

**Questions asked by shareholders at the annual meeting
of the Shareholders' Assembly of Makedonski Telekom held on 14.04.2011 and
Answers by the Company**

- **Upon the Agenda item 9** – *“Proposed Resolution on the approval of the operation of the members of the Board of Directors of the Company for the Year 2010”*:

Question: Whether Mr. Christopher Mattheisen, as of his appointment as a member of the Board of Directors, has attended the meetings of the Board of Directors of the Company.

Answer: Mr. Christopher Mattheisen regularly attends the meetings of the Board of Directors of the Company.

- **Upon the Agenda item 11** – *“Proposed Resolution on sale of three office buildings of the Company and purchase of a new Office Building”*:

Question: It was requested the competent bodies to provide more detailed information on what specifically is going to be purchased and what specifically is going to be sold, for the sole purpose of properly informing the wider public and avoiding media speculations in the future.

Answer: In respect of the need for the conclusion of the respective transaction, in the Group (Makedonski Telekom AD – Skopje and T-Mobile Macedonia AD Skopje), the need for consolidation of the business space has been discussed for a longer period of time. This is due to the fact that currently the Group has 6 (six) locations which accommodate more than 800 (eight hundred) employees. From those 6 (six) locations, 4 (four) are subject to sale, and 2 (two) are leased.

In respect of the efficiency arising from the usage of the office space, at the moment, 6 (six) office buildings are being used at various locations, where the employees work in closed business units, and in the future all 800 (eight hundred) employees would be accommodated in one building, in a modern open-space system of work. In addition, in respect of the economic justifiability of the transaction, economic optimization of expenses is achieved, i.e. the maintenance costs for the office buildings are decreased by 24 % (twenty-four percent) and from 42 (forty-two) EUR per m² on annual level the costs are decreased to 32 (thirty-two) EUR per m² on annual level. The decrease of the operating expenses is a result of the decreased maintenance area and the more efficient heating and cooling systems. The operating expenses include the expenses for security, maintenance, repairs, electricity and other utility fees, excluding lease fees and taxes. The improvement of the quality of the working space in accordance with the international standards in which regard the standards of the DT best practices have been taken into consideration.

The technical analyses – due diligences have been prepared by the reputable English company “EC Harris” from London.

The ultimate goal is to leave 2 (two) buildings which the Group uses under lease and for which it pays a rent of EUR 300,000.00 (three hundred thousand) per year.

As regards the economic justifiability of the transaction, it is related to previous analyses made by the internal offices of the Group. Within the Group, an advisory body of the management bodies has been established called Group Real Estate Committee of Makedonski Telekom AD – Skopje and T-Mobile Macedonia AD Skopje. Also, within the Group there is the “Real-Estate and Logistics Department”. The internal offices, upon the performed analyses, sent their proposals to the management bodies, i.e. the Board of Directors, which then, in accordance with the Statute of the Company and the Law on Trade Companies, were submitted and proposed at the today’s meeting of the Shareholders’ Assembly of the Company. An analysis has been conducted of five (5) alternatives, as follows:

- The first alternative considered was the one which was included as an item on the Agenda at today’s Annual Shareholders’ Assembly as Proposed Resolution on the sale of three office buildings of the

Company (i.e. four buildings together with T-Mobile's building) and the purchase of a new Office Building;

- The second alternative considered was the one according to which the four existing buildings would be kept and the Group would continue operating as thus far;

- The third alternative considered was the one concerning the possibility for renting a comparable office building;

- The fourth alternative considered was the possibility for purchasing another similar comparable office building with central business location; and

- The fifth alternative considered was the possibility for purchasing land and constructing a new own office building.

Again, prior to making a final decision as to the acceptance of one of the proposed alternatives, JONES LANG LASALLE was engaged, which is a highly reputable American consultancy company in the sphere of real estate and which performed a market research of the office space market in Skopje. According to their opinion, as an independent company:

- 1) At the moment, there are no other comparable office buildings with a central business location in Skopje for sale (either in terms of the required surface, or in terms of the required quality), and there will not be any such buildings in the near future either.
- 2) At the moment, there are no other comparable office buildings with a central business location in Skopje for rent (either in terms of the required surface, or in terms of the required quality), and there will not be any such buildings in the near future either.
- 3) There is no proper available land for investing for construction at the moment, either in the central business location in Skopje or outside of it.
- 4) In their opinion, it is more economical to move into an existing building than to invest in construction.

That is their independent opinion. It means that, once alternatives 3, 4 and 5 were left out, the conclusion was that the two remaining alternatives 1 and 2 need to be compared (i.e. a comparison of the economic effects from (1) an exchange of 4 administrative buildings of the Group for 1 new building of the Group and (2) keeping the existing 4 buildings of the Group and continuing the operation of the Group as it is in the moment).

Financial tools-instruments are always used when comparing two alternatives. In this case, the financial instrument - capital budgeting - was used, which enables a comparison of the discounted cash flow of the two alternatives and considers the net effect which is better for the Group. The analyses showed that the net present value, i.e. the discounted net present value of the first alternative as compared to the second alternative is about EUR 3,900,000.00 (three million nine hundred thousand euros) in favour of the first alternative. Secondly, with the transaction, the Company as a Group will make a capital gain of around EUR 10,600,000.00 (ten million six hundred thousand euros). It means that, in the bookkeeping records of the Company (Group), the office buildings that are sold are accounted for at one value, while being sold at another, much higher value. Thirdly, the same eminent company "JONES LANG LASALLE" made an appraisal of the value, both of the real estate to be purchased and of the real estate to be sold. Two methods were used in the appraisal - the market method and the residual method - which are defined by the Royal Institute of Authorized Appraisers - Land Surveyors. Based upon these analyses, the internal bodies and offices of the Group (Group Real Estate Committee and Real Estate and Logistics Department) gave the Proposal to the Board of Directors of the Company, and the Company submitted it at today's meeting of the Shareholders' Assembly, as the highest management body of the Company, pursuant to the Statute and the Law on Trade Companies.

Pursuant to the Proposal for amending the Resolution, submitted by the majority shareholder, this transaction is subject to additional due diligence.

The Company refrained from commenting the published actual information solely for the purpose of not disturbing the holding of the today's meeting of the Annual Shareholders' Assembly. As of the day of

publishing the materials for the today's meeting of the Annual Shareholders' Assembly, all shareholders were entitled to come to the premises of the Company and to request an explanation or additional related materials upon all items of the proposed Agenda.

The buildings that are subject to sale are with a net area of 17.000 m² (seventeen thousand), of which 7900 m² is used space (seven thousand and nine hundred). The buildings are constructed with large atriums in themselves, substantial unutilised space and closed-office manner of operation. The new building has 12.500 m² (twelve thousand five hundred), but 6.500 m² (six thousand five hundred) used space. So, the difference in terms of the used space is only 1.000 m² (thousand), the quality of the new building compared to the old ones is incomparable, the new Administrative building is constructed according to the standards of the 21st century. The benefit from the new Administrative building is not only in the reduction of the expenses for the ongoing maintenance of the buildings, but above all in the consolidation of the employees and the operation of Makedonski Telekom and T-Mobile Macedona in one place.

Certainly another location that can be used for construction can be found in Skopje. However, the Company has one unsolvable problem, i.e. the entire telecommunication network of Makedonski Telekom is located in the TC Centre in the centre of the City of Skopje. Moving that network in order to relocate it to another location is very expensive, i.e. between EUR 5,000,000.00 (five million euro) and EUR 9,000,000.00 (nine million euro) and it is impossible to concurrently provide relocation and normal functioning of the telecommunication network. That is one of the main reasons why a location in the city centre was sought, so that the employees can be closer to the TC Centre and to avoid the high expenses for relocation of the network. Macedonian firms first made an appraisal and then foreign consulting companies in the real estate sphere were engaged that confirmed the conducted appraisal.