to decide on other conditions and practical issues related to the directed share issue without payment.

The purpose of the share issue is to compensate the holders of Series A shares for the loss of voting rights resulting from the combination of the share series by issuing them more dividend rights at the expense of other share series. According to the Shareholder who has made the proposal, the combination of the share series may increase the liquidity of the Company's share and increase the market value of the shares, clarify the ownership and voting right structure and its transparency, and thus, increase interest in the Company as an investment. The combination of the share series may also improve the Company's possibilities to acquire equity funding through share issues and to participate in various kinds of arrangements in the sector. Thus, the share issue would be in the interest of the Company and all shareholders and there would for the share issue exist an especially weighty financial reason to derogate from the pre-emptive right of the shareholders as required by the Limited Liability Companies Act.

### **Amending the Articles of Association**

The Shareholder proposes that, due to the combination of the share series, the General Meeting resolve to remove the provisions in the Articles of Association on the differences in voting rights related to the shares and also the provision on the nominal value of the shares. After the amendment, Article 3 of the Articles of Association would read as follows:

"Article 3 The shares of the Company

The shares have no nominal value. All shares in the Company belong to the same share series. The Company has a maximum of 180,000,000 shares.

The Company's shares are incorporated into the book-entry system."