



Submission

To: Shareholders' Assembly of MKT

Subject: Frame Loan Agreement between Makedonski Telekom and T-Mobile Macedonia

Proposed by: Chief Executive Officer

Arranged by: CFO Area

Date: March 2015

Executive Summary

Introduction

In order to manage the liquidity of Makedonski Telekom AD – Skopje (Makedonski Telekom/MKT) after the dividend payment, as proposed by the Board of Directors (BoD), Makedonski Telekom (as the Borrower) and T-Mobile Macedonia (as the Lender) shall conclude a Frame Loan Agreement for a maximum amount of 615 million denars with FX clause. The main features of the Frame Loan Agreement are elaborated below:

Amount of the Frame Agreement

- T-Mobile Macedonia shall lend to Makedonski Telekom a loan in a maximum amount of MKD 615,000,000.00 (six hundred and fifteen million denars) with FX clause (calculated with FX rate at the date of disbursement and repayment)
- The disbursement of the loan shall be made based on the Frame Agreement and on as-needed basis, followed by signing of an Annex(-es) to the Frame Agreement specifying the exact amount, the interest rate and the date of disbursement, up to the maximum amount of the loan.

Interest rate:

Makedonski Telekom undertakes to pay to T-Mobile Macedonia the market interest rate in the Republic of Macedonia. The interest rate shall be determined based on the informative offers by minimum two Macedonian banks for similar type of commercial loans. The informative offers will be collected prior to any disbursement and the lowest interest rate shall be applied. At the moment of submission of this Submission, such informative offers have been collected from two banks and the offered interest rates are in range of 3.5-3.8%.

As an indication, the reference rate of the latest bill auction by the National Bank of the Republic of Macedonia was 3.25% per annum, whereas the SKIBOR (Skopje Interbank Offered Rate) with 9 months maturity was 2.81% per annum.

Payback period:

- The loan will be repaid by 31.12.2015 at the latest.
- Makedonski Telekom may repay the whole or any part of the loan before 31.12.2015.

Additional provisions:

- Makedonski Telekom shall issue a blank bill of exchange as a security for the received loan.

Financial effects

Makedonski Telekom shall pay interest to T-Mobile Macedonia based on the market interest rate as described above. Such interest costs will be part of the Company's costs and will affect the profit before tax. Taking into consideration that the interest rate will be defined under market terms and

conditions and that the loan will be repaid by 31.12.2015, there are no additional tax implications applicable at the date of this Submission.

T-Mobile Macedonia will receive interest income that will affect the profit before tax. There are no additional tax implications applicable at the date of this Submission.

Taking into consideration the foregoing, the proposed Frame Loan Agreement does not have financial effects at Makedonski Telekom Group level.

The Board of Directors of Makedonski Telekom was informed of the need for conclusion of the Frame Loan Agreement at its extraordinary meeting held on 24 March 2015, when the proposed terms and conditions for the conclusion of the agreement were presented.

Taking into consideration that in accordance with the Statute of T-Mobile Macedonia, the Board of Directors of Makedonski Telekom has the function of Assembly of T-Mobile Macedonia, and that 7 of the members of the Board of Directors of Makedonski Telekom are concurrently members of the Board of Directors of T-Mobile Macedonia, the Board of Directors of Makedonski Telekom acknowledged that due to the existence of conflict of interests of its members it is proposed for the Shareholders' Assembly of Makedonski Telekom to adopt the Resolution on the approval of a conclusion of a Frame Loan Agreement between Makedonski Telekom and T-Mobile Macedonia as transaction with an interested party.

Namely, in accordance with the legal and statutory provisions, if all members of the Board of Directors have interest in the transaction, or if the number of the members of the Board of Directors who have no interest in the transaction is smaller than the number necessary for quorum for operation defined in the Statute, such transaction shall be approved by the Shareholders' Assembly of the Company.

For information purposes, the conclusion of this Frame Loan Agreement shall be subject to approval by the Assembly of T-Mobile Macedonia as well, taking into consideration that although Makedonski Telekom is the sole shareholder of T-Mobile Macedonia and the conclusion of this agreement is in the interest of the sole shareholder, since the number of members of the Board of Directors of T-Mobile Macedonia that have no conflict of interest with the conclusion of the agreement (those that are not concurrently members of the Board of Directors of Makedonski Telekom) is smaller than the number necessary for quorum for operation.

Proposed Resolution of the Assembly:

The Shareholders' Assembly of Makedonski Telekom to approve the conclusion of a Frame Loan Agreement between Makedonski Telekom as the Borrower and T-Mobile Macedonia as the Lender, with the following main terms and conditions:

- T-Mobile Macedonia shall lend to Makedonski Telekom a loan in a maximum amount of MKD 615,000,000.00 (six hundred and fifteen million denars) with FX clause (calculated with FX rate at the date of disbursement and repayment).
- The disbursement of the loan shall be made based on the Frame Agreement and on as-needed basis, followed by signing of an Annex(-es) to the Frame Agreement specifying the exact amount, the interest rate and the date of disbursement, up to the maximum amount of the loan.
- Makedonski Telekom undertakes to pay to T-Mobile Macedonia the market interest rate in the Republic of Macedonia, which shall be determined based on the informative offers by minimum two Macedonian banks for similar type of commercial loans. The informative offers will be collected prior to any disbursement and the lowest interest rate shall be applied.
- The loan will be repaid by 31.12.2015 at the latest.
- Makedonski Telekom may repay the whole or any part of the loan before 31.12.2015.
- Makedonski Telekom shall issue a blank bill of exchange as a security for the received loan.