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To the Shareholders of Mercator, d.d.
To the Supervisory Board of Mercator, d.d.

**Transaction opinion on long-term operating lease of commercial facilities
from the company Drvopromet d.o.o., Sarajevo**

The Management of Mercator, d.d., engaged us as independent financial advisers to examine the following from the financial viewpoint:

- the long-term operating lease of 63 commercial facilities in Bosnia and Hercegovina with a total gross area of 24,297 m² and warehouse and office premises with a total gross area of 4,661 m² from the company Drvopromet d.o.o., Sarajevo;
- Agreement on long-term operating lease of the above-mentioned commercial facilities in Bosnia and Hercegovina entered between the company Mercator – BH d.o.o., Sarajevo, as the Lessee, and the company Drvopromet d.o.o., Sarajevo, as the Lessor;
- the Framework Agreement on entrance into lease, purchase of equipment and inventories and employment of employees entered between the company Mercator – BH d.o.o., Sarajevo, and the company Drvopromet d.o.o., Sarajevo;

and to provide you with a valuation opinion regarding the transaction from the viewpoint of the company Mercator, d.d., and its shareholders.

In arriving at the opinion set forth below, we have performed the following tasks:

- conducted analysis of the Agreement on long-term operating lease of commercial facilities in Bosnia and Hercegovina signed between the companies Mercator – BH d.o.o., Sarajevo, and Drvopromet d.o.o., Sarajevo;
- we performed analysis of the operations of the company Drvopromet d.o.o., Sarajevo, financial analysis of the past performance of commercial facilities of comparable format within the company Mercator – BH d.o.o., macroeconomic and sector analysis, and thereupon carried out a valuation and verification of the terms and conditions of the Transaction.

On the basis of the examined documents and the analyses performed, we have established that the terms of the long-term operating lease of 63 commercial facilities together with warehouse and office premises in Bosnia and Hercegovina from the company Drvopromet d.o.o., Sarajevo, are appropriate and under the consideration of the economic and financial circumstances, appropriate from a financial viewpoint.

Ljubljana, 20 October 2011

KPMG poslovno svetovanje d.o.o.


Nevenka Kržan, B.Sc.Ec.
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