

INVESTOR'S GUIDE



MUNICIPALITY
OF GAZI BABA

GAZI BABA

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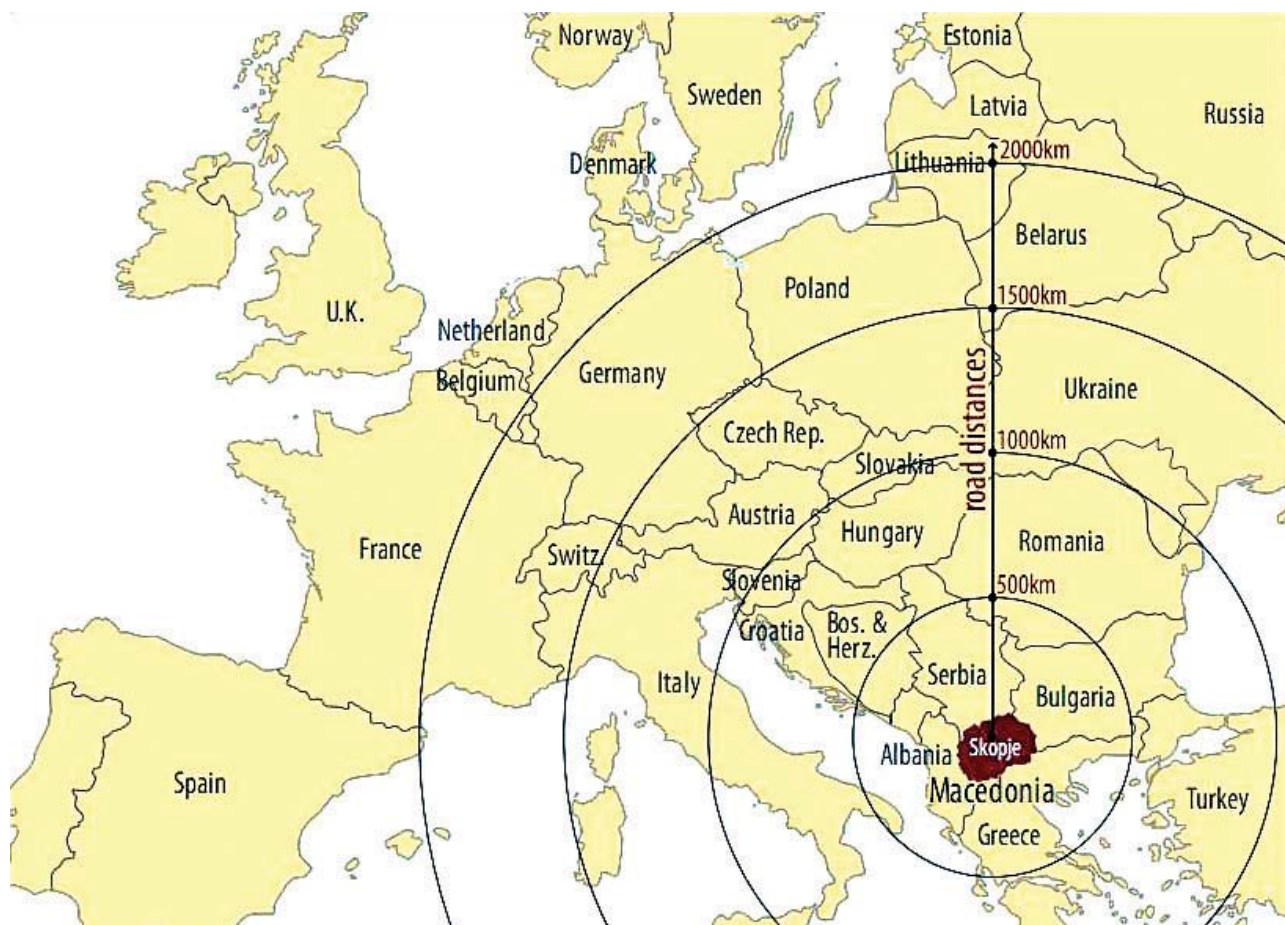
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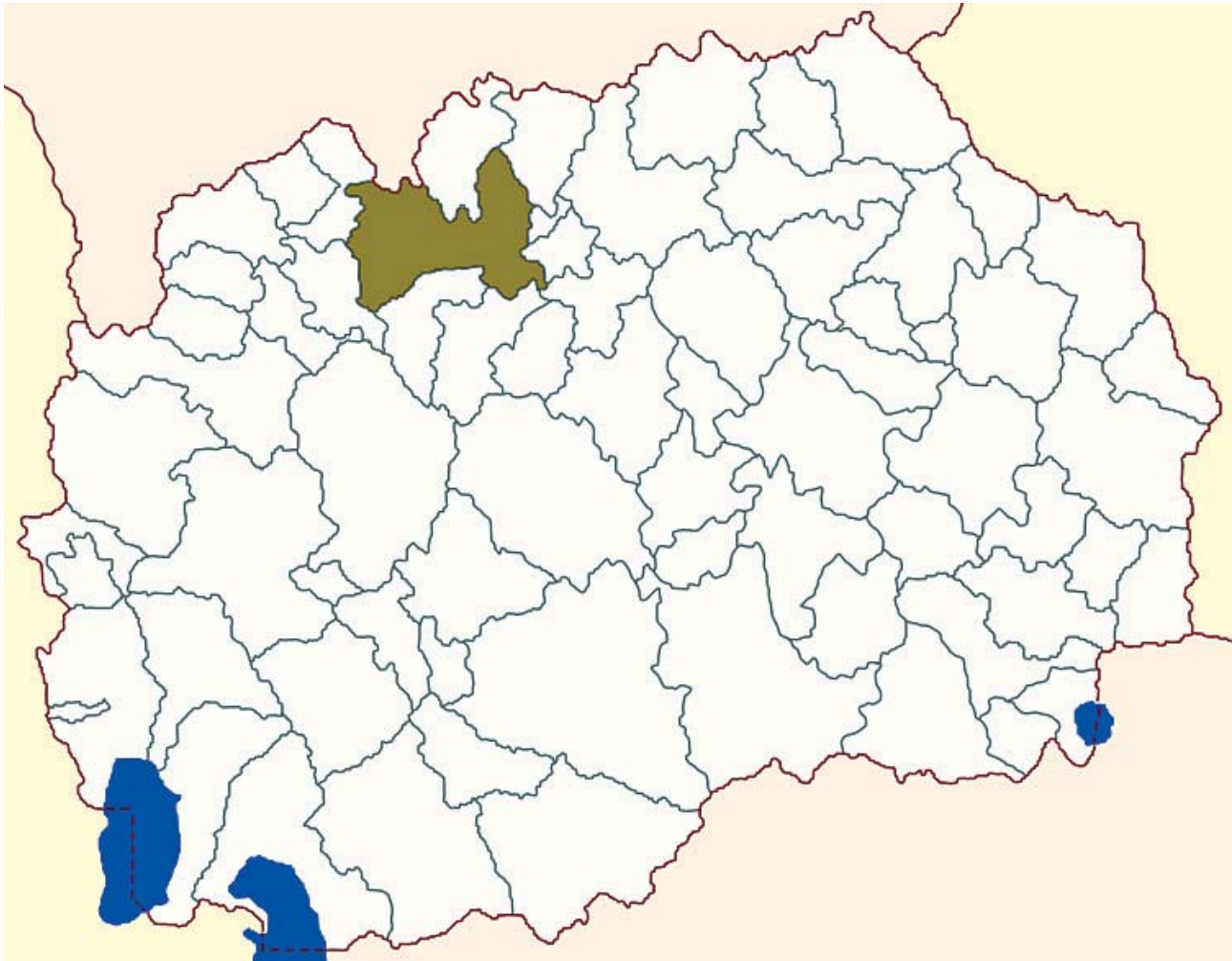
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1. Profile of the Republic of Macedonia

Official name	Republic of Macedonia
Capital city	Skopje
Area	25,713 km ²
Other larger cities	- Kumanovo, Bitola, Tetovo, Veles, Prilep, Shtip
Political system	- Multi-party system of parliamentary democracy - Assembly with 123 MPs with a four-year term; - MPs are elected from party lists at parliamentary elections from six constituencies - Executive branch: President with a five-year term; - Prime Minister and ministers appointed in the Parliament by MPs elected by the voters
Population	2.1 million Median age: 35 years 41% under the age of 30 Average life expectancy: 74.6 years Workforce: 938,294 Literacy rate: 96.1%
Climate	Humid continental climate in the north and Mediterranean climate in the south Hot and dry summers Relatively cold and snowy winters Average temperature: 12.7°? Average high: 17.75°? Average low: 5.5°?
National currency	Macedonian denar 1 euro = 61.5 denars





Slika 1 Mestopolo`ba na Grad Skopje vo R. Makedonija

2. Profile of the City of Skopje

Population	506,926
Per Capita GDP	314,531 MKD
GDP as % of the National GDP	45.6%
Area	571 km²
Coordinates	42°0'N 21°26'E
Altitude	240 meters a.s.l.
Climate	Average annual temperature: 12.4°C Long hot and dry summers, relatively cold winters with many foggy days
Average salary	506 EUR average gross monthly salary
Unemployment rate	29.3%





2.1. Geographical data

The City of Skopje, being the capital of the Republic of Macedonia, is the most important administrative, economic, cultural and educational hub in the country, having high potential and favorable conditions for setting up and doing business.

The City of Skopje, as a separate local self-government unit, includes ten municipalities: Aerodrom, Butel, Gazi Baba, Gjorce Petrov, Karposh, Kisela Voda, Saraj, Centar, Chair, and Shuto Orizari. The largest municipality by area within the City of Skopje is Saraj with 229 km², whereas the smallest one is Chair with 4 km².

The City of Skopje is located in the central part of the Skopje basin, encompassing an area of 1,818 km², 9 km in width and 23 km in length.

The Skopje basin, where the City of Skopje is situated, expands through the upper part of the Vardar river. The Skopje basin is surrounded by the mountains Vodno, Karadzica, Osoj, Zheden and Skopska Crna Gora. The basin stretches from northwest to southeast. It covers an area of 2,100 km².

The highest point in the Skopje basin is on Mt. Jakupica (2,450 m), while its plains average between 225 and 340 meters in altitude. The deep canyons and the high and wide ridges provide for good connections with the neighboring regions.

Macedonia is rich in natural resources, it is a cradle of the culture and Mother Theresa's birth place. Macedonia is a crossroad of civilizations and a unique mixture of antiquity and contemporary, a country that offers a rich multicultural experience.

The main landmark in the capital Skopje is the medieval fortress, which offers a view of the city centre, alongside the Stone Bridge that runs across the Vardar. Both these landmarks date back to the time of the Byzantium emperor Justinian I, when Macedonia was Eastern Roman Empire's main province. The Stone Bridge was built by the Turks on the location of a Roman bridge. This bridge takes you to the old part of the city, where the Turkish Bazaar is located. The bazaar is one of the best preserved examples of the Ottoman architecture in the Balkans. While in the Turkish Bazaar, you can visit the Daut Pasha Hamam (public bath, 15th c., now an art gallery), Kurshumli An (16th c.), the Clock Tower (16th c.), etc.

The abundance of natural and cultural heritage make the City of Skopje an attractive destination for tourists and investors from around the globe.

2.2. Demographic information

According to the 2002 census data provided by the State Statistical Office of the Republic of Macedonia, the City of Skopje has total population of 506,926 residents in accordance with the administrative and territorial organization from 2004.

The population density varies among the different parts of the City, averaging at 888 residents/km².

Skopje's population is predominantly composed of the Macedonian nationality (67%), followed by Albanians (20%), Turks and Roma. The other nationalities in the City are represented by a smaller percentage.

With regard to the population's age structure, the age group between 20-24 years accounts for the predominant part of the population in the City of Skopje, followed by the age groups between 30-34 and 50-54 years. This information give the City major comparative advantage when it comes to available and working population as a potential workforce for the future investors.

2.3. Economic and investment climate

2.3.1. Economic situation in the Republic of Macedonia

Republic of Macedonia's GDP (Gross Domestic Product), which is an important indicator of a country's economy, marked growth of 2.9% in 2010, but it had a slight decline to 2.8% in 2011.

Republic of Macedonia is a signatory country to many free trade agreements, in particular:

1) Central European Free Trade Agreement (CEFTA 2006)

CEFTA 2006 was signed on December 19th, 2006, in Bucharest, and entered into force on 22.11.2007. Signatory states: Republic of Macedonia, Albania, Bosnia and Herzegovina, Croatia, Moldova, Montenegro, and UNMIK for the territory of Kosovo. In addition to the liberalization of the trade in goods, CEFTA 2006 opens up space for improved cooperation among its members in the following areas: trade in services, public procurements, investments and intellectual property protection.

2) EFTA Agreement

The EFTA Agreement is a multilateral agreement concluded between the Republic of Macedonia and the Swiss Confederation, the Kingdom of Norway, Republic of Iceland and the Principality of Lichtenstein on 19.06.2000 in Zurich. Republic of Macedonia's Parliament ratified the Agreement in November 2001 (Official Gazette of RM No. 89/2001), which became effective on 1st of May 2002. This Agreement provides for asymmetrical treatment in favor of the Republic of Macedonia with respect to the trade in industrial, as well as agricultural products and foodstuff. Thus, Macedonian industrial products are exported duty-free to the markets of the EFTA states to meet the needs of 12 million people. On the other hand, the trade in industrial products with regard to the importation from the EFTA states into the Republic of Macedonia is subject to a different transitional period for each EFTA state in periods of four, seven and nine years. In the tenth year of the Agreement's implementation, the exchange will be duty-free in both directions.

3) Free Trade Agreement between the Republic of Macedonia and Ukraine

The Free Trade Agreement between the Republic of Macedonia and Ukraine is a legal framework regulating the bilateral trade cooperation between the two countries and it has been effective since 10th of September 2001.

4) Free Trade Agreement between the Republic of Macedonia and Republic of Turkey

The Free Trade Agreement between the Republic of Macedonia and the Republic of Turkey regulates the trade between the two countries and it has been in effect since 1st of September 2000.

5) Stabilisation and Association Agreement

The Stabilisation and Association Agreement with the European Communities and their member states (SAA) is the current legal framework regulating the relations between the Republic of Macedonia and the European Union.

The Republic of Macedonia signed SAA on 9th of April 2001 in Luxembourg, which entered into force on 1st of April 2004. SAA's sections regulating the trade and trade-related issues entered into force on 1st of June 2001 with the separate Interim Agreement on Trade and Trade-Related Issues between the Republic of Macedonia and the European Community. This Agreement provided for asymmetrical treatment in favor of the Republic of Macedonia with respect to the trade in industrial, as well as agricultural products and foodstuff. This made it possible for the Macedonian industrial products to be exported to EU's markets duty-free, while the trade in industrial products with respect to the importation from the EU is prescribed to be gradually liberalized in a period of 10 years. In the tenth year of the Agreement's implementation (2011), the exchange will be duty-free in both directions.

2.3.2. Investment opportunities in the City of Skopje

There are total of 39,391 registered companies in the City of Skopje, 2,736 of which have been incorporated by foreign citizens or foreign legal entities. The 125 subsidiaries and 91 branch offices of foreign companies, which have their presence in the region, opened in the country only confirm the increasing interest in investing and market coverage.

Key advantages of the City of Skopje compared with similar cities in the neighboring countries:

- Favorable geographic location and developed logistical and transport infrastructure that provides for easy and quick access to the European markets,
- Access to skilled workforce at competitive prices compared to that in the neighboring countries,
- Access to multilingual workforce,
- Possibilities to utilize the developed supplier networks in multiple industrial clusters,
- Possibilities for absorption of the investment capital from the European funds for rural development,
- The City of Skopje is in the Central European Time Zone (GMT +1) and it is a good destination for outsourcing local companies to render their services to Europe-based companies. This time zone enables simple communication with the employees from the domicile country,
- Developed banking sector, which includes the presence of banks offering electronic payment, enables easy transaction management at a short notice,
- The appraised collateral in case of a real estate mortgage gives high assurance level of the engaged assets, and
- Access to areas suitable for growing and processing of organic products.

The investors in the technological industrial development zones are entitled to special benefits:

- 0% corporate tax in the first 10 years (10% afterwards, on the distributed profit only),
- personal income tax relief up to 10 years,
- relief of obligations for Value-Added Tax and customs duties for export of products, except for products considered as final consumption products
- land use concession for 99 years with minimal annual charges and
- free connection to water supply, utility and electrical infrastructures.

Investors interested in greenfield or brownfield investments in Skopje Region outside TIDZ have the option to:

- invest in municipal investment zones (Butel, Gazi Baba, Gjorce Petrov)
- utilize public-private partnership instruments to obtain access to agricultural land in Saraj
- invest in luxurious residential and housing compounds in the Municipality of Karposh or in residential zones in the Municipality of Kisela Voda.



3. Investment opportunities in the City of Skopje

The progress in the political and macroeconomic stability and the conditions for increasing growth of the Republic of Macedonia and the City of Skopje contributed to the creation of favorable conditions for investing and setting up businesses, as well as attracting a number of home and foreign investments. The country's progress has been also noted in the latest World Bank's Doing Business Report for Macedonia.

The key advantages that the Skopje Planning Region has to offer to the investors interested in making ventures in the processing industry is the availability of a large number of unemployed persons with tertiary and secondary educational attainment with a work experience in the now-closed processing facilities, such as the Kozhara tannery, Godel, Ohis, 11 Oktomvri Bus Factory and other. Special incentives per employee may also be available to investors who would hire a significant number of employees (above 50) in the Technological Development Zones.

According to the Agency of Foreign Investments and Export Promotion of the Republic of Macedonia, the following sectors offer investment opportunities:

3.1. Automotive industry

Considering its strategic location and the vicinity to similar industries in Central and Eastern Europe and Turkey, as well as the duty-free access to the European market, City of Skopje offers opportunities that must be used, especially in conditions when it is critical to gain competitive advantage on the unforgiving automotive market. The positive conditions for cost reduction, educated workforce, and the exceptionally encouraging measures for providing support in the industrial zones, make the City of Skopje an ideal location for companies interested in setting up a business or relocating their businesses.

Indicators of successful automotive industry operations:

- 50 companies operate in the Republic of Macedonia in this segment only
- Ongoing tradition in engineering and production
- Qualified workers
- The production of car parts for Zastava, Serbia, has been going on since 1960
- The companies primarily supply the aftermarket chain
- Companies currently operating in Skopje's TIDZ 1 and 2: Johnson Matthey; Kemet; Teknohose; Van Hool; Visteon; Protek; Mensan Otomotiv; Mediterr Shock Absorbers
- Market coverage: Europe, Russia, Turkey, Africa, USA
- Most of the companies possess quality management system certificates ISO 9001/TS 16949

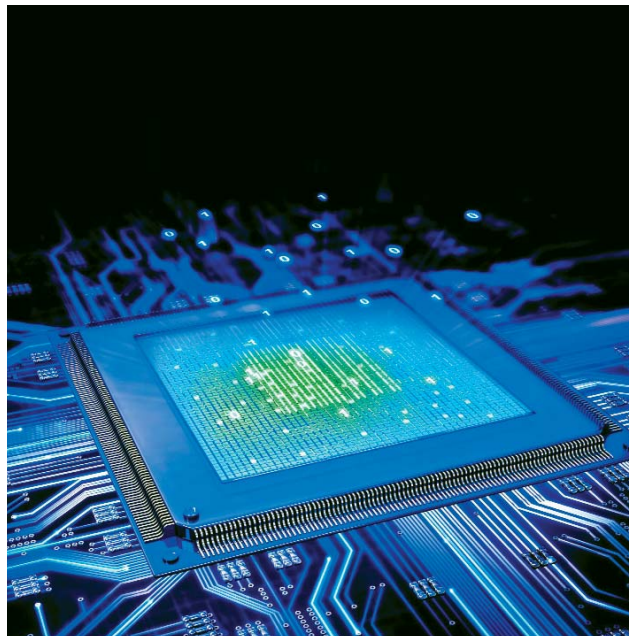


3.2. Information and communication technologies

In 2009, Macedonia's IT market had a significant surge of 7.7%, reaching \$164.5 million. The growth continued in the next years. The growth has been encouraged by the enormous ICT investments by the Government and the telecommunication companies, the continuous spending in the financial sector, the drop in the IT equipment prices and the VAT reduction for equipment. Many of the companies in this sector are based in the City of Skopje.

Advantages in investing in such businesses:

- Fastest growing ICT market in the Adriatic Region.
- Best telecommunications networks in the region - 100% digital system.
- Leading hardware and software producers have local branch offices for sales and repairs
- Qualified and low-cost workforce
- Initiated procedures for standardization and quality assurance
- Government's stimulus packages.



3.3. Healthcare, medical equipment and pharmaceutical industry

The City of Skopje is home to a number of institutions and business activities related to the healthcare, medical and pharmaceutical sectors. The City of Skopje and the Republic of Macedonia in general has a reputable pharmaceutical industry, supplying generic products to a number of countries in the region and worldwide. Furthermore, it has highly qualified and educated workforce, significantly lower salaries compared to the other European countries, with the medical tourism being on constant increase. A particularly important fact for the investors in these segments is the extremely advantageous legislation pertaining to investments in the healthcare sector.

- Existing pharmaceutical industry is exporting to more than 30 countries worldwide
- Sound educational system with a large number of pharmacy and medical graduates
- Conducive legal framework
- Signed contracts with world's leading pharmaceutical companies
- Accessible locations in industrial and free economic zones
- Tradition in production



3.4. Agribusinesses and food processing industry

The agricultural production and the agribusinesses are the most important economic sectors in Macedonia. The favorable natural conditions, tradition, know-how and skills create a whole array of opportunities in the agricultural sector.



The agribusiness segment in Macedonia is one of the fastest growing with more than 10% growth over the past 3 years. The introduction of the European quality and food safety standards opened possibilities for expanding this sector towards new markets. Advantages in investing in such businesses:

- Combination of continental and sub-Mediterranean climate
- Environmentally friendly production practices
- Excellent access to the regional markets
- Highly regarded premium products

The following subsectors hold the largest investment potential:

Fruits and vegetables: growing, storing, processing industries (logistical centers)

- Wine production
- Sheep and goat milk cheese production

3.5. Textile industry

The excellent connection and the proximity of the City of Skopje as Macedonia's capital to the fast-growing textile industries in Central and Eastern Europe, as well as Turkey, adds up to the attractiveness of the location for investments in this sector. The geographic connectivity and the vicinity to these markets contribute for the low distribution costs and timely product delivery.

Clothing industry accounts for the biggest share in Macedonia's economy and is one of the most significant industries in terms of the number of companies and employees in this sector. This type of industry offers a whole range of benefits for the investors:

- Favorable conditions for setting up and running a business
- Highly qualified workforce and low salary expenses
- Good geographical location and connections to European markets
- Favorable economic conditions
- High regard for the Macedonian textile producers on EU's markets
- High flexibility and adaptability to the demands on the foreign markets
- Exceptionally favorable link between quality and product costs
- Cutting edge equipment
- Proximity to European markets
- State of the art technology
- Recommendable investments in ready-to-wear clothing and knitting



3.6. Metals and metal products

The investments in the metal and metalwork industry look promising from the aspect of their export potential. 2006 was the year of highest exports of base metals, predominantly iron and steel. This sector includes 150 small and medium-sized enterprises, hires more than 9,000 people and is almost entirely owned by foreign investors. The main products include rolled steel, aluminum profiles, ferroalloys, lead, zinc, copper, gold and silver.

3.7. Film industry

Macedonia is abundantly rich in natural resources, a cradle of culture and Mother Theresa's birth place. Macedonia is a crossroad of civilizations and a unique mixture of antiquity and contemporary, a country that offers a rich multicultural experience.

City's vastness of cultural and natural heritage make Skopje a very exciting and favorable location for filmmaking.

Other benefits for the development of the film industry in Skopje and Macedonia in general:

- Low taxes
- 280 sunny days per year
- Low operating costs
- Unique landscapes and profusion of excellent shooting locations (valleys, mountains, fortresses, rivers, lakes, waterfalls, an island, a small desert, etc.)
- Available production companies and staff.

Skopje-based Macedonian Film Agency offers all sorts of incentives for filmmaking in Macedonia.



3.8. Chemical industry

Macedonia has significant chemical industry with well-developed capacities for production of base chemicals, synthetic fibers, polyvinyl chloride, as well as detergents, artificial fertilizers, polyurethane foam and fibers. Apart from the opportunities for greenfield investments in the City of Skopje, the existing capacities for production of chemicals, including cosmetic products, possess very good growth potential that could be used by the investors.

3.9. Energy sector

The energy sector development is high on Macedonia's agenda. There are a number of possibilities for investing in this sector, and the Government encourages investments both in traditional projects and in projects involving renewable energy sources.

Important information for investments in this sector:

- National strategy based on diversification of sources and types of energy utilization
- Focus on completing the Strategy for Renewable Energy Sources Utilization (measuring wind potential, feasibility study preparation)
- Study on the reliability of the electrical energy system and connection of wind farms
- Potential for solar energy utilization: annual solar irradiance is 1385 kWh/m²
- Climate specifics - continental climate with warm and dry summers and high solar radiation intensity



3.10. Construction

Macedonia has highly developed construction industry, which gained international recognition due to its skilled workforce and use of state-of-the-art technology. Macedonia exports civil engineering workforce to Central and Eastern Europe, Middle East and Russia. The City of Skopje is home to the largest construction companies and most of the construction operations are undertaken in the city.

The rise of real estate prices in the core city areas, the positive collateral appraisal in the commercial banks, as well as Government's incentives with subsidized interest rates for loans for young people, whose monthly income does not exceed 900 EUR, are expected to lead to major investments in the construction business.



3.11. Tourism

The City of Skopje has many monuments and landmarks, which make it a real treasury of culture and arts. From all of Skopje's cultural and historical heritage, the old archeological site Skupi, the Kale fortress, the aqueduct, the old city bazaar, as well as abundance of churches and monasteries, stand out with their tourism potential. Special significance also holds the project Skopje 2014, within which over 70 monuments, fountains, sculptures and new governmental buildings were placed and constructed.

The cultural heritage, combined with the moderate climate, wonderful landscapes and generous hospitality, are preconditions for the City of Skopje to fulfill its high potential of becoming top destination for foreign tourists. Given the tourism development potential in the City of Skopje, investments in businesses related to this field are expected.



4. Successful foreign investments in the City

Thanks to the favorable geographic and business climates, the City of Skopje has been increasingly stirring up the interest among foreign investors.

Some of the major investments in the City: Johnson Matthey (United Kingdom), Mobilkom Austria (Austria), EVN (Austria), Deutsche Telecom (Germany), Van Hool (Belgium), Societe Generale (France), Johnson Controls (USA), KEMET Corporation (USA), National Bank of Greece (Greece), Hellenic Bottling Company S.A. (Greece), QBE Insurance Group Limited (United Kingdom), Mittal Steel (Netherlands), Duferco (Switzerland), Titan Group (Greece), Coficab (Tunisia), Mensan Otomotiv (Turkey), Endava (United Kingdom), Istem Medical (Turkey), KPME (Ukraine), Teknohose (Italy), Prodis (Russia), VPTEX (Netherlands). Protek (Russia), Telekom Slovenije (Slovenia), Steiermarkische Bank und Sparkassen AG (Germany), Prokredit Holding AG (Germany), Hypo Alpe Adria Leasing (Austria), Nova Ljubljanska Banka (Slovenia), ERA Group (USA), Soravia (Austria), ODW Electric (Germany).





5. Doing business

5.1. Type of business entities in the Republic of Macedonia

The Trade Companies Law is the basic law governing the business activities in Macedonia and defining the types of companies, rules and procedures for incorporation and operations. Foreign investors are entitled to the same rights and privileges as the Macedonian citizens. This Law is completely aligned with the EU directives and regulations.

In the City of Skopje there are a number of local legal representation firms specialized in trade law that are available and willing to help.

5.2. Procedure for setting up a company

The procedure for setting up a company in the Republic of Macedonia is fairly simple via the one-stop-shop system for registering a company in the Central Registry of the Republic of Macedonia in Skopje, but also through the 28 electronic integrated offices throughout Macedonia. As of 2012, foreign companies now have the option to register a company electronically. This reform enables company registration directly from the investor's country, eliminating the need of physical presence in Skopje and Macedonia during the registration process.

It takes only 4 hours to register a company. In practice, this period could be extended to no more than 1-2 days. This significantly reduces the administrative barriers and costs for starting a business.

The fee charged by the Central Registry for registering a limited liability company is around 40 Euro. Apart from this fee, there also may be additional minor expenses for certified court translations and notarizing the required documents, which averages between 3-5 Euro per page.

Documentation required to register a company with the Central Registry:

- application for registration;
- company's articles of association or statement for establishing the company, with all annexes thereto, including notarized power of attorney for the authorized person;
- copy of passport or ID in case the incorporator is a natural person or other identity-establishing document valid in their country, proof of registration if the incorporator is a legal entity;
- proof issued by a bank authorized to perform payment operations certifying that each incorporating/founding member has paid at least a third of the monetary contribution;
- proof that at least half of the core/charter capital has been paid;
- if non-monetary contributions are transferred - the agreements determining and transferring such contributions;
- decision for appointment a manager;
- notarized statement by each company's manger certifying they accept the appointment;
- decision for appointment of Supervisory Board members;
- documentary ownership evidence, which contains a record of the registration made in the public book of immovable property, and in case a movable property is transferred which is required to be registered as prescribed by law, documentary ownership evidence of such movable object;
- license and other act issued by a state administrative body or other competent body, if such obligation is stipulated by law for the purposes of entering the company in the Trade Registry;
- notarized statement by the legally authorized representative of the legal entity or by the natural person or submission of proof that there is no obstacle for him/her to be an incorporator of the company under Article 29 of the Trade Company Law;
- Statement listing the actions performed to ensure the company has been duly established, certifying they incorporated the company in accordance with the laws and that the data contained in the addenda (documents and evidentiary proofs) they lodge enclosed with the application for incorporation with the Trade Registry are true and in accordance with the laws. The statement can be lodged in hard copy or electronically through the one-stop-shop system in accordance with the Law on Data in Electronic Form and Electronic Signature, the Law on Central Registry of the Republic of Macedonia and the one-stop-shop system regulations. It requires to be notarized if submitted in hard copy. Notarization is not required if lodged electronically through the one-stop-shop system. (Article 32 of the Trade Company Law);
- The manager or the persons authorized to represent the company under the company agreement are required to submit notarized signatures. Foreign nationals may submit signatures certified by the competent authority of their domicile country. Signatures should not be notarized if lodged electronically under the Law on Data in Electronic Form and Electronic Signature.
- The appendices may be lodged electronically in accordance with the Law on Data in Electronic Form and Electronic Signature and the Law on One-Stop-Shop System and Trade Register and Register on Other Legal Persons

Company's core/charter capital is the sum of the members' contributions. Member's contribution may be monetary or non-monetary. Non-monetary contributions are transferred in full prior the lodgment of the application for company's registration.

The minimum capital required for a limited liability company registered as a foreign direct investment within one year of its incorporation is EUR 5,000 in monetary contributions deposited on temporary account in some of the domestic banks.

For certain business operations, such as the pharmaceutical industry, banking, insurance and educational activities, the company registration process also requires licensing by the relevant authorities. The Central Registry employees have been trained to refer any newly incorporated companies to appropriate bodies or institutions for licensing purposes.

5.2.1. Work visas/work permits

Foreign nationals can easily establish employment in the Republic of Macedonia, after obtaining appropriate visa or permit from the Ministry of Foreign Affairs or the diplomatic and consular offices abroad.

The citizens of EU member states or Schengen countries can enter in the Republic of Macedonia by presenting a valid ID issued by the competent authorities of the EU member state or the Schengen country.

Issuing visas to foreign nationals

- Visas are issued exclusively in foreign embassies or consular offices of the Republic of Macedonia;
- The validity period of the applicant's passport or any other document may not be less than 3 (three) months;
- Applications can be lodged with the embassy/consular office of the Republic of Macedonia by mail or fax, in which case the applicant must appear in person in order to collect the visa;

Applicants are encouraged to check the list of diplomatic and consular offices of the Republic of Macedonia (available on the Ministry of Foreign Affairs website) to choose the location that is most convenient for them.

Foreign nationals in the Republic of Macedonia can obtain two types of permits:

- Work permit, and
- Residence permit.

5.2.2. Access to information on potential partners and suppliers

Promoting the transparency and accessibility principles, the Government provides the economic operators with access to important and accurate data on potential business partners. The Central Registry has a readily available corporate database connected to the European Business Register.

Unambiguous company identification is ensured by appointing single ID number to the registered legal entities, code and title of the main registered business activity or activity in accordance with the National Classification of Business Activities, code of the organizational form of the registered entity and single tax number, as well as access to the bank account chosen by the registered legal entity.

5.3. Taxes

In accordance with the general decentralization process in the Republic of Macedonia, one of the key dimensions is the fiscal decentralization, i.e. fiscal autonomy in the local self-government competencies.

Along with the central government budgetary transfers to which local self-government units are entitled under the Law on Financing Local Self-Government Units (LSGU), other pieces of legislation and subsequent regulations also give LSGUs financial autonomy in setting the amounts of the following taxes and charges locally:

- Real estate property, gift and inheritance taxes (Law on Property Taxes)
- Utility fees for connection to and using all types of utility infrastructures (Law on Utility Fees), and
- Administrative fees (Law amending the Law on Administrative Fees)

Table 1. Taxes in the Republic of Macedonia

Taxes	Tax rates	
	TIDZ	Outside TIDZ
Corporate tax	0% for the first 10 years	10%
Personal income tax	0% for the first 10 years	10%
Value-Added Tax	0%	18%
Property tax	0%	0.1% - 0.2%
Excise duties	0%	5% - 62%

Table 2. Customs duty rates in the Republic of Macedonia

Product	Customs duty rates	
	TIDZ	Outside TIDZ
Raw materials	0%	Up to 15%
Equipment	0%	5% - 20%

Imported raw materials, equipment and construction materials are relieved from customs duty and value-added tax.

The rate of locally defined taxes and charges, the efficiency in setting these levies and issuing licenses and documentation for starting new businesses, as well as expanding the business activities or the scope of already existing businesses (companies), are some of the key factors contributing to the favorable business setting in the City of Skopje.





5.4. Investment promotion agencies

5.4.1. Agency of Foreign Investments

The Agency of Foreign Investments and Export Promotion of the Republic of Macedonia has been established to provide higher influx of foreign direct investments and export promotion, encouraging the economic growth and development of the Republic of Macedonia. Among other services, the Agency offers the following services to the investors:

- providing highly professional services to the investors in the processes of pre-investment, investment and reinvestment and same level of services in relation to export promotion;
- introducing identification strategy within the Investment and Export Promotion Strategy for the sectors that are most promising to maximize Macedonia's net economic benefit;
- rendering services to investors and exporters;
- professional presentation of the sector-specific and operation benefits that the Republic of Macedonia offers to investors and exporters in electronic and print media;
- developing and implementing innovative and more active promotional appearances on the target markets;
- establishing effecting partnership between the public and the private sector for extensive promotion of the Republic of Macedonia and developing database on target companies and monitoring systems to assist in identifying and securing investments;
- promoting the regions in the Republic of Macedonia and using every possible option for encouraging foreign investors to use products and services of Macedonian companies;
- analyzing the investment and export conditions, as well as proposing legal amendments towards investment and export climate improvement;
- investigating and encouraging developmental initiatives, such as stimulating the growth of greenfield investments and the technological industrial development zones for the purpose of improving the competitiveness of the Republic of Macedonia as an investment destination;
- concluding contract on behalf of the Government of the Republic of Macedonia as assistance provider, which lays down the state assistance for the zone beneficiary under the Technological Industrial Development Zone Law, and the contract is subject to prior approval by the Government of the Republic of Macedonia.
- providing information services to the exporters from the Republic of Macedonia regarding the foreign trade, export procedures, customs duties, taxes and legislation, as well as assistance in obtaining all administrative licenses and approvals;
- providing information how to access the international markets in order to help the exporters in finding foreign business partners;

The Agency has its branch offices in Albania, Austria, Azerbaijan, Belgium, Bulgaria, Denmark, France, Germany, Hungary, Italy, Kazakhstan, Kosovo, Norway, China, Russia, Serbia, Sweden, Switzerland, Netherlands, Turkey, United Kingdom and the United States of America.

5.4.2. Directorate for Technological Industrial Development Zones

The Directorate for Technological Industrial Development Zones manages the technological industrial development zones in the Republic of Macedonia on behalf of the Government. The Government of the Republic of Macedonia has set up four technological industrial development zones: TIDZ Skopje 1, TIDZ Skopje 2, TIDZ Shtip and TIDZ Tetovo. In parallel, the Government of the Republic of Macedonia is working on establishing seven additional technological industrial development zones on the territory of the Republic of Macedonia in order to achieve equitable economic development throughout the entire region.

The Directorate for Technological Industrial Development Zones strives to grow into and international business hub in Southeast Europe by offering world-class infrastructure supported by premium quality services and incomparable advantages in the region and beyond.

TIDZ benefits:

100% foreign ownership, 0% taxes and customs duties, no workforce limitations, utility fee reliefs, symbolic land lease rate and direct state aid in the amount of 500,000 EUR are only one segment from the offered stimulus package, making us the most competitive destination in the region and beyond.

The TIDZ Directorate establishes service centre in each technological industrial development zone through which the TIDZ Directorate administrative departments and the field offices of the Customs Administration of the Republic of Macedonia provide their administrative consultations and services, as well as efficient customs clearance for the beneficiaries operating in the zones. The TIDZ Directorate takes pride in its mission to develop the zones by taking approach oriented towards the investors' needs and strives to rise the delivered service quality to a highest possible level in order to ensure the investor's success.

5.5. Investment promotion policies in the City of Skopje

5.5.1. Fund for Innovations and Technology Development (FITD)

FITD fosters innovations by providing additional sources of funding for innovations in order to build a competitive knowledge-based economy that will contribute to creating jobs.

Innovation Fund priorities:

- improved access to financial services for innovations and technological development.
- promoting and fostering innovation activities.

FITD delivers its goals through instruments in the form of co-financed grants for start-up and spin-off enterprises and innovations, co-financed grants and conditioned loans for commercializing innovations, co-financed grants for technology transfer, technical assistance through business and technology accelerators, technical assistance for companies, equity and mezzanine investments. FITD is working on the development of affordable financial instruments for promoting innovations and technological development. FITD also builds partnerships with other stakeholders to help them achieve their goals.

5.5.2. Employment promotion measures

Employment strategies and policies of the Government of the Republic of Macedonia give momentum for accomplishing the commitments arising from the Global Jobs Pact and the European Strategy for Smart, Sustainable and Inclusive Growth - Europe 2020.

The 2014 operational plan for active employment programmes and measures includes employment programmes and measures aiming at activating the labor market and creating jobs by stimulating the labor market demand, balancing the supply and demand of workforce with the labor market needs, improving the workforce supply and reducing the informal economy. Furthermore, macroeconomic, microeconomic and employment policies have been adopted.

Operational plan's programmes include the following programmes and measures:

1. Self-employment programme
2. Programme for financial support of legal entities (micro and small enterprises and craftsmen) for opening new jobs
3. Subsidized employment programme
 - 3.1 Employment subsidies
 - 3.2 Subsidizing children without parents
 - 3.3 Subsidizing employments of disabled persons
 - 3.4 Subsidizing employments of young people up the age of 29
4. Programme for subsidizing usufruct beneficiaries of state agricultural land
5. Employment preparation programme
 - 5.1 Training at a reputable employer
 - 5.2 Subsidized training at a reputable employer
 - 5.3 Training for occupations demanded on the labor market
 - 5.4 Advanced IT training
 - 5.5 Practical work (internship)
 - 5.6 Training on starting a business
 - 5.7 Motivational courses
6. Vacancy surveys
7. Programme for Municipal Socially Beneficial Work
8. Pilot programme for employing persons from the Roma community
9. Artisan's Incubator Pilot Programme

For the purpose of successful implementation of the employment programmes/measures set out in the Work Programme of the Government of the Republic of Macedonia, the operational annual plans have defined the type of employment programmes and activities, target groups, required funding and sources, as well as the specific activities and deadlines for the implementing authorities.

5.5.3. State aid envisaged under the applicable legislation of the Republic of Macedonia

The State Aid Law of the Republic of Macedonia provides for possibilities for state aid for development of regions and small and medium-sized companies in the following forms:

Regional aid

(1) Regional development aid may be provided in the form of subsidies, loans under favorable conditions, state guarantees or tax alleviations.

(2) The aid may reach up to 50% of the investment's amount or of the salary for the new jobs for a period of two years.

(3) The investments and the created jobs must be preserved for at least five years.

(4) The terms and conditions and the procedure for awarding regional aid will be laid down by the Government of the Republic of Macedonia.

(5) The ceiling value of the aid referred to in paragraph 1 is subject to audit for a period of four years from the date of entry into force of the Interim Agreement on Trade and Trade-Related Issues between the Republic of Macedonia and the European Community.

Aid for small and medium-sized enterprises

The aid for promoting the activities of small and medium-sized enterprises by supporting the investments in liquid and non-liquid assets is up to 30% of the amount of the eligible investments or of the amount for salary for a period of two years. It can be compatible, in which case the total aid intensity may not exceed 75% of the investment costs.

The aid in a form of consultancy services for SMEs, which is not a continuous activity, and the aid by means of providing assistance for the first participation of a company at fairs or exhibitions, may be compatible up to 50% of the participation costs.

5.6. Banks and financial institutions

5.7. The City of Skopje is a hub for a large number of banks and financial institutions owned by individuals and legal entities both from the Republic of Macedonia and abroad.

Table 3. Banks with branch offices in Skopje

Bank	Ownership	Website
Eurostandard Bank AD Skopje	Nikolce Petrovski, Zoran Nikolovski	www.eurostandard.mk
Alfa Bank AD Skopje	Alfa Bank, Greece	www.alphabank.mk
Central Cooperative Bank AD Skopje	Central Cooperative Bank, Bulgaria	www.ccbank.mk
HalkBank AD Skopje	4 Halk Bankasi, Turkey	www.halkbank.mk
Capital Bank AD Skopje	Alfa Group, Bulgaria	www.capitalbank.mk
Komercijalna Banka AD Skopje	Maja Stevkova Sterieva, M.A., Bulgaria, Hari Kostov, Ilija Iloski	www.kb.mk
Stater Banka AD Kumanovo	Central Cooperative Bank, Bulgaria (93.72%)	www.staterbanka.mk
Macedonian Bank for Development Promotion		www.mbdp.mk
NLB Tutunska Banka AD Skopje	NLB Group, Slovenia	www.nlbtb.mk
Ohridska Banka AD Skopje	Societe Generale, France	www.ohridskabanka.mk
Postenska Banka AD Skopje	Macedonian Posts	www.postbank.mk
ProCredit Bank AD Skopje	Procredit Group, Germany	www.procreditbank.mk
Sparkasse Bank AD Skopje	German public bank, Germany	www.sparkasse.mk
Stopanska Banka AD Bitola	Pavle Cvetanovski, Natasa Nestorovska	www.stbbt.mk
Stopanska Banka AD Skopje	National Bank of Greece, Greece	www.stb.mk
TTK Bank AD Skopje	Dragoljub Arsovski, Peter Heinz Molders	www.ttk.mk
Universal Investment Bank AD Skopje	First Investment Bank, Bulgaria	www.unibank.mk
Ziraat Bank AD Skopje	Ziraat Bankasi, Turkey	www.ziraatbank.mk

Most of the banks that are active in the region are also present in Skopje and actively participate in funding and offering loans to the business entities in the City

Table 4. Saving Houses in Skopje

Saving house	Website
Fulm	www.fulm.com.mk
Moznosti	www.moznosti.com.mk
Horizonti	www.horizonti.org.mk
Mak-BS-Skopje	www.makbs.com.mk

The saving houses Fulm, Moznosti, Horizonti and Mak-BS-Skopje also have their branches in Skopje.

5.8. Labor market

Republic of Macedonia and Skopje in particular, as the capital, has educated, highly qualified and loyal workforce available to the investors. The monthly gross salary is 506 Euro (this amount includes: net salary, personal income tax and social contributions for pension and health insurance). The minimal salary for any profession is defined by collective bargaining.

The standards in education of the higher educational technical institutions are identical to those of the western European countries. Workers support the continuous education and life-long learning and successfully complete the professional trainings. The Government also endorses the workforce continuous training process by providing help to the investors.

The recently passed Labor Relations Law, which was drafted in accordance with European Union standards, provides for conditions for even greater flexibility and offers possibilities for different and flexible agreements, as well as flexible working hours. Moreover, the reforms in this area include the introduction of training programmes, entrepreneurial promotion and general improvement of the country's business climate.

The collective agreements, which are concluded at national level, regulate the employment rights, as well as employers' and employees' obligations and responsibilities.

The Law on Employment and Work of Foreigners regulates the employment of foreign nationals in the Republic of Macedonia. Under this Law, foreign citizens and persons without nationality are allowed to be employed in Macedonia after acquiring work permit. The Employment Service Agency of the Republic of Macedonia issues working visas following the application submitted by the employer.

5.8.1. Education

Primary and secondary education are compulsory in Macedonia's educational system, and English is studied from first grade. In addition to the general secondary schools, each city has many vocational schools where students learn various

trades. There are 4 state and a number of internationally recognized private universities and colleges. Both vocational secondary schools and universities offer customized training programmes to meet the needs of the companies investing in Macedonia. Macedonia has been investing an average of 6% of the country's GDP in the past few years, which is higher than the corresponding average in most of the countries of the Organization for Economic Co-operation and Development (OECD).

Each year, approximately 80% of the secondary education graduates enroll in university. With 45% of the population being under the age of 30, Macedonia offers young, educated and qualified workforce.

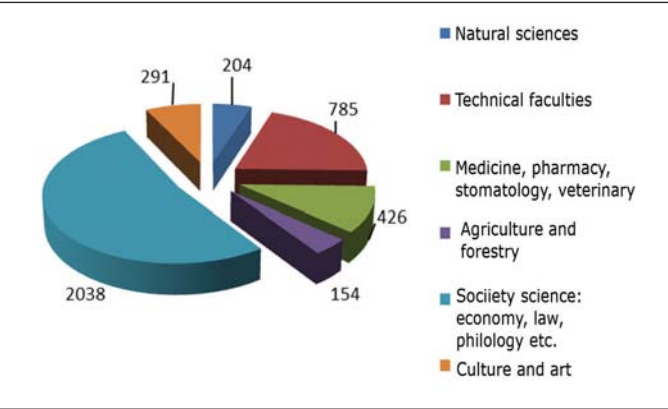
The City of Skopje, being the capital of the Republic of Macedonia, is an important educational centre with a variety of educational and training institutions.

The City of Skopje has 100 state-owned primary schools, 31 high schools, one state university with 22 schools, 9 private universities, 6 other higher educational institutions and 3 international universities.

There were a total of 9,480 university students graduated in Macedonia in 2013, 7,307 of which from the state university and 2,144 from the private universities.

The profile of state university graduates is provided in the chart below.

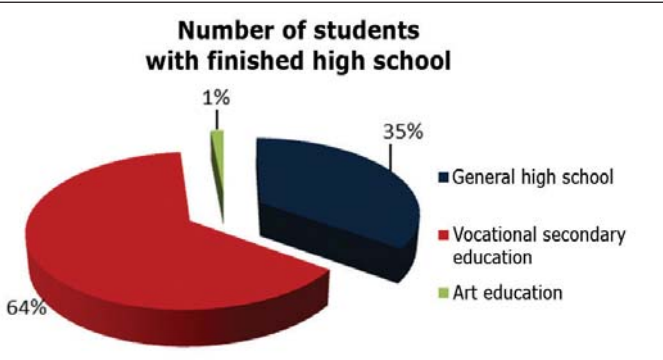
Figure 1. State university graduates in Skopje in 2014



The City of Skopje has 31 regular secondary schools which enrolled 26,998 students in the school year 2013-2014 distributed in 1,006 classes.

The figures regarding the students who completed school in different vocations are provided below.

Table 5. Secondary school graduates in different vocations



*Source: State Statistical Office

The chart shows that more than 60% of the high school graduates in the City of Skopje attained vocational education:

- Healthcare stream
- Textile and tanning stream
- Agricultural and veterinary stream
- Forestry and wood processing stream
- Economic, legal and commercial stream
- Hospitality and tourism stream
- Chemical and technological stream
- Civil engineering and geodetics stream
- Construction stream
- Mechanical engineering stream
- Transport stream
- Electrotechnical stream
- Automotive stream
- Food production stream

Furthermore, the educational system analysis identified 5 private educational institutions that offer multilingual curricula and different degrees in education, in particular:



1. -Nova international schools - educational activities for children aged 3 - 5, primary and secondary education - classes in English
2. -QSI International School of Skopje - preschool, primary and secondary education - classes in English
3. - Fifth Private Gymnasium - secondary education - classes in Macedonian, Albanian and English
4. -International High School - Skopje - secondary education - classes in Macedonian and English
5. -Private Yahya Kemal College - secondary education - classes in Macedonian and English

Having all this in mind, it is evident that the educational aspect in the City of Skopje contains no obstacles for foreign or domestic investors.

5.8.2. Population activity index

According to the State Statistical Office data, the number of economically active population in the Republic of Macedonia in the 4th quarter of 2014 is 961,416, out of which 696,046 are employed and 265,370 unemployed persons.

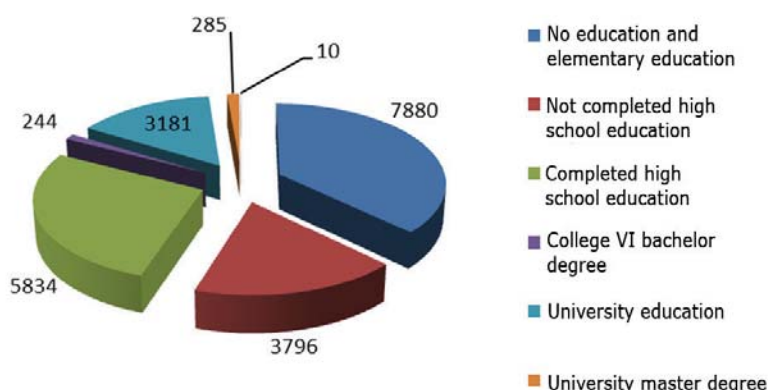
The economic activity rate for this period is 57,4%, with the employment rate being at 41.5% and the unemployment rate at 27.6%.

Table 6. Economically active population by level of education

Economically active population by level of education			
Educational attainment	Active population	Employed	Unemployed
	2014/IV	2014/IV	2014/IV
Total	961,416	696,046	265,370
No education	5,312	(2871)	(2442)
Uncompleted primary education	20,490	13,521	6,969
Primary education	204,101	144,258	59,843
3-year secondary education	88,751	59,066	29,685
4-year secondary education	432,530	310,507	122,024
Associate/college degree	23,981	18,824	(4796) 5,157
University education	186,251	146,999	39,251

As of 31.03.2015, the Employment Service Agency of the Republic of Macedonia registered 21,230 unemployed persons in the City of Skopje. The following chart provides the structure of unemployed persons broken down by educational degree.

Figure 2. Structure of unemployed persons by educational degree



The following table shows the economic activity, employment and unemployment rates in Skopje Region for 2013.

Table 7. Population economic activity rate

Economic activity rate	55.3%
Employment rate	39.1%
Unemployment rate	29.3%

5.8.3. Average salary in the Republic of Macedonia

According to the State Statistical Office data, the index of the average gross monthly salary per employee in February 2015 relative to February 2014 is 101.5.

This increase is primarily due to the raise in the average gross monthly salary paid per employee in the following sectors: Other service activities (9.2%), human health and social work activities (6.4%) and Arts, entertainment and recreation (4.6%).

The following sectors marked reduction in the average gross monthly salary paid per employee compared to the previous month: Mining and quarrying (9.7%), Electricity, gas, steam and air conditioning supply (7.3%) and Wholesale and retail trade; repair of motor vehicles and motorcycles (7.3%).

The average gross monthly salary paid per employee in February 2015 was 31,126 denars, or 506 euro.

According to the data provided by the State Statistical Office, the calculated amount of 50% of the average monthly

salary by industry and per employee for APRIL 2015 is as follows:

Table 8. Calculated amount of 50% of the average monthly salary per employee

01.	Crop and animal production, hunting and related service activities	9,771
02.	Forestry and logging	11,886
03.	Fishing and aquaculture	7,698
05.	Mining of coal and lignite	14,339
07.	Mining of metal ores	18,759
08.	Mining of other ores and quarrying	14,571
09.	Mining support service activities	13,213
10.	Manufacture of food products	12,206
11.	Manufacture of beverages	15,501
12.	Manufacture of tobacco products	14,538
13.	Manufacture of textiles	9,381
14.	Manufacture of wearing apparel	8,377
15.	Manufacture of leather and related products	7,795
16.	Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials	9,154
17.	Manufacture of paper and paper products	12,370
18.	Printing and reproduction of recorded media (recordings)	12,672
19.	Manufacture of coke and refined petroleum products	11,010
20.	Manufacture of chemicals and chemical products	20,451
21.	Manufacture of basic pharmaceutical products and pharmaceutical preparations	27,983
22.	Manufacture of rubber and plastic products	10,912
23.	Manufacture of other non-metallic mineral products	19,032
24.	Manufacture of basic metals	16,029
25.	Manufacture of fabricated metal products, except machinery and equipment	14,957
26.	Manufacture of computer, electronic and optical products	15,431
27.	Manufacture of electrical equipment	12,442
28.	Manufacture of machinery and equipment, not elsewhere classified	11,867
29.	Manufacture of motor vehicles, trailers and semitrailers	11,117
30.	Manufacture of other transport equipment	19,292
31.	Manufacture of furniture	9,089
32.	Other manufacturing	19,883
33.	Repair and installation of machinery and equipment	14,796
35.	Electricity, gas, steam and air conditioning supply	26,958
36.	Water collection, treatment and supply	14,229
37.	Sewerage	10,772
38.	Waste collection, treatment and disposal activities; materials recovery	13,542
39.	Remediation activities and other waste management services	6,445
41.	Construction of buildings	11,337
42.	Civil engineering	14,967
43.	Specialized construction activities	14,007
45.	Wholesale and retail trade and repair of motor vehicles and motorcycles	16,451
46.	Wholesale trade, except of motor vehicles and motorcycles	16,488
47.	Retail trade, except of motor vehicles and motorcycles	11,866
49.	Land transport and transport via pipelines	12,309
51.	Air transport	31,209
52.	Warehousing and support activities for transportation	26,336
53.	Postal and courier activities	16,842
55.	Accommodation	12,097
56.	Food and beverage service activities	9,263
58.	Publishing activities	16,265
59.	Motion picture, video and television programme production, sound recording and music publishing activities	18,308
60.	Programming and broadcasting activities	16,030
61.	Telecommunications	31,875
62.	Computer programming, consultancy and related activities	30,949
63.	Information service activities	23,096
64.	Financial service activities, except insurance and pension funding	29,149
65.	Insurance, reinsurance and pension funding, except compulsory social security	26,548
66.	Activities auxiliary to financial services and insurance activities	28,111
68.	Real estate activities	17,893
69.	Legal and accounting activities	23,725
70.	Activities of head offices; management consultancy activities	19,974
71.	Architectural and engineering activities; technical testing and analysis	17,306
72.	Scientific research and development	20,514



73.	Advertising and market research	24,130
74.	Other professional, scientific and technical activities	21,338
75.	Veterinary activities	11,436
77.	Rental and leasing activities	14,916
78.	Employment activities	10,581
79.	Travel agency, tour operator reservation service and related activities	12,551
80.	Security and investigation activities	9,147
81.	Services to buildings and landscape activities	9,523
82.	Office administrative, office support and other business support activities	12,905
84.	Public administration and defense; compulsory social security	19,176
85.	Education	16,305
86.	Human health activities	19,312
87.	Social work activities with accommodation	13,720
88.	Social work activities without accommodation	12,073
90.	Creative, arts and entertainment activities	15,885
91.	Libraries, archives, museums and other cultural activities	15,088
92.	Gambling and betting activities	12,071
93.	Sports activities and amusement and recreation activities	13,093
94.	Activities of membership organizations	24,264
95.	Repair of computers and personal and household goods	16,668
96.	Other personal service activities	11,797

The amount of the monthly personal exemption is 7,320 denars.

5.8.4. Employer costs

The monthly average of employer costs per employee in the Republic of Macedonia was 26,523 denars in 2008. The highest monthly average of employer costs per employee in the Republic of Macedonia are in the financial mediation industry, amounting at 57,065 denars.

The 2008 annual average of employer costs per hour worked in Republic of Macedonia was 173 denars. The total annual average of hours worked per employee in the Republic of Macedonia is 1,845 hours.

Table 9. Annual average of employer costs per employee

Mining and quarrying	444,389
Manufacturing industry	252,277
Electricity, gas and water supply	490,371
Construction	251,506
Wholesale and retail, repairing motor vehicles and motorcycles, and personal and household goods	250,686
Hotels and restaurants	240,457
Transport, storage and communication	374,374
Financial mediation	684,786
Real estate, leasing and business activities	362,300
Public administration and defense, mandatory social security	449,601
Education	338,175
Healthcare and social work	341,852
Utility, cultural, general and personal service activities	315,284
Average	318,273

6. Infrastructure

The Republic of Macedonia is a gateway where all Southeast Europe's roads intersect, which makes it an ideal for product transit and distribution hub for the European market. The developed road and railway infrastructure, combined with the small area of the country, provides access to any populated place in the state in less than 3 hours.

The City of Skopje, being the country's capital, has excellent road, railway and air connections to all European countries.

6.1. Road infrastructure

The Republic of Macedonia has well-developed road network in total length of 14,182 km, including highways, main, regional and local roads. The main state road network axes are the two Pan-European corridors - Corridor VIII (east-west) and Corridor X (north-south). The state has been continuously investing in the road infrastructure in accordance with the National Transportation Strategy, which was prepared by the Ministry of Transport and Communications and with EU's assistance. Any new projects and road network maintenance activities are carried out in accordance with the Public Investment Annual Programme.

Under the applicable legislation, the Public Enterprise for State Roads is the responsible authority for managing, construction, reconstruction, maintenance and protection of the state roads in the Republic of Macedonia. Currently, the total length



of the country's road infrastructure is 14,182 km, of which 242 km are classified as highways, 911 km main roads, 3,771 km regional and 9,258 km local roads.

As in the other countries, the road transport in the Republic of Macedonia accounts for the largest percentage of the total transportation of goods and passengers. In the structure of goods transported on the roads in the Republic of Macedonia, the national transportation dominates over the international and transit transport. The road transport also dominates over the rail mode.

The road network in Skopje Region includes main, regional and local roads. The main and regional roads are in total length of 361.46 km, of which 339.74 are asphalt, 5.17 km have macadam surface, while the remaining 16.55 km are with dirt surface or have not been opened.

Speaking about infrastructure, the City of Skopje is located on the axis of one of the most important international transportation and communication corridors, the Pan-European Corridor 10 (north-south).

The table below provides a review of the distances and the transportation costs from the City of Skopje to different destinations in the Region and in Europe.

Table 10. Transportation distances and costs for 20-tonne truck from Skopje

Destination	Distance (km)	Hours	Borders	From Skopje in EUR
Kragujevac, Serbia	320	6	1	670
Pitesti, Romania	730	8	2	1,050
Budapest, Hungary	800	11	2	1,000
Gebze, Turkey	850	12	2	1,100
Ljubljana, Novo Mesto, Slovenia	950	15	3	1,000
Vienna, Austria	1,200	14	2	1,250
Ostrava, the Czech Republic	1,300	16	2	1,550
Munich, Germany	1,370	17	2	1,350
Aksaray, Turkey	1,470	18	2	1,600
Milan, Italy	1,500	19	3	1,350
Stuttgart, Germany	1,600	19	2	1,450
Frankfurt, Germany	1,700	20	2	1,500
Cologne, Germany	1,900	24	2	1,550
Batilly, France	2,000	26	2	1,700

6.2. Railroad infrastructure

The railroad infrastructure in the Republic of Macedonia was established in the distant 1873, when the first rail track connecting Skopje and Thessaloniki, Greece, was constructed. Today, Macedonia's railroad network has a total length of approximately 900 km. The rail network in Macedonia is connected with those of Serbia and Greece in the north and south, respectively. The total length of the Corridor VIII (east-west) railroad infrastructure on the territory of the Republic of Macedonia is around 306 km, of which 154 km (or 50%) have been constructed and commissioned. The other 89 km, or 29% of the total length, remain to be constructed and connected with Bulgaria. Also, 63 km, or 21% of the total length of the connection with Albania, are yet to be constructed. The rail transport is operated by the Macedonian Railways Public Enterprise, which is the country's only rail service provider at the moment. The modernization and the construction of the railway infrastructure is based on the national programme and the three-year business plan of the Public Enterprise Macedonian Railways Infrastructure Skopje.

The Company owns a noteworthy rolling stock of carriages providing:

- Conventional freight transportation in open and closed railcars;
- Transportation of bulk cargo (grain crops, triturated ore, etc.)
- Transportation of liquid fuels in specialized railcars;
- Transportation of goods in containers in specialized flatbed railcars;
- Transportation of goods in regular itinerary train;
- Transportation of special consignments;
- Transportation of live animals
- Transportation of hazardous materials.

Macedonian Railroads - Transport posses a container terminal at the Skopje Tovarna freight railway station with appropriate technical equipment, enabling loading and unloading of full and empty containers.

The container transport is possible to any train station of Macedonian Railroads - Transport that is open for freight transport, provided that loading and unloading container operations are carried out on the railcar itself.

Macedonian Railroads -Transport offers logistical services for conventional transport by railcars and containers on the tracks in Macedonia and abroad.

Corridor X (Tabanovce-Gevgelija on Macedonian territory) offers connection with the Thessaloniki seaport to the south, and with the countries from the Balkans and Europe to the north.





6.3. Airports

There are two international airports in the Republic of Macedonia: in Skopje and Ohrid. These airports provide Macedonia and the City of Skopje with direct regularly scheduled flights to several large transportation hubs in Europe: London, Vienna, Rome, Zurich, Dusseldorf, Prague, Budapest, Ljubljana, Zagreb, Belgrade, Istanbul, etc. The Turkish company TAV has been the new operator and manager of the Macedonian airport system since 2008, when Macedonia's Government awarded the company with 20-year concession agreement. The concession agreement obliges TAV to modernize the two existing international airports Alexander the Great in Skopje and St. Paul the Apostle in Ohrid, as well as to build a new cargo airport in Shtip.

The proximity of the Alexander the Great Airport is of critical importance to the City of Skopje, which is only 20 km away.

In addition to the passenger air transport, Alexander the Great Airport offers the following services:

- Cargo handling for passenger aircrafts;
 - Cargo handling for cargo aircrafts;
 - Road feeder service (RFS) for air or other cargo;
- All these activities are carried out in accordance with IATA standards;
- Handling cargo and mail;
 - Handling special shipments (DG, VAL, AVI, etc.);

- Document preparation;
- X-ray examination of goods;
- Customs control;
- Border inspection control;
- Servicing transit shipments by truck, aircraft;
- Other services by arrangement.

The Cargo Operations division carries out logistics services before and after air transport (landslide handling):

- Preparation of consignments for air transport;
- Customs warehousing;
- Repacking of goods.

6.4. Marine transport

Macedonia is a landlocked country. Its access to the neighboring seaports is through roads and rail connections. The closest seaports are in Thessaloniki, approximately 100 km from Gevgelija border crossing point, and in Durres, approximately 150 km from the border with Albania via Struga border crossing point. Passenger transport across Lake Ohrid is carried out by means of smaller vessels with 25-150 seats.

6.5. Telecommunications

The telecommunications sector is considered to be one of the most liberalized in Macedonia. Currently, 8 carriers offer landline telephone services, while the mobile telephony has been marking continuous development. The market presence of 3 mobile carriers guarantees quality and service accessibility. Macedonia is keeping step with world's developments in the internet communications and facilitates quick and easy broadband internet access through a number of internet service providers.

The existing cutting-edge telecommunications network enables telecommunications service delivery and telephone connection setup on the territory of the City of Skopje. All cell phone carriers provide full network coverage and offer internet connection availability (cable, ISDN, wireless) throughout the City.

6.6. Energy

The City of Skopje and Macedonia in general have widely-developed distribution and supply electrical grid. EVN Macedonia is the company that carries out electricity distribution and supply. The company entered the Macedonian market in 2006 as a part of the EVN Group. The energy sector development is high on Macedonia's agenda, considering the fact that 70% of the technically available hydro potential is at disposal to all current and any potential investors.

6.7. Oil and gas pipelines

6.7.1. Gas pipeline

The gas pipeline system is part of the Corridor VIII and it has annual capacity of 800 million m³. The main gas pipeline runs approximately 98 km in length, from the border with Bulgaria to Skopje. The already existing distribution network stretches 26 km in length, while the city network is 31.5 km long.

The planned development of the gas pipeline network in the Republic of Macedonia focuses on the construction of new production facilities for electricity and/or heat generation, including direct supply to potential consumers, as well as upgrading the entire gas pipeline network in the region and beyond.

6.7.2. Oil pipeline

The length of the oil pipeline Thessaloniki (Greece) - Skopje (Macedonia) is 212.6 km and it is used for transporting crude oil from the Thessaloniki seaport to the refinery in Skopje. The oil pipeline was constructed in 2002 along the Corridor X, having capacity of 360 m³/h, i.e. 2.5 million tons per year.

6.8. Water supply

The City of Skopje is supplied with spring water from the city water mains and is fully covered with the water supply network. PE Water Supply and Sewerage is a public enterprise operating the water supply and wastewater collection in the City of Skopje, or more specifically, its main activities include: water collection, treatment and supply, as well as wastewater removal.

6.9. Utility expenses

For greenfield investment calculations, land purchase price averages between 1 EUR/m2 in rural areas to 1000 EUR/m2 when purchased from private owners, depending on the location and type of investment. In case of municipality or state owned land, the bidding price starts at 1EUR/m2. The investor pays the fee for setting up connection to the utility infrastructure and the water supply system.

Table 11. Construction land development fee in EUR/m2

Municipality	Zone	Residential premises	Business premises
City of Skopje	1 (Centar, Karposh, part of Kisela Voda, part of Aerodrom)	129	153
	2 (part of Kisela Voda, part of Aerodrom, part of Gazi Baba, part of Chair)	113	137
	3 (part of Gazi Baba, part of Chair)	100	113
	4 (part of Gjorce Petrov, Shuto Orizari, part of Butel)	93	97

*Source: Agency for Foreign Investments and Export Promotion

The monthly lease costs for business premises in Skopje average between 10 to 12 EUR/m2, and from 7 to 11 EUR/m2 in the Municipality of Gazi Baba (MGB), depending on the type of the building and location.

7. Investment locations in the City of Skopje

7.1. Greenfield investment locations

7.1.1 Technological Industrial Development Zone - TIDZ Skopje 1

TIDZ Skopje 1 covers a total area of 140 hectares. TIDZ Skopje 1 is situated at an extremely attractive location, 10 km east from the City of Skopje, and on the intersection of Corridors VIII and X. TIDZ Skopje 1 has direct access to E-871 Route and it is situated at only 3.3 km away from the connection to the E-75 Route. Alexander the Great International Airport is 10 km away from TIDZ Skopje 1 (only 1 km straight line distance). The airport is suitable for passenger and cargo transport, as well as intercontinental flights. The closest railway station is in Miladinovci, which is 6.5 km from the Zone. For the needs of the marine mode of transportation, the closes seaport is in Thessaloniki, 220 km from TIDZ Skopje 1.

Property specifications

Location	10 km east from the City of Skopje (at the intersection point of Corridors VIII and X)		
Surface area	140 hectares		
Ownership	100% state-owned		
Municipality	Ilinden		
Land type	Construction land/greenfield		
Transportation			
Road network	Direct access to E-871 Route (3.3 km away from E-75 Route)		
Air transport	10 km, Alexander the Great International Airport (1 km straight line distance)		
Rail transport	6.5 km, Miladinovci Train Station		
Marine transport	220 km, Thessaloniki		

Utility services

Electricity supplier: EVN Macedonia

Tariff rates for medium voltage consumers (denars)			Medium voltage consumers	
Calculation unit	Unit	Tariff hours	35kV	20 kV or 10 kV
or 6 kV				
Power	kW		1003.53	773.98
Energy	kWh	.VT	2.95	3.25
		NT	1.52	1.59
	kVARh	High tariff	0.77	0.71
		Low tariff	0.37	0.44

Water supplier: Public Enterprise for Water Supply Vodovod - Ilinden
Water price is 48 denars/m3, and 5% VAT is not applicable.



The water is bacteriologically safe and tested twice a month by the Health Protection Institute.

Note: The price has been set by Public Enterprise for Water Supply Vodovod in the Municipality of Ilinden.

Natural gas supplier: TIDZ Directorate

Natural gas price is 29.277 denars/Nm³, and 18% VAT is not applicable.

Note: The listed natural gas price was applicable in October 2014 and it is adjusted by the Energy Regulatory Commission of the Republic of Macedonia on monthly basis

Telecommunications

Most of the telecommunications companies present on the Macedonian market also offer their services in TIDZ Skopje 1.

The operators offer these services:

- Voice services
- Data transfer
- Internet
- Additional services

7.1.2 Technological Industrial Development Zone - TIDZ 2 Skopje

TIDZ Skopje 2 covers a total area of 95 hectares. TIDZ Skopje 2 is located immediately next to TIDZ Skopje 1, 10 km east from the City of Skopje, and on the intersection of Corridors VIII and X, and at only 4.6 km away from the connection to the E-75 Route. Alexander the Great International Airport is 11 km away from TIDZ Skopje 2 (only 2 km straight line distance). The airport is suitable for passenger and cargo transport, as well as intercontinental flights. The closest railway station is in Miladinovci, which is 7.8 km from the Zone. For the needs of the marine mode of transportation, the closest seaport is in Thessaloniki, 220 km from TIDZ Skopje 1.

Property specifications

Location	10 km east from the City of Skopje (at the intersection point of Corridors VIII and X)
Surface area	95 hectares
Ownership	100% state-owned
Municipality	Ilinden
Land type	Construction land/greenfield

Transportation

Road network	Direct access to E-75 Route 4.6 km from E-75 Route
Air transport	11 km, Alexander the Great International Airport (2 km straight line distance)
Rail transport	7.8 km, Miladinovci Train Station
Marine transport	220 km, Thessaloniki

Utility services

Electricity supplier: EVN Macedonia

Tariff rates for medium voltage consumers (denars)

Calculation

unit	Unit	Tariff hours	35kV	20 kV or 10 kV
or 6 kV				
Power	kW		1003.53	773.98
Energy	kWh	High tariff	2.95	3.25
		Low tariff	1.52	1.59
		High tariff	0.77	0.71
		Low tariff	0.37	0.44

Water supplier: Public Enterprise for Water Supply Vodovod - Ilinden

Water price is 48 denars/m³, and 5% VAT is not applicable.

The water is bacteriologically safe and tested twice a month by the Health Protection Institute.

Note: The price has been set by Public Enterprise Vodovod in the Municipality of Ilinden.

Natural gas supplier: TIDZ Directorate

Gas price is 29.277 denars/Nm³, and 18% VAT is not applicable.

Note: The listed natural gas price was applicable in October 2014 and it is adjusted by the Energy Regulatory Commission of the Republic of Macedonia on monthly basis.

Telecommunications

Most of the telecommunications companies present on the Macedonian market also offer their services in TIDZ Skopje 2.

The operators offer these services:



- Voice services
- Data transfer
- Internet
- Additional services

Please find the detailed Greenfield Investment List in Annex 1 to the Guide.

7.2. Brownfield investment locations

The City of Skopje has a number of locations available to any interested domestic and foreign investors in the City.

Table 13. Brownfield investment locations on the territory of the City of Skopje - **Locations in the Municipality of Gazi Baba**

Purpose	Number of buildings	Area of buildings (m2)	Total area (m2)
Industrial hall	1	930	9,710
Textile factory	1	/	2,400
Cash & carry wholesale open market	1	/	70,000
Factory	1	/	3,339
Administrative building	1	/	43,145
Construction land and production facilities, Lesnina	4	3,150	3,943
Struzanka textile factory	One floor	13	21
Administrative building, AD Gazela	1	/	804
AD Mavrovo Service - workshop, warehouse	10	2,045	2,044
AD Mavrovo - offices	5	/	/
AD Mavrovo - car repairs, workshop, garages	10	9,148	9,148
Mechos - administrative building	/	/	177
K-15 Production - administrative building	1	/	262
Urban Group - administrative building, hotel	1	142	961
AGD Tehnika - administrative building	1	/	939
Euro Aktiva - warehouse	1	3,890	13,420
Prvomajska - multi-purpose building	1	3,800	3,500
Maliot Princ - multi-purpose building	1	2,920	2,920
Vuchko - multi-purpose building	1	3,700	3,500
Prototip - office space	2	2,855	/
Building - multi-purpose building	1	1,500	400
Magistrala, multi-purpose building	1	1,200	3,500
Vizbegovo, multi-purpose building	1	1,100	1,850
Office space	1	168	/
Office space	1	721	721
Office space - showroom	1	427	1,398
Office space - surgery	1	532	/
Tehnobravarija - office space, repairs	1	73	/
MAZDA former showroom - car dealership and repairs	1	669	2,138
State Urban Planning Inspectorate	1	1,341	760
Office space	/	222	/
Macedonian Lottery - office space	1	/	26
House with garden - residential area	1	213	901
Storage space	1	1,641	1,827
Storage space - warehouses	/	31	/
Office space with additional warehouse halls	6	1,473	3,792
Mill - production facility	1	817	1,972
Office space - apartments	1	54	/
Hemteks compound			
Storage space and a production facility	10	28,230	58,928
Mak Vozila DOOEL, Industry Trade Catering	2	1,478	5,727
Tehnobravarija - office space	1	73	73
Office space at Bit Pazar Clinic	1	533	532
MAZDA office space, Car dealership and repairs	1	669	2,138
Office space	1	722	721
Business buildings - production facility	3	79	132
AGD Tehnika Skopje - administrative building	1	/	939
Urban Group Hotel	1	142	961
Administrative building	1	/	262
Mechos, business space	/	/	177



Lesnina, construction land, administrative space and production facility	4	3,150
3,943		
Mavrovo Engineering - administrative building	1	/
1,193		
Factory M & A Beverages - administrative building, production facility and boiler room	1	1,858
8,916		
Business building, administrative section, sale room, presentation, shop and office furniture	1	2,891
14,754		

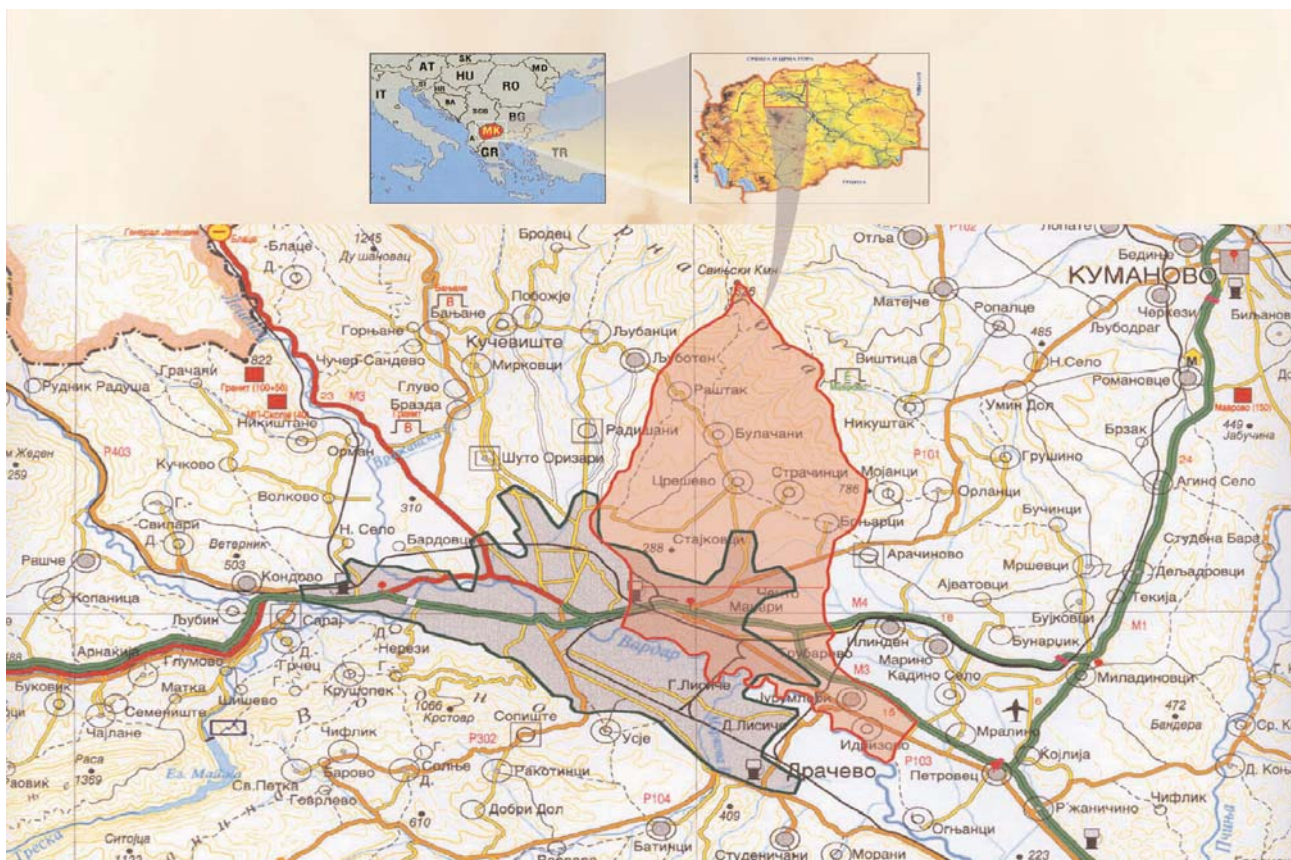
*Source: Agency for Foreign Investments and Export Promotion

More detailed information on each of the proposed investment locations can be found on the website of the Agency for Foreign Investments of the Republic of Macedonia at the following link:
<http://brownfields.investinmacedonia.com/index.php/list?view=allproperties&ipquicksearch=1>.

8. Useful addresses for investors

Website	Institution/organization
http://www.investinmacedonia.com/	Agency for Foreign Investments and Export Promotion of the Republic of Macedonia
www.roads.org.mk	Public Road Enterprise
http://skp.airports.com.mk/	Alexander the Great Skopje Airport
http://mztransportad.com.mk/	Macedonian Railways - Transport AD Skopje
http://www.stat.gov.mk/	State Statistical Office of the Republic of Macedonia
http://www.msi.gov.mk/	Cabinet of the Minister without portfolio responsible for attracting foreign investments
http://www.fez.gov.mk/doma.html	Directorate for Technological Industrial Development Zones
www.avrm.gov.mk	Employment Service Agency of the Republic of Macedonia
http://fondzainovacii.mk/	Innovation Fund
https://www.crm.com.mk/DS/	Central Registry
http://www.filmfund.gov.mk/	Macedonian Film Agency





9. PROFILE OF THE MUNICIPALITY OF GAZI BABA

GEOGRAPHICAL DATA

- Latitude: 41°42' do 42°11'
- Longitude: 18°45' do 19°29'30"
- NAltitude: 173 meters a.s.l.
- Area: 92 km²

METEOROLOGICAL DATA

- Average annual temperature: 12.5°C
- Low: -22.9°C
- Summer high: 42.4°C
- Average number of days with snow cover: 25
- Average number of cloudy days: 105.5
- Bright days: 69
- Days with fog: 72

DEMOGRAPHIC DATA

- Population: 72,617
- Density: 785/km
- Number of companies: 2,900
- Populated places: 21

BUSINESS INFORMATION

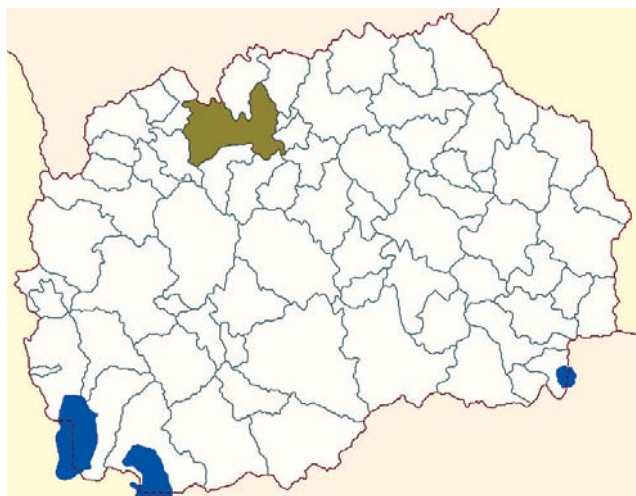
- Average new housing price per m2: 700 -1,000 Euro
- Average new office space price per m2: 1,500 -2,000 Euro

EDUCATION AND SCIENCE

- Number of kindergartens: 2 with 11 clones
- Primary schools: 11
- Secondary schools: 5
- Private secondary schools: 1
- Universities: 2
- University student dormitories: 1

ARCHEOLOGICAL SITES, RELIGIOUS, CULTURAL AND HISTORICAL MONUMENTS AND MEMORIAL LANDMARKS

- Archeological sites: 10
- Churches: 14
- Monasteries: 1
- Mosques: 2





10. WHY INVEST IN THE MUNICIPALITY OF GAZI BABA

Logistical advantages:

- Good transport connections in the area through the Pan-European Corridors VIII and X and relatively well-developed road infrastructure,
- Proximity of the logistics center to the Alexander the Great Airport,
- Proximity of the railway transport hub to the industrial zones in MGB-Skopje,
- Proximity of the bonded warehouses and terminals, which are located on the territory of MGB,
- Vast majority of the domestic and foreign shippers and forwarders are based in MGB, along with the distribution centers and warehouses,
- New plan for the industrial zone with end-locations for transport, distribution centers, storage facilities and shops, as well as clean and nonpolluting light industry,
- Proximity of the logistical seaports in Thessaloniki, Dures, Bar and Burgas, as well as more cost-effective transport (irrespective whether it is raw material import or final product export),
- Already existing main gas pipeline, which spreads in MGB,
- Developed energy grid, enabling swift electrification of the land,
- Developed telecommunications network with large competitive telecommunication services,



Market advantages:

- Free access to market of 650 million consumers in EU and CEFTA countries,
- Low inflation rate, averaging between 1 and 3.9% annually,
- Stable national currency and price,
- Stable banking and financial sectors,
- Low budget deficit of 2.5% of Macedonia's GDP,
- Trade deficit of 22% of Macedonia's GDP,
- Favorable labor market,
- Liberalized 44% of the energy market,
- Liberalized foreign trade.

Business advantages:

- Starting price of 1 Euro for procurement of state-owned construction land through the e-auctions system,
- Land development fee by factor 0.05 for the following urban classes (Official Gazette No. 93, pp. 43-44, July 11th, 2011):
 - G2 - light polluting industry
 - G3 - services
 - G4 - warehouses
 - B5 - hospitality and tourist complexes, hotel complexes and resorts, and
 - A4 - hotel, motel, mountain hut and hunting lodge
- The waiting period for obtaining construction permit is 9 months for buildings of up to 5,000m² and 12 months for buildings exceeding 5,000m² from the solemnization date of the state-owned construction land sale contract
- The deadlines for constructing second category buildings according to the law are as follows:
 - 2 years for construction land of up to 1,000 m²,
 - 4 years for construction land exceeding 1,000 m²,
- Lowest flat corporate tax: 10%,
- Lowest flat personal income tax: 10%,
- 0% tax on reinvested earnings,
- Quick company registration in only three days,
- Competitive workforce with average gross monthly salary of 497 Euro.
- Significant cost reduction for social security contributions.



10.1 EXCELLENT TRANSPORTATION INFRASTRUCTURE

The Municipality of Gazi Baba is situated at the intersection of the European development axes, which are connected to the Pan-European Corridors X and VIII, positioned in the center of the gateway between Southeastern, Central and Eastern Europe. This geographical location, in combination with the transportation network and the excellent infrastructure, gives the Skopje Region and the Municipality of Gazi Baba major logistical gravity.

The Skopje Region is undergoing large-scale development activities for generating new and improving the already existing works, all being part of a broad investment programme (for more information on this, please visit the following websites: www.gov.mk, www.mtc.gov.mk and www.skopje.gov.mk).

Through the Pan-European Corridor X [(1,076 km long highway; Bregana (Slovenian border) - Zagreb (Croatia) - Belgrade (Serbia) - Skopje (Macedonia) - Bogorodica (Greek border)) and Corridor Xd [(117 km in length; Skopje - Veles - Bitola - Medzitlija (Greek border))], the Municipality of Gazi Baba is connected with Central and Eastern Europe (Austria, Italy, Germany, Hungary, Romania, Czech Republic, Slovakia, Poland) and with South and Southeastern Europe and their seaports (Turkey, Greece).

Via Route 6 [259 km long; Skopje (Macedonia) - Pristina (Kosovo) - Ribarice (Serbia) - Ribarevina (Montenegro)], Skopje and the Municipality of Gazi Baba are connected to Route 1 [703 km long; Bar (Montenegro) - Dubrovnik (Croatia) - Neum (Bosnia and Herzegovina) - Ploche (Croatia) - Split (Croatia) - Bosiljevo (Croatia)] and with Route 7 [345 km long; Lezhe (Albania) - Pristina (Kosovo according to UNSCR 1244/99) - Doljevac (Serbia)].

Through the Pan-European Corridor VIII [725 km long; Tirana / Duress / Vlore (Albania) - Skopje (Macedonia) - Deve Bair (Bulgarian border)], the Municipality of Gazi Baba - Skopje establishes connection with Albania to the west and its seaports, linking them with Italy and the Mediterranean markets. MGB is also connected with Bulgaria to the east and its ports providing links to Ukraine, Russia, Turkey and the Middle East through the Bosphorus strait.

The Macedonian Alexander the Great Airport, which is operated by the Turkey-based concessionaire TAV Airports, is located only 17 km away from the Municipality of Gazi Baba. Skopje Airport (skp.airport.com.mk) has capacity for 4 million passengers and offers parking space for 1,200 cars and 6 busses.

Skopje Airport - Alexander the Great

Skopje Airport also offers cargo services

- passenger aircraft maintenance
- cargo aircraft maintenance
- passenger and cargo air services

All these activities are carried out in accordance with IATA standards.

- Handling air cargo and mail,
- Handling special shipments (DG, VAL, AVI, etc.)
- Document preparation,
- X-ray examination of goods,
- Customs control,
- Border inspection,
- Servicing transit shipments by track/aircraft,
- Other services by arrangement.

Logistics services

Cargo Operations division carries out logistics services before and after air transport (landslide handling)

- Preparation of consignments for air transport
- Customs warehousing
- Repacking of goods.

Cargo Operations are located at the Alexander the Great Airport in Skopje and have direct connection to the E-75 highway.

Proximity to main destinations

- Belgrade (Serbia): 420 km
- Sofia (Bulgaria): 250 km
- Tirana (Albania): 230 km
- Thessaloniki (Greece): 230 km
- Athens (Greece): 700 km
- Zagreb (Croatia): 815 km
- Pristina (Kosovo): 90 km
- Sarajevo (Bosnia and Herzegovina): 450 km



Capacity and equipment

The Cargo Centre occupies a covered storage area of 2,700 m², and possesses equipment for handling air cargo, as well as for loading and unloading aircrafts. Refrigerated storage space for perishable goods is also available. The capacity of the Cargo Centre can meet the demands of even larger air cargos.

This facility has a high-level security system (24-hour video surveillance) and information center that ensures exceptionally high quality of our services.

The Municipality of Gazi Baba - Skopje is well connected with the railroad infrastructure of the Corridor X [1,177 km in length; Savski Marof (Slovenian border) - Zagreb (Croatia) - Belgrade (Serbia) - Skopje (Macedonia) - Gevgelija (Greek border)] and of the Corridor VIII [planned length of 617 km, of which 411 km currently exist; Tirana / Duress / Vlore (Albania) - Lin / Pogradec (Albania) - Kicevo / Skopje / Kumanovo / Kriva Palanka (Macedonia) - Deve Bair (Bulgarian border)]. The Municipality of Gazi Baba has a diversified railway network and lines leading to the Eastern Industrial Zone and Zhelezara Industrial Zone, as well as to the customs rail terminal in Trubarevo settlement where the customs controls are carried out.

The Telesmart Telecom company (www.telesmart.mk) is also based in the Municipality of Gazi Baba.

Telesmart Telekom's node is the first Macedonian node which is connected directly through high speed 70Gbit/s link to the one of the biggest and the most significant European nodes - Interxion node in Vienna and Itenos in Frankfurt. The headquarters of SET Company is an excellent place for connection and interconnection services for the operators, such as Pop and vPoP . They provide the companies with exceptional offers for communication and broadband internet services.

Furthermore, the heavy presence of competition to the national telecommunications and mobile operators (www.vip.mk, www.one.mk, www.t-mobile.mk, www.blizoo.mk, www.telekabel.mk), particularly by T-Home (www.t-home.mk), makes Skopje Region and Macedonia, in general, a place with highest density of optical fiber cables, occupying nearly the entire broadband spectrum with a vast number of telecommunications, internet and mobile phone products, services, networks and infrastructure. The Public Enterprise Macedonian Broadcasting has completed the process of installing the infrastructural equipment for DVB-T multiplex signal. The equipment will be installed throughout Macedonia at 46 existing broadcasting points, utilizing the same foundations, antenna and energy systems of PE Macedonian Broadcasting.

10.2 FIRST-RATE CONNECTIONS WITH THE REGIONAL MARKETS

The investors interested in building a client network in the Municipality of Gazi Baba, as the eastern gateway to the City of Skopje, located in the epicenter of the Balkan Peninsula and at the intersection of the Pan-European Corridors X and VIII and with excellent connection to the regional markets, may benefit from having their businesses located in our municipality, which is renowned for its support to the pro-business infrastructure and workforce.

In addition, bellow you will find the breakdown data on Macedonia's exports by economic group of countries for 2013:

(in mil. US\$)	
MKD export by Economic	
group of countries	2013
1. Developed countries - total	2.551,76
1.1. Outside Europe	60,79
USA	45,97
Australia	5,79
Canada	4,62
Hong Kong	2,79
Japan	1,62
1.2. EU 27	2.490,97
Germany	1.533,63
Italy	275,38
Greece	211,92
Great Britain	79,84
Holland	67,54
Belgium	66,55
Slovenia	59,42
Austria	47,12
Spain	44,73
Czech	28,70
France	25,56
Poland	18,87
Sweden	12,69
Danmark	9,61
Hungary	8,25
Cyprus	1,16
1.3. EFTA	41,46
Switzerland	41,45
Lichtenstein	0,01
2. Developing countries	654,12
Bulgaria	325,08
China	103,86
Romania	87,13
Turkey	71,68
Russia	31,58
Ukraine	22,50
Belarus	7,72
Brazil	4,55
Argentina	0,02
3. Western Balkan	575,90
Serbia	269,73
Croatia	100,35
Bosnia and Herzegovina	94,65
Albania	78,46
Montenegro	32,71
4. Others	442,94
TOTAL	4.266,17

*Source: State Statistical office of Republic of Macedonia

The majority of the companies based in the Municipality of Gazi Baba are export-oriented, chiefly focused on the countries from the EU and the Western Balkans, and the foreign direct investment sector is dominated by investors from the EU member states.

Most of these export-oriented companies cover northern and southern Europe, but they do not lack behind in providing their products to its western and eastern parts. Not only that the Municipality of Gazi Baba is exceptionally well connected and has excellent transport infrastructure, but it also offers premium quality services and highly functional public administration, as well as immense export-oriented business community with longstanding business and personal contacts in the Western Balkans.

It is the right place to build partnerships for conquering new and developing markets by increasing the domestic demand. Goods are distributed quickly and safely with expeditious customs clearance procedures, bringing them at the doorstep of EU's 650 million-consumer market as soon as they enter Macedonia by road, rail, air or sea.

According to the 2014 Doing Business Report, 10 economies marked tremendous progress in doing business by pursuing regulatory reforms in 2012/2013, and Macedonia is one of them. That fact that it is ranked 25th (out of 189 economies) is yet another recognition that Macedonia is a business-friendly country, particularly when it comes to starting a business, obtaining loans and protective investors.



Add on top of that, the language skills, the know-how, the knowledge of the culture and personal contacts, as well as the business partners from the Skopje Region and Macedonia, are critical to running business all over the Balkans and Southeastern Europe.

10.3 HIGHLY SKILLED WORKFORCE

Macedonia is famous for its university educated workforce: over 65,000 enrolled undergraduate students, 77% of which are in the state-owned and private universities in Skopje, 94,000 in secondary education, 30% of which are located in Skopje, and another 198,000 in primary education - 27% in Skopje.

The educational attainment by the young and adult people remains to be a critical factor for employability and unemployment rate reduction.

In the capital Skopje, to which the Municipality of Gazi Baba is territorially and formally affiliated, there is one state-



owned university - ss. Cyril and Methodius University, which has around 50,000 enrolled students, as well as private universities and faculties, vocational courses and professional studies - UACS, FON, European University, Faculty of Tourism, SEEU, Smilevski Business Academy, Integrated Business Faculty, Balkan University, which altogether have approximately 15,000 students.

Despite the economic crisis, the Government of the Republic of Macedonia managed to reduce the unemployment rate through seven consecutive years from 38% to 28.8%, owing it to its economic policies and measures (Source: State Statistical Office of the Republic of Macedonia, 2014), and due to the improved business and investment climate, as well as enhanced education policies. In particular, the primary and secondary education have been made compulsory, and nearly 80% of the high school graduates enrolled in one of the universities, which lead to nationwide 35% increase of the number of undergraduates who completed their studies in the past few years.

In average, Macedonia allocates 6% of its GDP for education, a percentage which is higher than in most of the OECD countries.

Adult participation in the lifelong learning process is an important factor for improving their employability, and any foreign investor who is seeking a country to start a brownfield or greenfield project can count on the Government-sponsored programmes for promoting the skills to meet their specific operational needs. The Employment Service Agency of the Republic of Macedonia is the body authorized for this purpose.

In 2012, out of the total number of 650,554 employed persons in the Republic of Macedonia, 23.6% worked in the industrial sector, 17.3% in the agricultural, forestry and fishing sector, 14.3% in trade, 6.3% in construction and 38.6% in the service sector (Source: State Statistical Office of the Republic of Macedonia).

January's average gross monthly salary in the Republic of Macedonia was 508 Euro. This amount includes net salary, personal income tax and social security contributions for pension and disability insurance, healthcare insurance and employee insurance. The minimal salary for each profession is defined by collective agreements.

Macedonia's economy has been categorized as 'efficiently managed' in the Global Competitiveness Report 2013-2014, while the production and service sectors account for approximately 25.4% and 52.5% of the added value, respectively





(Source: State Statistical Office, 2011).

Attracting and retaining the best people is of vital importance for the success of the businesses and companies investing in human resources, which in turn would give them a competitive advantage. People in Macedonia, especially those from the region of Skopje, have at least computer knowledge and speak one or more foreign languages. English is taught in schools as first foreign language, while German and French are studied more intensively in the last years of the primary and secondary education.

Macedonia's Government dramatically reduced the social security contributions in the past few years. Further reduction is also planned, but its delivery will depend on the country's general economic state. For more information on this matter, please visit the website of the Public Revenue Office - www.ujp.gov.mk.

The recently recast new labor act, which was drafted in accordance with the EU standards, provides for increased labor market flexibility and promotion of flexible and different employment contracts, as well as flexible working hours. Furthermore, the reforms in this area have introduced training programmes, entrepreneurial support, as well as improvement of the overall business climate.

The collective agreements, which are concluded state-wide, regulate the employment rights, as well as employers' and employees' obligations and responsibilities. The leading employee trade union organization concludes general collective agreement.

The Law on Establishing Employment Relations with Foreign Nationals regulates the employment of foreigners in Macedonia. In accordance with the provisions of the Law, foreign persons or persons without nationality may be employed in Macedonia after they have obtained work permit. The Employment Service Agency of the Republic of Macedonia issues work permits following the application submitted by the employer.

10.4 QUALITY OF LIFE

10.4.1 Culture and recreation

The cultural attractions in Skopje and its region, where the Municipality of Gazi Baba is located, offer abundance of museums, art galleries, fortresses, churches and religious sanctuaries, settlements and villages, natural landmarks and city squares, which are well preserved and open for the general public, owing all this to the constant maintenance and restoration activities by public and private institutions.

Skopje is one of the most vibrant and eclectic small capitals in Europe. Thanks to the Government's construction momentum that has been taking place in the past few years, Skopje now is rich in statues, museums and other structures, having the visitors taking photos with their cameras like never before, and has defined the ever-evolving City.

Great deal of Skopje's historic core has been preserved - Ottoman- and Byzantine-era sites, such as the 15th-century Kameni Most (Stone Bridge), Charshija (old Turkish Bazaar), and the Sveti Spas Church with its elaborate, hand-carved iconostases. Also, there is the Kale fortress - Skopje's guardian since the 5th century, as well as the open museum Tumba Madzari, a site which dates back to the Neolithic age. The city also offers contemporary lifestyle with bars, clubs and galleries.

Find out more at:

<http://www.lonelyplanet.com/macedonia/skopje#>

<http://travel2macedonia.com.mk/tourist-attractions/skopje>

<http://www.exploringmacedonia.com/skopje.nspx>

<http://www.aqueductskopje.net/>

<http://tumbamadzari.org.mk/en/index.php>

10.4.2 Leisure and entertainment

Leisure time comes naturally when one is surrounded with natural wonders within arm's reach: mountains and canyons, vast natural parks, spa centers and rivers, all excellent locations for all type of sports. And for those who love lakes and mountains, accommodation centers are at only 2-hour drive. And that is not all. Skopje has to offer an immense range of entertainment and nightlife options for a busy agenda.

<http://www.getlokal.mk/en/skopje>

<http://www.restorani.com.mk/>

<http://sk.com.mk/>

<http://www.zooskopje.com.mk/>

<http://zicnica.jsp.com.mk/>

10.4.3 Nature

Snuggled between mountains and plains, the region offers the breathtaking landscapes of some of the most favored sites by the citizens of Skopje, such as the mountains Vodno and Skopska Crna Gora, abundant in natural and protected areas, valleys and rivers. Here one will find a vast number of protected areas: from the Jasen Reserve to the Matka Canyon and Lake Kozjak on one side, and the Gazi Baba Forest Park and the protected monument of nature Ostrovo to the Arboretum in the Katlanovo Swamp, on the other.

The spectacular landscape of Kitka Mountain and the banks of the Vardar that flows through the Skopje basin connect Matka with the Pcinja river. Vodno Mountain has many hiking and bike trails, as well as a cable car that takes you directly to the Vodno summit, where you can enjoy Skopje's cityscape.

Gazi Baba Forest Park offers excellent capacities for sports and recreation, laid out running trails and exercise spots stretching on a picturesque 100 hectares rich in flora and fauna.

<http://www.exploringmacedonia.com/matka-canyon.nspx>

<http://jasen.com.mk/Default.aspx>

10.4.4 Sports

Skopje Region offers a number of facilities for almost all types of sports: from winter sports and football to swimming, walking and tennis. No matter what your desires and interests may be, the region of Skopje has the most pleasant sites and facilities to spend your weekends or end your working day. Here are only few of the sports facilities:

- 1. Boris Trajkovski Sports Center - <http://www.salaboristrajkovski.gov.mk/>
- 2. Kale Sports Center
- 3. Jane Sandanski Sports Center
- 4. Zhelezara Sports Center
- 5. Hipodrom Sports Center
- 6. Saraj Sports Center
- 7. Rabotnicki Sports Center
- 8. Macedonian Football Federation's Sports Center
- 9. Forza Sports Center
- 10. Filip the Second Sports Center

And that is not the end of it. In all corners of the Skopje Region, and particularly in the Municipality of Gazi Baba - Skopje, there are many other sports arenas, tennis courts, futsal and basketball fields.

10.4.5 Gastronomy

The great local cuisine traditions are cherished and even rediscovered all over Skopje and in Macedonia, always accompanied with the unparalleled and excellent wines from all the different wine regions in Macedonia. Healthy and fresh food from the vegetable gardens and orchards from Skopje and from other regions in Macedonia are always part of the dish at home or in a restaurant. The salad culture of the locals is especially known around the globe and recognized by every tourist who visited our city.

Here one must not forget the delicious entrees: ajvar, malidzano, pindzur and lutenica pepper and vegetable relishes, as well as turshija (selection of pickled vegetables) or pickled cucumbers as 'meze' (entree) combined with all types of savory pies and cheese.

The combination of vegan, vegetarian food and lake fish is a unique experience that you can embrace in every home or a restaurant in our city. The famous Macedonian wine will make an exceptional addition to your unforgettable gastronomic experience.

In Skopje you can find all types of meat, pork, beef and lamb, prepared in a traditional manner and with irresistible appearance and taste, simply melting in your mouth. Their specific taste and quality owe it to the plentiful and clean pastures in Macedonia. This food requires full-bodied red wines, such as Vranec. Prokupec or Kratoshija.

And one simply must not forget about the renown desserts that you can find in any restaurant or a home in our city.

In other words, our city is the place to be if you want to enjoy the different tasty varieties of food and wine.

<http://www.restorani.com.mk/>



11. THE BEST TIME TO INVEST IN MGB



country in general. MGB is home to the most successful domestic and foreign companies in the country in several leading industrial sectors, in particular: pharmaceutical, metallurgical and metal working industries, agriculture, logistics and energy, wholesale and retail, automotive aftermarket industry, healthcare, ICT and many other fields.

With the increase in the economic possibilities in the upcoming years, MGB will offer even more greenfield and brown-field opportunities to the potential domestic and foreign investors. Furthermore, the offer will include many electronic services, partnership approach, and an efficient and effective way of supporting the business and investment community in MGB. To this end, we are able to provide the best possible conditions to the potential investors with the existing all-important infrastructure, excellent services related to transport, energy, telecommunications, utility, fast access to the major markets in the region, fast connection to the seaports in Thessaloniki, Durres, Bar and Burgas, and many other inevitable incentives.

The Government of the Republic of Macedonia sponsors many programmes designed to improve employees' skills, strengthening the possibilities for the local suppliers and promoting Macedonia's plan for attracting investors.

Macedonia's Government puts great emphasis on the ongoing creation of modern and efficient economy, which will foster innovations and increase the influx of foreign investments, and in turn raise the level of production and exports. Along with the growth of the production network emerge opportunities for new investment donations, helping to expand the geographical scope. They offer structured fact-based decision making for selecting simply the best location for value chain optimization.

Measuring the working conditions in the country and their impact on the efficiency (required time for realization, overall ownership costs and the financial bottom line) match the local workforce qualifications. This will immensely contribute to the productivities and the economic success.

MGB-Skopje is a synonym for business and industry not only in Skopje Region, but also in the

12. INDUSTRIAL SECTORS IN MGB

12.1 AGRICULTURE AND FOOD PROCESSING

This sector in our municipality includes the leading food processing companies and the vast areas with fertile arable land in combination with numerous agricultural activities. Nearly 65% of the total area of our municipality is agricultural land, which stretches across the rural areas, and is characterized by intensive fruit and vegetable production.

Farming plays an important role not only in our municipality's economy, but also throughout the country, giving its contribution to the GDP, employments, trade and rural economy. The agricultural land accounts for 65% of the total area of 2,942 hectares (90% crops and 10% pastures), including vineyards and 2,370 private farms.

Similar as in the other countries in the Western Balkans, approximately 40% of the population lives in the rural areas, and around one fifth of the total workforce is employed in the agricultural sector.

The combination of continental and sub-Mediterranean climate, characterized by long and hot summers and short and mild winters, complemented with fertile soil, provides excellent conditions for manufacturing a wide range of products.

Fruits and vegetables (40.8%) and beverages (29%) are the products that account for the largest share of the exports in the food production industry, whereas wine and beer are the most important beverage products in the Municipality of Gazi Baba.

The Government of the Republic of Macedonia in 2009 passed a commendable decision making the HACCP standard compulsory for all food producers.



12.2 AUTOMOTIVE AFTERMARKET INDUSTRY

For the past six decades, Gazi Baba has been one of the municipalities where facilities for production of car parts, public transportation busses, as well as locomotive replacement parts, are located.

Due to the recent privatization process, a number of companies are now owned by foreign investors who continued with the primary business activities of the acquired companies.

One of them is the well known Sanos company (www.sanos.com.mk), a factory for production of busses with 60-year-old tradition. Among the other companies are Indbus (www.indbus.com.mk), which produces Class M1, M2 and M3 vehicles, Wabtec Skopje - producer of brake systems and components for locomotives, and many other.

These companies supply parts to the European, Russian and African markets. The investors in Macedonia can freely export on the 650-million consumer market. The automotive industry is highly diversified due to the fact that global car producers have so far invested over 20 billion Euro in production of cars in Central and Eastern Europe only, with further investments expected.

Macedonia has to offer environment with competitive prices on the automobile parts manufacturing market. In addition, there is well qualified workforce with solid work ethics and flexibility. Furthermore, the educational system is willing to cooperate with the investors in devising ways to improve employees' skills. This was already proven in practice, when one of the faculties trained 165 students to work in Java and C++ for the needs of Johnson Controls, which constructed facility worth \$40 million for manufacturing automotive electronic components at the outskirts of Skopje.

12.3 HEALTHCARE SECTOR

This sector is in its initial state of development in our municipality, being equally represented both by state-owned and the private healthcare facilities. The private sector has two hospitals in our municipality.

One of them is Remedika (www.remedika.com.mk), which is also the first private hospital in the Republic of Macedonia. It was established at the beginning of 2005 and is located in the green area of Gazi Baba Forest Park at only 3 km from the city center, covering total area of 5,300 m². Their primary activities include gynecology and obstetrics, neonatology, in-vitro fertilization, pediatrics, anesthesiology and intensive care, radiology, surgery and diagnostics.

The other private hospital Cornea Medica Ophthalmology (www.corneamedika.mk), which was established in 2010. It is located in the municipality's industrial development zone, which is also very close to the city center.

The private sector is also represented with vast number of general medical and dental practices that are well positioned in the market.

The state healthcare sector, on the other hand, is represented with 2 policlinics - Zhelezara Health Station with an in-house dialysis center, located in Gazi Baba Forest Park, and Chento Policlinic, which is located in Chento settlement near the Boris Trajkovski Urban Park.



12.4 INFORMATION AND COMMUNICATIONS TECHNOLOGY

Knowledge-based economic development that creates high added value is one of our future development priorities. The information society industry is one of the fastest growing with overall annual growth of 47% in the past 5 years.

Macedonian companies are mainly specialized in software engineering and reengineering, information system design, hardware, telecommunications services and in other fields of expertise.

The hardware is the largest market segment in the IT sector, accounting for 62% of the overall market and marks annual growth rate of 84.7%, followed by the IT services with 25.6% and original software with 13% of the overall market, and 8.2% annual growth rate, at the third place. The total turnover as until 2011 was \$178.98 million, of which \$56.31 million from exports, and more than 2.000 employed persons. Macedonia has sufficient exceptionally educated IT experts whose monthly earnings average between 500 and 600 Euro after one or two years of experience, which makes Macedonia one of the countries with the most cost-effective workforce in the region.



Many IT companies that are successfully operating in Macedonia are based on the territory of Skopje, such as Seavus (Sweden), Netcetra (Switzerland), M Soft (France), 6PM (United Kingdom / Malta), as well as other companies that provide 24/7 customer care support by phone for major multinational IT companies. The telecommunications system is considered to be the best in the region.

Here we can mention some of the largest companies from the telecommunications sector: T-Home, Telesmart, Blizoo, T-Mobile, VIP, ONE and many other.

The leading organization for cooperation in this sector is the MASIT-ICT Chamber of Commerce.

www.masit.org.mk

www.mchambers.mk

www.sojuzkomori.mk

12.5 LOGISTICS INDUSTRY

When it comes to logistical support, Macedonia is one of the finest locations for starting a business in Southeastern Europe. Skopje is in the center of the region, which means it is at optimal distance from the surrounding markets and an ideal city for exchange of goods between the east and the west, and the north and the south.

Skopje has airline connections with 30 cities, railroad connections with the Pan-European Corridor VIII and X, as well as bus lines linking it to more than 30 European cities.

Skopje is an important transportation hub with highly-developed infrastructure both locally and nationally. Being located at the intersection of the international highways and railroads, the proximity to the international airport and to the seaports in Thessaloniki, Burgas, Durres and Bar, contribute as critical factors for determining the city's economic potential, especially in international context.

Many logistics companies (domestic and foreign customs terminals) with long-lasting business tradition and reputation and spacious warehouses and distribution centers are based in the Municipality of Gazi Baba - Skopje, willing to promptly meet all of your business and logistics needs.

Skopje airport is the newest and most modern in the region, with capacity of 4 million passengers, and such it is a very important air hub with regular scheduled passenger, postal and cargo air transport lines to destinations in Europe and across the globe.

12.6 METAL PROCESSING INDUSTRY

The metalworking segment and the mechanical engineering are among the leading industrial sectors in the Republic of Macedonia, manufacturing 15% of the total manufacturing industry output, as well as leading export-oriented sectors that account for one third of the total exports.

This sector covers the following types of operations according to the NACE Rev. 2 classification: Manufacture of basic metals, fabricated metal products, electrical equipment, machinery and other production equipment.

The metalworking and mechanical engineering sectors are mostly export-oriented, as approximately 65% of the exports are sold at the foreign market. According to the official statistical figures, this sector exports to more than 50 countries worldwide. Its main markets are the neighboring Balkan countries, Germany, Slovenia, Netherlands, United Kingdom, Italy, USA, Spain, Czech Republic and many other.



12.7 PHARMACEUTICAL INDUSTRY

This sector in our municipality historically has research and development, and production base in organic synthesis, and well as production of herbs, medications, cosmetics and chemicals. Alkaloid company- www.alkaloid.mk is the major representative in this sector in our municipality. Their products account for significant proportion in the industrial sector, which is represented in our country by total of 8 companies.

The main exports by the chemical industry include basic pharmaceutical products and preparations, participating with 65% of industry's total exports. Chemicals and chemical products are runner-ups with 25%, and rubber and plastic with 10%.

The main export markets are chiefly Germany, the neighboring Balkan countries (Serbia, Kosovo, Bulgaria, Bosnia and Herzegovina, Albania, Croatia, Montenegro, Slovenia), Russia and the United Kingdom.

Traditionally, Macedonia has been a successful country in establishing a solid scientific base critical to the development of this sector.

Here are some of the largest representatives in this sector: Chemistry Institute (inorganic and organic chemistry, bio-chemistry, analytic chemistry and physical chemistry) at the Faculty of Natural Sciences and Mathematics in Skopje (<http://hemija.pmf.ukim.edu.mk>), Faculty of Pharmacy and its Pharmaceutical Chemistry Institute (<http://ff.ukim.edu.mk>), Institute of Applied Chemistry and Pharmaceutical Analysis, Institute of Pharmacognosy, Pharmaceutical Technology Institute, Applied Biochemistry Institute, as well as the Pharmaceutical Research and Control Center, the Center for Natural Products, Center for Pharmaceutical Nanotechnology and the National Information Center for Pharmacy. The leading organization for cooperation in this sector is the Macedonian Pharmaceutical Chamber.

12.7 WHOLESALE AND RETAIL INDUSTRY

This is a sector with a long tradition in the Municipality of Gazi Baba - Skopje, where nearly 38% of all business entities are related with trade.



There are many well-known regional and national trade chains, particular in retail, but the wholesale do not land behind; to name a few: Tinex, Vero, Kam Market, Mr. Bricolage, Neptun, Makpetrol, Lukoil, Elektrometal, Elektroelement, MakAuto Star, Avto Makedonija, KIA, Merkur, Podravka, Badel, Detoil and many other.

This industry recently completely reinvented its business philosophy, making major investments in equipment procurements for their state-of-the-art supermarkets and sale centers to meet the desires and needs of the customers.

The trade chain offer is expected to be enriched in the forthcoming years due to the construction of the ERA CITY business park, which will be located on a vast area for trade exchange operations, administrative buildings, shopping malls, as well as leisure and accommodation facilities.

Along with the transit highways, the favorable geographical location of the Municipality of Gazi Baba provides all trade chains with solid business potential and market sustainability.

13. DOING BUSINESS

The Municipality of Gazi Baba is one of the ten municipalities within the City of Skopje and widely recognized as an industrial municipality and home to some of the major companies in the pharmaceutical, metal working, food processing and FMCG industries, as well as in another segments, such as agriculture, brewing, soft drinks, winemaking and many other sectors. A number of activities have been initiated in the municipality for fine-tuning the municipal strategic benchmarks with regard to the spatial and economic development of the city and the region, as well as stimulating the local economy and promoting favorable economic climate:

1. Spatial regeneration of different areas in the municipality:
 - urbanization of the Kjeramidnica settlement, with plans for construction of collective residential blocks and light and non-polluting industry
 - fostering investments in the light industry (retail, distribution centers and residential areas) within the perimeter of the former Kozhara tannery.
 - renewal and re-urbanization of the Eastern Industrial Zone (MZT industrial park and the area gravitating around it) and the Zhelezara industrial park
 - developing a new industrial zone around Skopje's northern ring road at an area of 270 hectares, chiefly for light and non-polluting industry, logistics, transport and a customs terminal, small and large businesses and commercial units.

2. Developing the first and only car camping site on the territory of Skopje and in Skopje's region in general, located by the ring road in the northern part of the city through attracting foreign direct investments for valorization of the transit tourism and promoting the rural and alternative tourism in the region of Skopska Crna Gora.





3. Developing the Hipodrom Sports and Recreation Center by spatial regeneration and re-urbanization, with the ultimate goal of attracting direct investment, which in turn will valorize the economic and business potential of this center.
4. Developing integrated business-congress-trade-advertizing-entertainment section within the Skopje Fair, with a view of making a wider regional impact and attracting clients (Skopje - Pristina - Nis - Sofija - Thessaloniki)
5. Developing individual residential zones at the outskirts of the city by designing a new concept for individual quality housing in accordance with the global modern trends for this type of housing.
6. Creating modern information system by digitizing municipal services and information:
 - Municipality of Gazi Baba's GIS platform
 - INVEST IN MGB web portal
 - Developing the Business Information Center
 - Active system for e-construction permits
 - Active system for e-construction land

Continuous building of partnership relations with the business community in the Municipality with a view of creating favorable business climate:

- Established and active Social and Economic Council of representatives of the business community, trade unions and municipal representatives,
- Delivery of municipal business forum touching upon issues and topics of interest to the business community and with an emphasis on the Triple Helix concept,
- Established KOSME MK association (representatives of the academic and business community and the public sector), which works for partnership and strategic absorption of the European funds through the COSME and Horizon 2020 programmes,
- Established center for youth and non-governmental organizations that are focused on young people and women for exchange of knowledge and skills for better employability on the labor market,
- Supporting the YES Incubator with a financial assistance for start-up companies to encourage the entrepreneurial spirit among the youth,
- Partnership with the business community related to promoting social responsibility in order to support the community where the companies operate,
- Establishing business information center to meet all needs and provide information and services to the business sector from a single office point in the municipality.

These are only few of the strategic determinants and activities carried out by the municipality towards creating favorable business climate in the Municipality of Gazi Baba.

13.1 SETTING UP A COMPANY

The Republic of Macedonia introduced the one-stop-shop system, which enables the investors to register their businesses in only four hours after lodging their application. One can register a company by visiting one office, obtaining the information from a single place, and addressing one employee. This significantly reduces the administrative barriers and start-up costs.

For more information, please visit the following website: <http://investinmgbskopje.mk/index.php/establishing-a-company>

13.2 FACILITIES AND INFRASTRUCTURE

13.2.1 Roads and railways

Alexander the Great highway passes through the Municipality of Gazi Baba and it is part of the European E75 Route, connecting multiple countries and cities from Norway all the way to Greece. On Macedonian territory it starts at the port of entry near Kumanovo and ends at Bogorodica border crossing point in the vicinity of the city of Gevgelija. Being part of the Pan-European Corridor and a connection among the Macedonian cities, it is one of the most vital of Macedonia's highways and major works are constantly carried out for its upkeep and improvement.

Another also critical part is the Corridor VIII, which is 1,500 km in length, connecting Duress, Tirana, Skopje, Sofia, Plovdiv, Burgas and Varna. A long 10 km-section of Skopje's ring road passes through Gazi Baba as part of E65 highway.

Another major advantage is the proximity to the Transportation Hub, which is only 500 m away from the Municipality of Gazi Baba. The international bus and railway stations are placed there.

13.2.2 Airports

Alexander the Great Airport is only 15 km from Municipality of Gazi Baba. The Republic of Macedonia has two international airports that can accommodate all types of modern aircrafts, except those intended for intercontinental flights. The Turkish company TAV recently took over the management of both airports for the next 20 years. A number of local and foreign carriers (Austrian Airlines, Turkish Airlines, Adria Airways, Croatia Airlines, Malev, Czech Airlines, Skywings) offer direct and connecting flights to many European cities.

During 2011, Skopje Airport was expanded with a new 40,000 m2 terminal building to accommodate 6 passenger bridges and the runway, and the cargo and car parking capacities were increased, as well. A 40-thousand-tonne capacity cargo hangar, 300 vehicle caring lots, 23 check-in counters and 500 meter-expansion to the runway were some of the works completed.

13.2.3 Telecommunications services

There are many infrastructure operators in the Municipality of Gazi Baba, such as telecommunications operators, water supply and drainage, energy (thermal and electrical), communal hygiene and waste disposal, and public transportation.

With regard to the telecommunications operators, there is a great demand for nearly all telecommunications services - telephony (mobile and landline), internet (cable, ADSL, DSL, wireless, VOIP, broadband access in the fixed networks, etc).

Currently, all telecommunications service providers that are active on the market also operate in Gazi Baba. The most signif-



icant telecommunications providers are as follows: T-Home, T-Mobile, ONE, VIP, Albafone, Blizoo, Telekabel.

13.2.4 Energy operators

Energy operators: Balkan Energy Group, Energetika - ELEM, EVN.

The first two operators cover almost the entire City of Skopje with heating energy and most of the urban settlements in Gazi Baba. On the other hand, EVN, the national private electricity distribution operator, covers the territory of the Municipality of Gazi Baba and the City of Skopje. In the past, EVN made certain capital investments with highest quality standards to distribute electricity to all households in the Republic of Macedonia.

13.2.5 Public enterprises for communal services

The public enterprises for communal services, such as Water Supply and Sewerage - Skopje, Communal Hygiene, Drisla landfill, Streets and Roads, Public City Transport, are owned by the City of Skopje. Several concessions and investments are expected to take place in these sectors in the upcoming period, which will greatly improve their function, financial and economic sustainability, and in turn offer better services for everyone.

13.2.6 Electronic payment methods

Credit cards gained in popularity in the past few years, and the majority of consumer retailers and shopping centers offer this service. The banks offer online banking services, debit card services, and e-payment of bills.

13.2.7 Currency

The official currency in Macedonia is the Macedonian denar (MKD). The denar is circulated in notes of MKD 10, MKD 50, MKD 100, MKD 500, MKD 1,000 and MKD 5,000, and in coins of MKD 1, MKD 2, MKD 5, MKD 10 and MKD 50.

1 Euro = 61.8 MKD

Exchange rates with other currencies are quoted on daily basis by the National Bank of the Republic of Macedonia for statistical and accounting purposes.



13.3 FOREIGN DIRECT INVESTMENTS

The Municipality of Gazi Baba - Skopje, as a renown municipality with a number of industrial capacities in many sectors, is well known for its constant influx of foreign direct investments. We will name only a few of the most reputable companies present in the territory of the Municipality of Gazi Baba:

Duferco Group - Makstil, metal processing industry, the leading company on the market in terms of steel production and known for its strategy and tradition of low production costs, www.makstil.com

Heineken - Skopje Brewery, brewery and beverage industry, one of the biggest producers of beer and Coca - Cola, with long-lasting tradition in brewing Skopsko beer and other well known branded carbonated soft drinks: Coca - Cola, Fanta and Sprite, www.pivara.com.mk, www.heineken.com

ArcelorMittal Skopje - metal processing industry, part of the ArcelorMittal Global, the global leader on all main steel



markets and ArcelorMittal FCE, the leading steel product manufacturer in the Balkans, offering cold rolled coils & sheets, galvanized and pre-painted coils, mainly for the general industry segment on the regional market. Starting from hot-rolled coils as input material, the plant owns all installations to realize the successive operations on the products: pickling, rolling, annealing, coating, leveling, controlling, and packing, www.arcelormittal.com.mk.

ERA Group - Skopje Fair Skopje's Fair, service industry for organizing events and business fairs, www.eragrupa.mk.

SOL Group - Tehnogas Skopje, energy industry, focused on technical gases, www.tgs.com.mk. www.solworld.org.

Messer Group - Messer Vardar Technogas, energy industry, focus on industrial gases, www.messer.com.mk.

Wabtec MZT Skopje, transport industry, part of the Wabtec Corporation, one of market leaders (especially in North and South America) in the production of components and subsystems for locomotives, freight cars and passenger transit vehicles, www.wabtec.com, www.wabteceurope.com.

SANDOZ Group - Lek Skopje, pharmaceutical industry, member company of the Sandoz Novartis Group, focused on production and trade in pharmaceutical and cosmetic products, www.lek.si.

Mr. Bricolage Group - trade retail industry, French retail chain offering do-it-yourself products for interior and exterior decoration of our homes, www.mr-bricolage.com.

13.4 FINANCIAL MARKET

The story of the Macedonian Stock-Exchange began in 1995. In total, there were 19 initial founders of the Stock Exchange (13 banks, 3 insurance companies and 3 saving houses). At the same time, they also became the first stock exchange members with right to trade in securities.

The capital market in the Republic of Macedonia consists of three markets:

- 1. Official market
- 2. Regular market
 - a. Market of publicly-held companies
 - b. Free market

Listing securities on the Official Market is a procedure for admission of securities to the Official Stock Exchange Market in accordance with the criteria prescribed by the Stock Exchange, as well as disclosure of price-sensitive materials and financial information to the public on a regular basis. The high-rated trade companies with exceptional performances and strictly defined development goals, which prefer raising additional capital and public wide-spread holdings, are listed on the Official Market of the Stock Exchange.

The decision for listing on the Official Market sends a clear signal to the potential investors that the company management is willing to run the company transparently. By listing on the Official Market, the company is obliged to regularly and continuously inform the public of all relevant activities undertaken by the company and to give a fair view of the company's financial position. This constitutes a clear disclosure of the company's performance to the public.

- Benefits for companies that are listed on the Official Market:
- Raising new capital by issuing new securities
 - Higher rating and reputation
 - Increasing liquidity and setting market value of stock prices
 - Increasing the value of companies and daily evaluation of the company's net asset value
 - More efficient protection of investors, issuers and minor shareholders
 - More efficient implementation of the corporate governance principles
 - Parallel listings on the foreign stock exchange

The Market of publicly-held companies is a market segment of the Regular Market on which the unlisted securities, issued by companies that are entered in the Register of the Securities and Exchange Commission of the Republic of Macedonia (SEC), are traded.

The companies traded on the Market of Publicly-Held Companies have disclosure obligations to the public according to the Securities Law and SEC acts, and are recorded in the separate SEC Register.

MSE accesses the securities from the SEC Register of the Joint Stock Companies and assigns them a trading code. After the registration, MSE informs the public about the List of companies that will be traded on the Market of Publicly-Held Companies. The listing requirements are not be applicable for the registration on the Market of Publicly-Held Companies.

The Free Market is the market segment where all securities, other than those traded on the Official Market and the Market of Publicly-Held Companies, are traded.

13.4.1 Clearing and settlement

The clearing (calculation of mutual liabilities of authorized market participants on the basis of concluded transactions) is carried out by the Stock Exchange, whereas settlement of the concluded transactions, according to the legal provisions, is carried out by the authorized depository. The manner and procedure of clearing and settlement are described in the acts of the authorized depository. The liabilities concerning the transfer of securities from the concluded exchange transactions shall be carried out by simultaneous payment of the realized price on MSE of those securities ("delivery versus payment" principle).

The settlement of the securities transactions on all MSE markets shall be carried out on the third business day (T + 3) after the day when the transaction was concluded.

MSE shall submit data on the concluded exchange transactions to the authorized depository in electronic form on the day the transactions were concluded.

If members of the Stock Exchange mutually agree, settlement of securities transactions on all exchange markets may be executed within a period shorter than the third business day after the transaction was concluded, with a special settlement day (T+1; T+2), as dictated by MSE.

13.4.2 Special conditions for listing shares

Special conditions for listing shares
For the super listing, the issuer has to meet the following conditions:

1.	Financial statements	Audited financial statements from the last 3 years
2.	Financial results	Profit in the last 3 years
3.	Market capitalization	At least 10,000,000 Euro
4.	Free float ratio	At least 20%
5.	Number of shareholders	At least 200
6.	Website	Macedonian and English version



For the Stock Exchange listing, the issuer has to meet the following conditions:

1.	Financial statements	Audited financial statements from the last 2 years
2.	Capital	At least 500,000 Euro
3.	Free float ratio	At least 15%
4.	Number of shareholders	At least 100

For listing bonds, the issuer must meet the following conditions:

1.	Financial statements	Audited financial statements from the last 3 years
2.	Total nominal value of the issue	At least 500,000 Euro
3.	Percentage of bonds in the public	At least 25%
4.	Number of bond holders	At least 50

Trading on MSE by non-residents

Trading in securities on the Stock Exchange is done through brokerage firms and banks who are members of the Macedonian Stock Exchange.

The trading on MSE can be arranged directly with a local brokerage firm or indirectly through other foreign brokerage firms or banks that have a relationship with local brokerage houses or banks. For direct trading, the relationship with the local broker and bank has to be established by signing an agreement with the local broker.

The required documentation is as follows:

- Organization's / natural person's name,
- Address,
- ID number of the organization/natural person
- Notarized copy of the court-registrar's statement,
- Notarized copy of the list of authorized representatives of the organization, with respective representatives' signatures and a valid document of the statutory representatives, who may be residents or non-residents, and
- Bank account number for money transfers from one's transactional account (for natural persons) and custody (for organizations) account

13.4.3 Custodian services

For all investors who need custodial services, they can be arranged directly at a local custodian bank or indirectly at other banks that have a relationship with that bank. Direct custody requires a special custody agreement with a local custodian bank. For a list of banks providing custody services, visit the National Bank of the Republic of Macedonia website.

For the documentation required for local custody, contact your locally chosen custodian.

13.4.4 BEST- System for trading on the Macedonian Stock Exchange

Trading by means of the electronic trading system has been underway on the Macedonian Stock Exchange since 2001. Stock brokers enter orders into the system directly from their offices from all over Macedonia. Since 2001, MSE has had its own Stock Exchange trading system called BEST, which was developed by Macedonian Stock Exchange experts. Only stock brokers authorized by an MSE member may enter orders into the BEST system. The trading system is technically and content-wise divided into two parts. Securities trading is conducted in the BEST system, whereas MbNet is an information support system used to facilitate trading. More about the trading system and MBNet ...

Basic types of orders:

- Market order
- Limit order

Orders with additional conditions for realization:

- Range order - with one-off entry

Orders with additional conditions for the expiration date:

- Daily order
- Order with validity by a certain date

Orders with special conditions regarding the realization of the quantity

- All or nothing



13.4.5 Clearing and settlement

All trading conducted on MSE is automatically transmitted to the Central Securities Depository (CSD) immediately after the end of each trading session. The initial clearing (identification of buyers/sellers, quantity of securities and prices) is conducted by the MSE BEST system at the end of each trading session. The rest of the clearing process and settlement is done by the CSD. The CSD maintains securities records of all joint stock companies in the Republic of Macedonia (more than 750 companies) in dematerialized form.

All MSE members have their cash settlement accounts in the National Bank of the Republic of Macedonia (Central Bank). There is a gross settlement of both cash and securities combined with internal CSD netting on the monetary side and a compulsory obligation of each MSE member to maintain a liquidity buffer before the final transfer of money starts on the settlement day.

(CSD controls the simultaneous exchange of monetary funds of MSE members within the Central Bank, as well as re-registration of securities ownerships within Macedonia's Central Registry)

The settlement period is T+3 for all securities.

13.4.6 Taxes and charges

The taxation of corporate income is stipulated in the Corporate Income Tax Act, regulating all income of legal persons subject to the Macedonian and the international law. The corporate income tax applies to legal persons, both residents and non-residents. All corporate income is subject to taxation as stipulated by law. This includes returns on securities issued by public companies and other organized entities, as well as dividends and earnings from interest. The tax base is taken to be the corporate profit. It is calculated as the difference between corporate income and expenses, whereby the applicable tax rate base is 10 %.

13.4.7 Withholding tax on dividends

The tax rate for foreign entities and foreign private individuals is 10%. However, the tax base can be reduced by the Double Tax Treaty signed between your country and the Republic of Macedonia.

13.4.8 Other taxes and charges

There are no special taxes, charges or duties and there is no stamp duty imposed on the securities trading.

13.4.9 Investor protection

13.4.9.1 Securities and Exchange Commission

The Macedonian Securities and Exchange Commission (SEC) is responsible for the supervision of Macedonia's capital market. SEC main tasks include granting permission for issuing securities license, supervising MSE and CSD, as well as their members, supervising takeover procedures and reporting by publicly-held companies registered in the SEC's Registry, etc.

13.4.9.2 Recovery of securities

Securities are held in the CSD in the name of their owners. The bankruptcy of a custodian would not have any impact on the securities, as the banks providing custodian services maintain a separate account for their own security. They create different accounts for each client on behalf of whom they act as a custodian.

13.4.9.3 Cash recovery

Any deposits placed in a bank in Macedonia are guaranteed by the Macedonian Deposit Guarantee Scheme. The deposits are guaranteed up to the amount of 10,000 Euro and solely for certain types of account owners.

13.4.9.4 Asset loss

CSD is liable for compensation against damages due to losses. This includes lost income occurring due to inaccuracy or loss of data related to dematerialized securities and/or improper execution of a trade transaction or non-trade transfer and/or due to violation of its rules, if the conduct arises from negligent activity by the depository employees, officers or directors.

13.5 How to obtain information on issuers and trading on the Macedonian Stock Exchange?

Prices of all securities listed on the Macedonian Stock Exchange are available online on the MSE website. You can also find MSE trading data supplied by authorized information providers.

International internet information providers are the following:

- Reuters (real-time data)
- Through banks (real-time data)
- Thomson Financial Limited (end-of-day trading data)
- EUTrek (end-of-day trading data)
- Europoint Systems (end-of-day trading data)

13.5.1 End-of-day trading data by mail

This new service enables investors to receive an end-of-day Excel spreadsheet by e-mail.

The spreadsheet contains useful information on securities trading on the Stock Exchange. It is created and automatically sent to all subscribers at the end of each trading day at around 16:30.

13.5.2 SEI-NET

SEI-NET is the electronic dissemination information system. It is available to the general public on the MSE website. The system offers business information on companies whose securities are listed on the Official Market.

SEI-NET offers the following types of notifications:

- Announcements that issuers are obliged to publish in accordance with legal regulations and MSE's Listing Rules;
- Summary of annual and semi-annual reports and financial statements;
- Information on any business or other events pertaining to business activities of an issuer that may considerably affect the prices of securities (such as general meetings of shareholders, dividend payments, new issues of securities, material changes in the ownership structure, concluded contracts of significant importance, legal proceedings, company mergers, etc.)

13.6 Capital market institutions

- Macedonian Stock Exchange - www.mse.mk
- Securities and Exchange Commission of the Republic of Macedonia - www.sec.gov.mk
- Central Securities Depository, j.s.c. - Skopje - www.cdhv.org.mk

MACEDONIAN STOCK EXCHANGE MEMBERS (brokerage firms and banks)

- <http://www.mse.mk/en/brokers>

13.7 Insurance market

The Insurance Supervision Agency (ISA) was established in 2009. The Insurance Supervision Law lays down the legal basis for the establishment and performance of the authorizations of the ISA. ISA has a status of a legal person and is obliged to report to the Parliament annually.

ISA's managing body includes a chairperson and 4 other members of the Council of Experts.

ISA is mandated to perform supervision over the insurance undertakings, insurance brokerage companies, insurance agencies, insurance brokers and agents, all related parties defined by the Insurance Supervision Law, as well as supervision over the activities of the National Insurance Bureau (Green Card Bureau). ISA is also mandated to issue and revoke licenses, consents, impose measures and sanctions, adopt insurance bylaws and propose amendments to the primary insurance regulation. ISA shall initiate the procedures to become fully-fledged member of the relevant European and international insurance supervision associations and initiate cooperation with counterparts from the region with a view of further development of a sound and stable insurance market.

At the insurance market, which is under direct ISA supervision, we can identify the following market players:

1. Insurance undertakings
2. Insurance brokerage companies
3. Insurance agencies
4. Insurance brokers
5. Insurance agents
6. Certified actuaries
7. Banks with insurance advocacy

On the market there are also institutions and companies that are not supervised by ISA.

Their activities are focused on state pension and disability insurance, fully-funded pension insurance, healthcare insurance and deposit insurance funds, and there is the Agency for Supervision of Fully-Funded Pension Insurance, as well.

PIOM - State Pension and Disability Insurance Fund of the Republic of Macedonia

MAPAS - Agency for Supervision of the Fully Funded Pension Insurance

FZOM - Health Insurance Fund of Macedonia

Deposit Insurance Fund

14. FINANCIAL INCENTIVES

Purchasing state-owned construction land:

- Initial price of 1 Euro for procurement of state-owned construction land through the e-auctions system:

<http://www.gradezno-zemjiste.mk/>

Construction land development fee incentives:



- Construction land development fee by a factor of 0.05 for the following purposes of urban classes (Official Gazette No. 93, pp. 43-44, 11 July 2011):
 - G2 - light and non-polluting industry,
 - G3 - services,
 - G4 - warehouses and distribution centers,
 - B5 - hospitality and tourist complexes, hotel complexes and resorts, and
 - A4 - hotel, motel, mountain huts and hunting lodges.

15. HUMAN RESOURCES

15.1 Workforce

In order to decrease the unemployment, the Government has prepared programs for development of new businesses, as well as free training to improve the skills of the unemployed. The free training is delivered through the National Employment Service Agency (<http://www.avrm.gov.mk/>), and for new business start-ups, young people from Macedonia can apply at www.samovrabotuvanje.mk. Another solution that is closer to us is the YES Incubator, located in MGB, offering pre-incubation, incubation, mentorship, courses and other support for new businesses. All young people interested in improving their skills and knowledge can get in touch with the NGOs MladiInfo, Association of Career Advisors and Center for Women Entrepreneurs. All of them are located in MGB's Youth and NGO Center

Here is a statistical overview of the labor market in Macedonia and in MGB:

Workforce and activity rates							
Total working-age population		Workforce	Activity rates	Employment rate	Unemployment rate		
		Total	Employed	Unemployed			
2011	1,656,215	940,048	645,085	294,963	56.8	38.9	31.4
2012	1,669,965	943,055	650,554	292,502	56.5	39.0	31.0
2012/IV	1,672,079	948,125	657,849	290,276	56.7	39.3	30.6
2013/I	1,672,961	953,780	668,957	284,823	57.0	40.0	29.9
2013/II	1,668,423	952,327	678,467	273,860	57.1	40.7	28.8
2013/III	1,672,275	957,417	682,448	274,969	57.3	40.8	28.7
2013/IV	1,676,182	960,704	685,479	275,225	57.3	40.9	28.6

Due to rounding up of the calculated figures, sometimes minor deviations are possible in the total results obtained by summing the individual figures.

Source: <http://www.stat.gov.mk>

Sectors and divisions of activities	Business entities in:		
	Total	Private ownership	Other ownership*
Total	685,479	527,549	157,930
Agriculture, forestry and fishing	129,391	126,115	(3,276)
Mining	7,381	6,353	:
Manufacturing	133,557	132,964	:
Electricity, gas, steam and air-conditioning supply	10,304	(3,129)	7,175
Water supply, sewerage and waste	10,358	:	9,632
Construction	47,647	45,872	(1,775)
Wholesale and retail trade, repair of motor vehicles and motorcycles	94,483	94,483	-
Transportation and storage	36,604	28,973	7,631
Accommodation and food service activities	23,063	22,734	:
Information and communication	11,387	8,968	(2,419)
Financial and insurance activities	7,659	6,967	:
Real estate activities	:	:	:
Professional, scientific and technical activities	12,659	12,438	:
Administrative and support service activities	13,972	11,150	(2,822)
Public administration and defense, compulsory social security	45,930	-	45,930
Education	40,562	(2,571)	37,991
Human health and social work activities	38,485	10,823	27,662
Arts, recreation and entertainment	9,041	(4,516)	(4,526)
Other service activities	10,059	6,320	(3,739)



Activities of households as employers, undifferentiated goods and			
services producing activities of households for own use	(2,225)	(2,225)	-
Activities of extraterritorial organizations and bodies			
- No occurrence			
: Too imprecise estimate to be published			
* Other ownership (mixed, state, collective)			

15.2 Salary

As of November 2015, the average monthly net salary is MKD 21,976. The minimum annual salary in Republic of Macedonia is determined by the Ministry of Finance upon prior opinion obtained from the already established Economic and Social Council in which the representative trade unions and employer associations participate. The minimum net salary in 2013 was MKD 8,050. Salaries are calculated and paid at least once a month. Social security contributions and personal taxes are withheld by the employer during the payment of salaries to employees.

15.2.1 Social security and pensions

Calculation and payment of all the employee social security contributions is regulated by the Law on Mandatory Social Security Contributions effective since January 2009. This law has introduced the unified system of gross salaries

Employers are obliged to calculate, withhold from employees' gross salary and pay the compulsory social security contributions. The current rates of the compulsory social security contributions are as follows:

- o 18% - pension and disability insurance
- o 7.3% - health insurance
- o 1.2% - unemployment insurance
- o 0.5% - additional health insurance.

The Public Revenue Office (PRO) is the authorized authority to control the calculation and the payment of the compulsory social security contributions.

Source: <http://www.piom.com.mk/>

15.2.2 Labor Relations Act

The employment relation is regulated by an individual employment contract pursuant to the Labor Relations Act. The employment contract, which must be in writing, and kept at the employer's premises, should govern the following:

- information pertaining to contracting parties (employer & employee);
- commencement date;
- employee's duties and the place of work;
- term of employment (part-time or full-time);
- working hours;
- vacations and other leave;
- remuneration and payment period;
- list of the general acts laying down the working conditions.

15.3 Education

Primary and secondary education are compulsory in the Macedonia's educational system, and English is studied from first grade. In addition to the general secondary schools, each city has many vocational schools where students learn various trades. There are five state-owned and a number of internationally recognized private universities and colleges. Both vocational secondary schools and universities offer customized training programmes to meet needs of the companies investing in Macedonia. Macedonia has been investing an average of 6% of the country's GDP in the past few years, which is higher than the corresponding average in most of the countries of the Organization for Economic Co-operation and Development (OECD).

Macedonia has exceptional academic potential, including one public university, "Ss. Cyril and Methodius", with more than 50.000 students enrolling in 49 faculties annually, and four private universities with 10.000 students. Few of these faculties are located on the territory of the Municipality of Gazi Baba: Faculty of Natural Sciences and Mathematics, Faculty of Agricultural Sciences and Food, Faculty of Forestry, and the private universities FON and Goce Delcev. Approximately 80% of the secondary education graduates enroll in one of the universities, and the total number of undergraduate degrees



marked 35% increase in the in the past few years. With 45% of the population being under the age of 30, Macedonia offers young, educated and qualified workforce.

15.4 Work permits and visas

When it comes to employment, foreign nationals and Macedonian citizens have equal rights at the workplace. While working in Macedonia, foreign employees are guaranteed the same labor rights as Macedonian citizens. Foreign nationals can easily establish employment in the Republic of Macedonia, after obtaining appropriate visa or permit from the Ministry of Foreign Affairs or the diplomatic and consular offices abroad.

Three types of work permits are available: personal work permit, employment permit and work permit for conducting



work without employment in the country. The choice of the particular type of work permit depends on the nature and duration of the work to be undertaken in Macedonia. The permit is issued by the Employment Service Agency of the Republic of Macedonia, whereas the procedure is conducted through the Macedonian Embassy in the resident/domicile country of the foreign applicant. Although under the latest regulatory changes, the procedure for issuing work permits could be conducted through the Macedonia's Employment Service Agency as well, such option is still not available in practice until relevant bylaws which would further regulate that procedure are adopted.

The Law on Employment and Work of Foreigners regulates the employment of foreign individuals in the Republic of Macedonia.

Source: <http://www.investinmacedonia.com/>

15.5 Taxes

Macedonia has created the most attractive tax package in Europe, introducing flat tax rate of 10% for corporate and personal income, which simplify the tax system and stimulate the successful companies to further improve the operations and increase their profits.

Income taxes

Corporate income tax: 10%

Personal income tax: 10%

Value-Added Tax

General tax rate: 18%

*Preferential tax rate: 5%



Property taxes

Property tax: 0.1% - 0.2%

Inheritance and gift tax: ** 2-3% or 4 - 5%

Sales tax on real estate and rights: 2-4%

* Includes computer software and hardware

** 2-3% for the taxpayer in the 2nd order of succession and 4-5% for the taxpayer in the 3rd order of succession or not related to the testator

Source: Public Revenue Office

Withholding tax is applied on the following income payable abroad:

- 1) Dividends;
- 2) Interest;
- 3) Royalties;
- 4) Income from entertainment or sporting activities in the Republic of Macedonia;
- 5) Income from management, consulting, financial services, services related to research and development;
- 6) Income from insurance or reinsurance premiums;
- 7) Income from telecommunication services between the Republic of Macedonia and a foreign country;
- 8) Income from lease of immovable property in Macedonia.

Tax shall not be withheld on the following revenues:

- 1) Transfer of the profit of the permanent establishment of a foreign legal entity in the Republic of Macedonia, for which profit tax has been previously paid;
- 2) Revenue from interest on debt instruments issued and/or guaranteed by the Government of the Republic of Macedonia, the National Bank of the Republic of Macedonia and banks or other financial institutions acting as a representative of the Macedonian Government.
- 3) Income from interest on deposits in a bank located in the Republic of Macedonia; and
- 4) Income from intermediation or consulting regarding government securities on the international financial market.

15.6 Accounting

The changes in the Macedonian accounting legislation over the past few years have moved this legislation closer to the International Financial Reporting Standards (IFRS).

On 29 December 2009, the new Accounting Rulebook was published, containing the IFRS 2009 Bound Volume, as adopted by IASB. These IFRSs are applicable for annual reporting periods beginning on or after 1 January 2010. The Trading Company Law, the Banking Law, the Law on Insurance Supervision as well as certain other laws also contain regulations applicable to the financial reporting requirements.

15.6.1 Accounting records requirements

The Trading Company Law regulates the obligations and manners in which the accounting records of all companies (including financial institutions) will be kept, including the following:

- The accounting records of the business organizations are kept in accordance with the IFRS as adopted in the Republic of Macedonia;
- Accounting records are to be kept in the Macedonian language;
- Accounting records are to be kept using double entry bookkeeping;
- Bookkeeping is organized in a chronological order;
- Accounting records are to be closed on 31 December of each year.

There are standard charts of accounts for companies, banks, insurance companies and non-for-profit organizations.

Source: <http://www.investinmacedonia.com/>

15.6.2 Agreements

The Republic of Macedonia has concluded investment protection agreements with the following countries:

Albania, Austria, Belgium, Bosnia and Herzegovina, Bulgaria, China, Croatia, Czech Republic, Republic of Korea, Finland, France, Germany, Hungary, India, Italy, Malaysia, Netherlands, Poland, Romania, Russia, Serbia, Slovenia, Spain, Sweden, Switzerland, Turkey and Ukraine.

The Republic of Macedonia has concluded double taxation avoidance agreements with the following countries:

Austria, Albania, Belgium*, Belarus, Bulgaria, United Kingdom, Germany, Denmark, Egypt, Estonia, Iran, Ireland, Italy, Qatar, China, Kosovo, Kuwait, Latvia, Lithuania, Morocco, Moldova, Norway, Poland, Romania, Russia, Slovakia, Slovenia, Taiwan, Turkey, Ukraine, Hungary, Finland, France, Netherlands, Croatia, Czech Republic, Switzerland, Sweden, Spain, Serbia, Montenegro.

16. TRADE

The Republic of Macedonia is a signatory to three multilateral free trade agreements: SAA (Stabilization and Association Agreement), EFTA (with Switzerland, Norway, Iceland and Liechtenstein), and CEFTA (with Albania, Moldova, Serbia, Montenegro, Bosnia and Herzegovina and Kosovo).

In addition to the multilateral, Macedonia has also signed two bilateral free trade agreements with Turkey and Ukraine. These agreements provide to Macedonia duty-free access to more than 650 million consumers.

Macedonia has also been a member of the World Trade Organization (WTO) since 2003.

17. TRAVEL INFORMATION

The Municipality of Gazi Baba is very close to the Skopje Airport, as well as to the international railway and road transportation center, connecting Skopje to all major cities in Europe.

Alexander the Great Airport is at only 15 km away from MGB, offering direct flight to the most European cities and cargo services, as well. You can check the flights here ... <http://skp.airports.com.mk/>

There is taxi and bus shuttle service from the Airport to Skopje, and the price of a one-way ticket is only 2.5 Euro. More information here... <http://skp.airports.com.mk/>

The rail station connects Skopje with many European cities, such as Ljubljana, Belgrade, Vienna, Zurich, Verona, Milano etc. See the timetable here... <http://www.mztransportad.com.mk/>

Furthermore, there is a road connection to many countries, such as Turkey, Serbia, Bulgaria, Bosnia, Germany, Montenegro, Slovenia, Italy, Croatia, Greece, Czech Republic, Denmark, Belgium, Sweden and Switzerland. You can choose your destination here... <http://www.sas.com.mk/>

When you arrive to the Transport Center, it is up to you to decide whether you are going to continue on foot to out Municipality, which is only a ten-minute walk, or take the city bus or taxi from the station.

17.1 ACCOMMODATION CAPACITIES

Kamnik Hunter's Lodge is a luxurious hotel located in the wonderful green forest near Alexander of Macedon highway and LUKOIL petrol station.

Continental Hotel is closer to the Transport Center and Gazi Baba municipal's building, right next to Alexander of Macedon highway.

<http://www.kamnik.com.mk>

<http://www.hotelcontinental.com.mk>





PLACE FOR DOING BUSINESS
MUNICIPALITY OF
GAZI BABA - SKOPJE



#1.1 NEW ERA CITY COMPLEX

MUNICIPALITY OF GAZI BABA - SKOPJE

CITY EXHIBITION & BUSINESS CENTER & TRADE CENTER

41°59'53.9"N 21°27'06.1"E

BLVD ALEKSANDER THE GREAT - CITY DOWNTOWN
URBAN AREA

Type of Project

New MGB "ERA CITY COMPLEX", through an urban development plan and project conversion for urban purpose B1 - construction surface area of 0,11 ha and gross floor area of 0,10ha, for urban purpose B2 - construction surface area of 6,84 ha and gross floor area of 27,67ha, for urban purpose of B4 - construction surface area of 2,38 ha and gross floor area of 7,58ha, for urban purpose of B5 - construction surface area of 1,1ha and gross floor area of 2,97ha and for urban purpose of B6 - construction surface area of 5,98ha and gross floor area of 27,87ha. The project also foresees for compatible purposes, the realization of residential building and group housing, small business and commercial facilities, large trade centers, large catering units, business premises, hotel complexes, spaces for gatherings, health, culture, state institutions and sports & recreation.

Description

The project is located in Eastern Industrial Zone alongside the blvd Aleksandar the Great, in the urban zone 1, on the construction surface area of 23,38 ha. The location is distanced only 1,5 km from the downtown of the city. This project is located at the one of the most attractive location in the city, right beside the city exhibition area, close to the university campus of Ss. Cyril and Methodius University campus, next to the city regional and international railway and bus station, with fast road connection to all parts of the city. This project will offer a combination of opportunities for business, exhibition fairs, trade center, entertainment, conference and congress space, as well as residential housing, not only for the city, but also for the entire state, and wider for the neighboring countries. In this direction, this location has an excellent and fast connection through the blvd Aleksandar the Great with the highway A2 and the city north ring road A4, as well as fast connection with the new airport Alexander the Great.

Implementation strategy

It will be offered on real estate market through direct business negotiations with the private owners of the state construction land.

Proximity to public transport

With city bus lines: "2", "16", "2A", "50", "65" and many others, this location is connected with all parts of the City of Skopje.

Property

Private ownership.

ZONE 1

Zone area	23,38 ha
Distance from Skopje city center	1,5 km
Distance from the Skopje train station	0,5 km
Airport distance	15 km
Small Business & Commercial Facilities	0,11 ha
Large Trade Units	6,84 ha
Business Premises	2,38 ha
Hotel Complex	1,1 ha
Exhibition & Gathering Space	5,98 ha

The real estate market – Zone # 1

Autumn - 2015

Offices	Prices (Euro/sq.m.)	2000
	Rent (Euro/sq.m./yr.)	144
Retail	Prices (Euro/sq.m.)	220
	Rent (Euro/sq.m./yr.)	168
Residencies	Prices (Euro/sq.m.)	1050
	Rent (Euro/sq.m./yr.)	60



0 Km 1Km 2Km



Urban Landmarks of the Area :

- A - Blvd Alexander The Great
- B - Blvd Alexander The Great at night.
- C - Current Era City Complex



CURRENT ERA CITY COMPLEX



#1.2 NEW KERAMIDNICA RESIDENTIAL BUILDING MUNICIPALITY OF GAZI BABA - SKOPJE NEW RESIDENTIAL BUILDING

41°59'40.2"N 21°28'13.8"E

BLVD KIRO GLIGOROV - TOWARD BLVD SRBIJA
PERIPHERAL AREA

Type of Project

New MGB Keramidnica Residential Building, next to FON University, through an urban development plan and project conversion for urban purpose A2 - construction surface area of 0,55 ha, and gross floor area of 11290 m².

In addition to the new residential settlement, for compatible purposes, the project foresees the realization of small business and commercial facilities, large trade centers, business premises, culture and state institutions.

Description

The project is located alongside the blvd Kiro Gligorov, next to the private University FON, in the urban zone 2 of the municipality.

The location is distanced only 5 km from the downtown of the city, and close to the residential zones Jane Sandanski and Novo Lisiche in the Municipality of Aerodrom. The location offers excellent advantages for construction of residential building, close to commercial and educational facilities – Super Tinex, Bricolage, Neptun, BIG BOX, University FON, Mercedes car dealership, recreational zone alongside the Vardar river, giving an added value to this project. This location has excellent and fast connection through blvd Kiro Gligorov blvd Srbija, blvd Aleksandar the Great, and blvd Asnom to all parts of the City of Skopje, as well as fast connection to the new airport Alexander the Great and the railway network.

Implementation strategy

It will be offered on the real estate market through the process of e-bid selling of state construction land.

Proximity to public transport

Bus lines "13", "42". The city bus line '3' is also close to that location.

Property

Republic of Macedonia.

ZONE 1

Zone area	0,55 ha
Distance from Skopje city center	5 km
Distance from the Skopje train station	6 km
Airport distance	14 km
Residential Building construction surface	0,11 ha
Residential Building Gross Floor Area	11290 m ²
Compatibility for Large Trade Units & Small Business and Commercial Facilities	40%

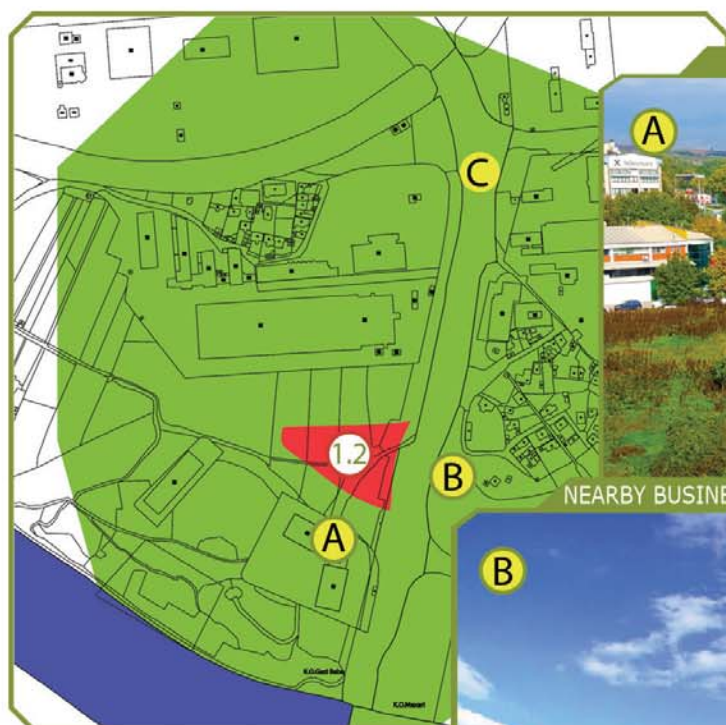
Real estate market – Zone # 1

Autumn - 2015

Offices	Prices (Euro/sq.m.)	1700
	Rent (Euro/sq.m./yr.)	120
Retail	Prices (Euro/sq.m.)	1900
	Rent (Euro/sq.m./yr.)	144
Residencies	Prices (Euro/sq.m.)	950
	Rent (Euro/sq.m./yr.)	48



0 Km 1Km 2Km



BLVD KIRO GLIGOROV

A



NEARBY BUSINESS & TRADE CENTER

B



- Urban Landmarks of the Area :

- A - Blvd Kiro Gligorov
- B - Nearby Business & Trade Center
- C - Blvd Kiro Gligorov

BLVD KIRO GLIGOROV

C



2.1 NEW SPORT & RECREATIONAL CENTER-ZELEZARA

MUNICIPALITY OF GAZI BABA - SKOPJE

SPORT & RECREATIONAL CENTER

42°00'23.4"N 21°27'41.1"E

STR. 16 MAKEDONSKA BRIGADA - TO BLVD
ALEKSANDAR THE GREAT - URBAN AREA

Type of Project

New MGB Sport & Recreational zone - Zelezara, through an urban development plan and project conversion for urban purpose A4 - construction surface area of 0,827 ha and gross floor area of 4,68ha, for urban purpose D3 - construction surface area of 6,47 ha and gross floor area of 10,94ha, and for urban purpose of E2 - for parking garage, construction surface area of 0,625 ha and gross floor area of 1,17ha. In addition to the sport & recreational zone, for compatible purposes, the project, foresees realization of temporary accommodation, small business and commercial facilities, large trade centers, large catering units, business premises, spaces for gatherings and culture.

Description

The project is located at the foot of the protected park forest Gazi Baba, alongside the street 16th Macedonian Brigade, in the urban zone 2, on the construction surface area of 18 ha. The location is distanced only 3 km from the downtown of the city. At this location there are two football fields that are homes to two football clubs, Metalurg and Skopje, as a solid foundation for development of this zone as an arena for professional and recreational sport, commercial facilities, accommodation and catering and space for parking garage. It will offer many opportunities for all generations, not only for the athletes and inhabitants of MGB and Skopje, but also form the entire state, and wider from the neighboring countries. In this direction, this location has excellent and fast connection through the blvd Aleksander the Great with the highway A2 and the city north ring road A4, as well as fast connection with the new airport Alexander the Great and railway network.

Implementation strategy

It will be offered on real estate market through the process of e-bid selling of the state construction land.

Proximity to public transport

With city bus lines: "16", "13" and "2A" SRC Zelezara is connected with all parts of the City of Skopje.

Property

Republic of Macedonia and Private ownership

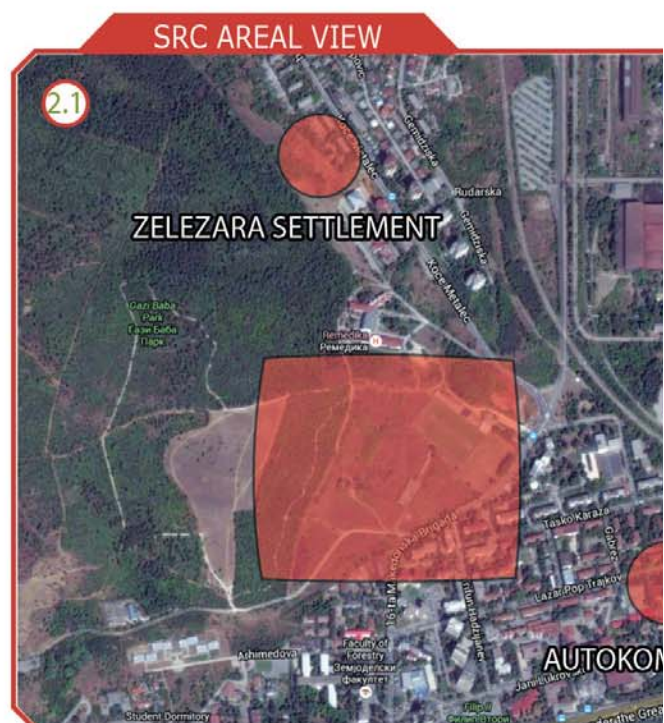
ZONE 2

Zone area	18 ha
Distance from Skopje city center	3 km
Distance from the Skopje train station	2 km
Airport distance	10 km
Temporary Accommodation	0,827 ha
Sport & Recreation	6,47 ha
Parking Garage	0,625 ha

The real estate market - Zone # 2

Autumn - 2015

Offices	Prices (Euro/sq.m.)	1800
	Rent (Euro/sq.m./yr.)	120
Retail	Prices (Euro/sq.m.)	2000
	Rent (Euro/sq.m./yr.)	144
Residencies	Prices (Euro/sq.m.)	950
	Rent (Euro/sq.m./yr.)	42



The map shows the study area with a red circle labeled '2.1' indicating the study site. The surrounding area is divided into green and yellow zones. Labels A, B, and C are placed on the map. A color-coded legend is provided on the right side of the map.

RECREATIONAL ZONE GAZI BABA

A - Str. 16-Makedonska Brigada
B - Recreational zone Gazi Baba
C - SRC Zelezara - Area view

An aerial photograph showing a large, rectangular green field enclosed by a blue fence. The field is surrounded by dense green trees and vegetation. In the background, a city is visible, with mountains in the distance. The sun is low on the horizon, creating a warm, golden light. A yellow circle with the letter 'C' is in the top left corner.

An aerial photograph of an industrial area. A large, dark, rectangular industrial building is the central feature. To its north is a large, reddish-brown rectangular area, possibly a construction site or a different type of industrial zone. The area is surrounded by roads and some greenery. Labels on the map include 'Industrial Zone Zelezara' in large, bold, black letters, 'Manda Settlement' in large, bold, black letters, and 'Manda' in smaller text. There are also labels for 'Kard. Shagorov' and 'Alexandru the Great'. A red circle highlights a specific area in the upper left, and a yellow circle highlights a specific area in the lower left.

MANDA SETTLEMENT

#2.2 NEW MUNICIPAL HEADQUARTER

MUNICIPALITY OF GAZI BABA - SKOPJE

ADMINISTRATION & BUSINESS CENTER & TRADE CENTER

41°59'59.9"N 21°27'08.2"E

BLVD ALEKSANDAR THE GREAT - CITY DOWNTOWN
URBAN AREA

Type of Project

New MGB "MUNICIPAL HEADQUARTER", through an urban development plan and project conversion for urban purpose V4 - construction surface area of 0,68 ha and gross floor area of 4,75ha. The project, also foresees 49% of the entire gross floor area for compatible purposes, the realization of small business and commercial facilities, large trade center, large catering units, business premises, hotel complexes, and state institution.

Description

The project is located in the foot of the park forest Gazi Baba, alongside the blvd Aleksandar the Great, in the urban zone 2, on the construction surface area of 0,68 ha. The location is distanced only 1,5 km from the downtown of the city. This project is located at one of the most attractive location in the city, among the city exhibition fair, hotel Continental, student campus Stiv Naumov and few faculties of the state university ss. Cyril and Methodius University, next to the city regional and international railway and bus station, with fast road connection to all parts of the city. This project will offer an opportunity for public - private partnership with the model of co-investment in implementation of this project as a combination of municipal building and business & commercial complex. In this direction, this location has excellent and fast connection through the blvd Aleksander the Great with the highway A2 and the city north ring road A4, as well as fast connection with the new airport Alexander the Great.

Implementation strategy

It will be offered on the real estate market through direct business negotiations with the private owners of the state construction land.

Proximity to public transport

With city bus lines: "2", "16", "2A", "50", "65" and many others, this location is connected with all parts of the city of Skopje.

Property

Private ownership.

ZONE 2

Zone area	0,68 ha
Distance from Skopje city center	1,5 km
Distance from the Skopje train station	0,5 km
Airport distance	15 km
Munic. Building with compatible purposes	0,68 ha

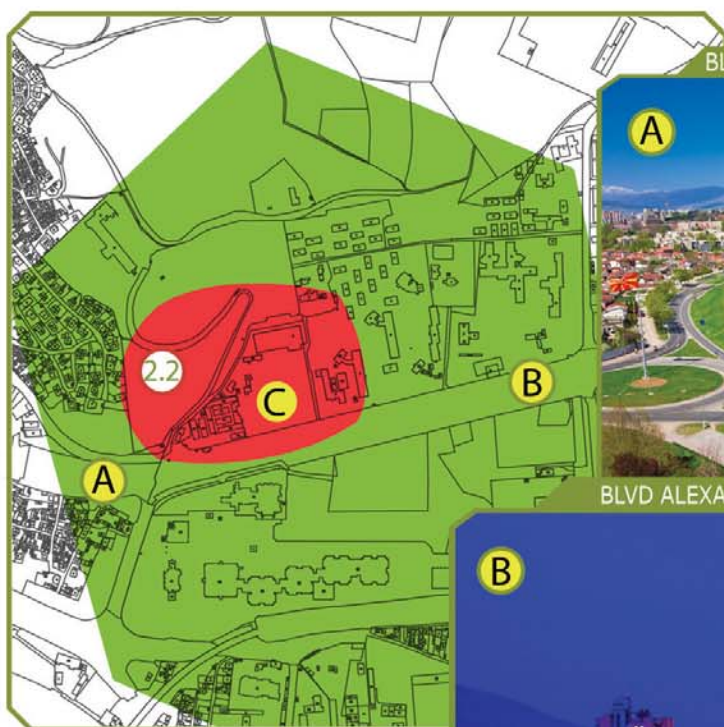
The real estate market – Zone # 2

Autumn - 2015

Offices	Prices (Euro/sq.m.)	1800
	Rent (Euro/sq.m./yr.)	120
Retail	Prices (Euro/sq.m.)	2000
	Rent (Euro/sq.m./yr.)	144
Residencies	Prices (Euro/sq.m.)	950
	Rent (Euro/sq.m./yr.)	42



0 Km 1Km 2Km



BLVD ALEXANDER THE GREAT



BLVD ALEXANDER THE GREAT



- Urban Landmarks of the Area :

- A - Blvd Alexander the Great
- B - Blvd Alexander The Great at night
- C - Current Municipal HQ Complex



CURRENT MUNICIPAL HQ COMPLEX



#3.1 NEW MADZARI RESIDENTIAL SETTLEMENT

MUNICIPALITY OF GAZI BABA - SKOPJE

NEW RESIDENTIAL SETTLEMENT

41°59'35.6"N 21°28'35.5"E

BLVD KIRO GLIGOROV - TOWARD BLVD SRBIJA
PERIPHERAL AREA

Type of Project

New MGB Madzari Residential Settlement, next to auto salon Mercedes, through an urban development plan and project conversion for urban purpose A2 - construction surface area of 2ha, for urban purpose B1 & B2 - construction surface area of 2,18 ha, for urban purpose of V2 - construction surface area of 0,218 ha, for urban purpose of B1 - construction surface area of 0,23 ha, for urban purpose of D2 - protective greenery surface area of 0,216 ha, for urban purpose E1- construction surface area of 2ha, and for line centers - construction surface area of 0,726 ha. In addition to the new residential settlement, for compatible purposes, the project foresees realization of small business and commercial facilities, large trade centers, large catering units, business premises, health and social protection, culture and state institutions, as well as sport and recreation, residential housing and group housing.

Description

The project is located next to the auto salon of Mercedes, alongside the blvd Kiro Gligorov, close to the private University FON, in the urban zone 3 of the municipality, on the construction surface area of 7,43 ha. The location is distanced only 5 km by the downtown of the city, and close to the residential zones Jane Sandanski and Novo Lisiche in the municipality of Aerodrom. The location offers a possibility for regeneration of the site by organizing a housing model, as a combination of individual and collective housing, with all essential planned plots for health, kindergarten, primary education, as well as small commercial facilities, large trade units and catering units. In the neighborhood of this location there are located residential and educational facilities - Super Tinex, Bricolage, Neptun, University FON, Mercedes dealership, giving an added value to this project. This location has excellent and fast connection by the blvd Kiro Gligorov, blvd Srbija, blvd Aleksandar the Great, and blvd Asnom to all parts of the City of Skopje, as well as fast connection with the new airport Alexander the Great and the railway network.

Implementation strategy

It will be offer on the real estate market through the process of e-bid selling of the state construction land.

Proximity to public transport

Bus lines "13", "42". Also close to that location is city bus line "3".

Property

Republic of Macedonia and Private ownership.

ZONE 3

Zone area	7,43 ha
Distance from Skopje city center	7 km
Distance from the Skopje train station	6 km
Airport distance	14 km
Residential Housing	2,0 ha
Large Trade Units& Small business and Commercial Facilities	2,18 ha
Communal Infrastructure	2,0 ha

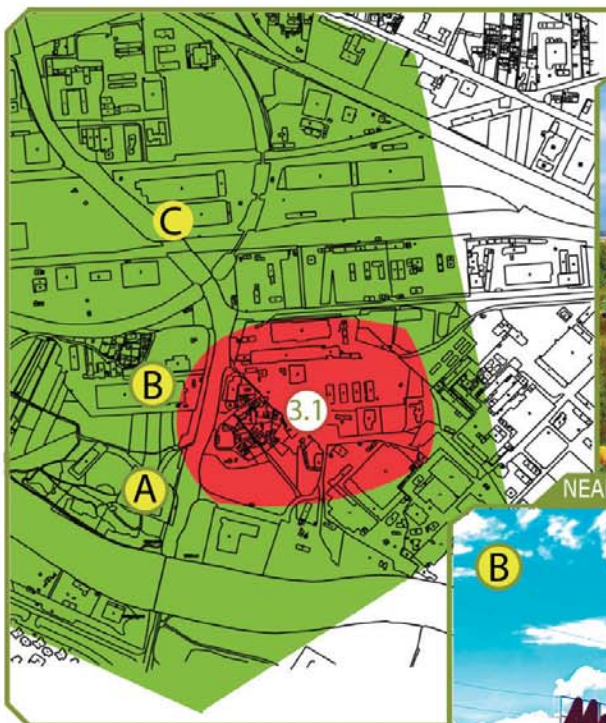
The real estate market - Zone # 3

Autumn - 2015

Offices	Prices (Euro/sq.m.)	1700
	Rent (Euro/sq.m./yr.)	120
Retail	Prices (Euro/sq.m.)	1900
	Rent (Euro/sq.m./yr.)	144
Residencies	Prices (Euro/sq.m.)	950
	Rent (Euro/sq.m./yr.)	48



0 Km 1Km 2Km



BLVD KIRO GLIGOROV



NEARBY BUSINESS & TRADE CENTER



- Urban Landmarks of the Area :

- A - Blvd Kiro Gligorov
- B - Nearby Business & Trade Center
- C - Blvd Kiro Gligorov

BLVD KIRO GLIGOROV



INVESTOR'S GUIDE - NEW RESIDENTIAL SETTLEMENT 'MADZARI'



#3.2 NEW HIPODROM RESIDENTIAL SETTLEMENT MUNICIPALITY OF GAZI BABA - SKOPJE NEW RESIDENTIAL SETTLEMENT

41°59'38.8"N 21°31'24.7"E

A2 HIGHWAY - TO THE CENTER OF CITY OF SKOPJE
PERIPHERAL AREA

Type of Project

New MGB Hipodrom Residential Settlement, through an urban development plan and project conversion for urban purpose A1 - construction surface area of 4,7 ha, for urban purpose A2 - construction surface area of 2,6 ha, for urban purpose of B2 - construction surface area of 0,23 ha, for urban purpose of B1 - construction surface area of 0,23 ha, for urban purpose of D1-park foliage surface area of 0,49 ha, for urban purpose of D2 - protective greenery surface area of 2,3 ha, for urban purpose V2- construction surface area of 0,6 ha, and for urban purpose E1 - construction surface area of 5,2 ha. In addition to the new residential settlement, for compatible purposes, the project foresees realization of small business and commercial facilities, large trade centers, large catering units, business premises, health and social protection, culture and state institutions.

Description

The project is located next to the highway A2, at the so called Eastern gate of the City of Skopje, in a peripheral zone 3, on the construction surface area of 16,6 ha. The location is distanced only 7 km from the downtown of the city. The location offers quite a different approach in organizing the housing model, at the peripheral zone, as a combination of individual and collective housing, outside of the urban and traffic chaos, with all essential planned plots for health, kindergarten, primary education, as well as small commercial facilities, large trade units and catering units. In the neighborhood of this location are located two exceptional complexes - the best training center and the sport & recreational center, giving an added value to this project. This location will have excellent and fast connection by two bypasses for exit and entry to the highway A2 and the city north ring road A4, as well as fast connection with the new airport Alexander the Great and railway network, distanced only 10 km from the location.

Implementation strategy

It will be offered on real estate market through the process of e-bid selling of the state construction land.

Proximity to public transport

At this moment few bus lines are active: "50"; "52"; "53"; "54".

Property

Republic of Macedonia and Private ownership.

ZONE 3

Zone area	16,6 ha
Distance from Skopje city center	7 km
Distance from the Skopje train station	6 km
Airport distance	10 km
Individual Housing	4,7 ha
Collective Housing	2,6 ha
Large Trade Units	0,23 ha
Small Business & Commercial Units	0,23 ha

The real estate market - Zone # 3

Autumn - 2015

Offices	Prices (Euro/sq.m.)	1500
	Rent (Euro/sq.m./yr.)	108
Retail	Prices (Euro/sq.m.)	1700
	Rent (Euro/sq.m./yr.)	144
Residencies	Prices (Euro/sq.m.)	800
	Rent (Euro/sq.m./yr.)	36



0 Km 1Km 2Km



BUL.ALEXANDER THE GREAT



MAIN STREET ENTERNACE



- Urban Landmarks of the Area :

- A - Blvd Alexander the Great
- B - Main Street Enternace to Hipodrom Residential settlement
- C - Blvd Alexander the Great



BLVD ALEXANDER THE GREAT



#3.3 SPORT & RECREATIONAL CENTER HIPODROM MUNICIPALITY OF GAZI BABA - SKOPJE SPORT & RECREATIONAL CENTER 41°59'38.8"N 21°31'24.7"E

A2 HIGHWAY - TO THE CENTER OF CITY OF SKOPJE
PERIPHERAL AREA

Type of Project

New MGB Sport & Recreational zone - Hipodrom, through an urban development plan and project conversion for urban purpose B6 - construction surface area of 41,4 ha, for urban purpose B5 - construction surface area of 0,34 ha, for urban purpose of A2 - construction surface area of 1,25 ha, for urban purpose of A1 - construction surface area of 23,8 ha. The project, in addition to the sport & recreational zone, foresees for compatible purposes, the realization of small business and commercial facilities, large trade centers, large catering units, business premises, health and social protection, culture and state institutions.

Description

The project is located next to the highway A2, at the so called Eastern gate of the City of Skopje, in a peripheral zone 3, on the construction surface area of 67 ha. The location site is distanced only 7 km from the downtown of the city. In a time when contemporary professional life brings many challenges in mental, physical and healthy sense, the need for project of this kind is significantly multiplied with the objective to generate healthy, productive and top youth generations. In that sense, the development of the SRC, with many facilities for sport and recreation, accommodation and catering, events and manifestations, will offer many opportunities for all generations, not only for the inhabitants of MGB and Skopje, but wider, in the whole state and also from the neighboring countries and wider. In this direction, this location will have excellent and fast connection by two by pass for exit and connection with the highway A2 and the city north ring road A4, as well as fast connection with the new airport Alexander the Great and railway network distanced only 10 km from the location.

Implementation strategy

It will be offer on real estate market by the process of e-bid selling of the state construction land.

Proximity to public transport

After finalization of the project, the city public transport company "JSP", will provide this location with regular bus lines.

Property

Republic of Macedonia and Private ownership.

ZONE 3

Zone area	67 ha
Distance from Skopje city center	7 km
Distance from the Skopje train station	6 km
Collective facilities	41,4 ha
Hotel Complex	0,34 ha
Airport distance	10 km
Individual Housing	23,8 ha
Collective Housing	1,25 ha

The real estate market - Zone # 3

Autumn - 2015

Offices	Prices (Euro/sq.m.)	1100
	Rent (Euro/sq.m./yr.)	108
Retail	Prices (Euro/sq.m.)	1300
	Rent (Euro/sq.m./yr.)	168
Residencies	Prices (Euro/sq.m.)	800
	Rent (Euro/sq.m./yr.)	36



0 Km 1Km 2Km



RING ROAD SKOPJE



HIPPODROME FOR HORSE TRAINING

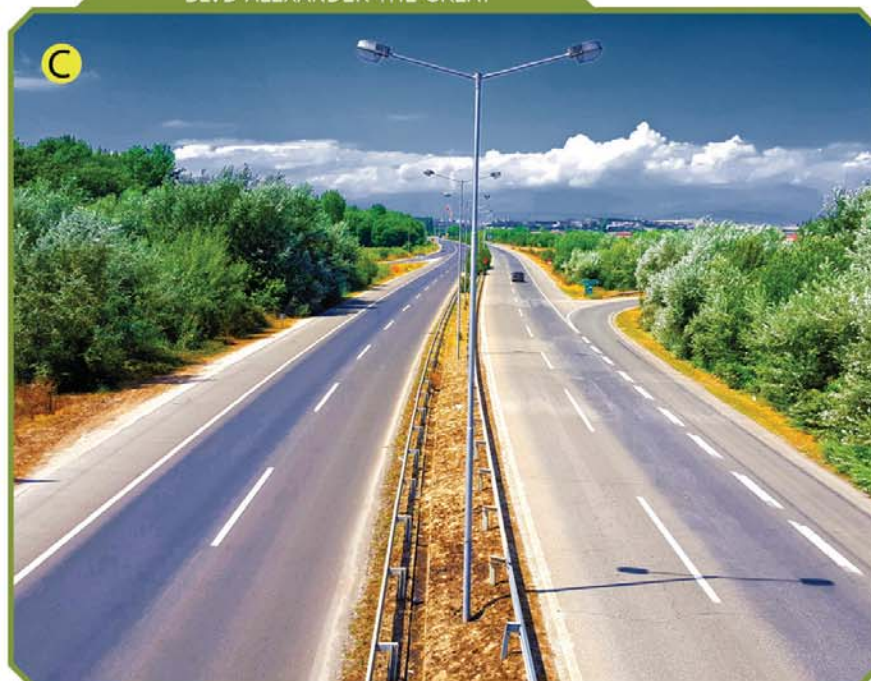


- Urban Landmarks of the Area :

- A - Ring Road - Skopje
- B - Hippodrome stadium for horse training
- C - Blvd Alexander the Great



BLVD ALEXANDER THE GREAT



#4.1 NEW INDUSTRIAL ZONE - RING ROAD

MUNICIPALITY OF GAZI BABA - SKOPJE

INDUSTRIAL & LOGISTIC & TRADE ZONE

41°59'56.8"N 21°32'05.4"E

SKOPJE RING ROAD - BETWEEN HIGHWAY A2 INTER-
CHANGE AT HIPODROM AND TRAFFIC INTERCHANGE
AT R - 1104 - PERIHPERIAL AREA

Type of Project

New MGB Industrial zone at the Skopje Ring Road, through an urban development plan and project conversion for urban purpose B2 and B5 - construction surface area of 42,87 ha, for urban purpose G2, G3 and G4 - construction surface area of 148,83 ha, for urban purpose of D2 - for protective greenery construction surface area of 42,29 ha and for the urban purpose of E1 & E2 - for communal infrastructure and supra-structure construction surface area of 50,56 ha. In addition to the industrial zone, for compatible purposes, the project foresees the realization of hotels, large catering units, business premises, culture and state institutions.

Description

The project is located around the Skopje ring road, from both sides, on the construction surface area of 284,5 ha, between the A2 highway interchange at Hipodrom, close to settlement Indzikovo, and traffic interchange at R - 1104, at a distance of 3,2km. The ring road, alongside this location, is the main transit transport corridor for domestic and foreign logistic companies. This industrial zone is planned for logistic industry - warehouses and distribution centers, and easy industry in combination with the large trade and catering units. The location has excellent connection with the domestic and foreign markets by the pan European corridors 8 and 10, as well as with the airport Alexander the Great and railway network located in close neighborhood, at distance of only 10 km. The zone will provide an excellent business and logistic location for all companies and its business operations in SEE markets and wider in the EU markets, with the huge consumer's potential.

Implementation strategy

It will be offered on real estate market through the process of e-bid selling of the state construction land.

Proximity to public transport

After finalization of the project, the city public transport company "JSP", will provide this location with regular bus lines

Property

Republic of Macedonia and Private ownership (proportion 50 % state, 50 % private).

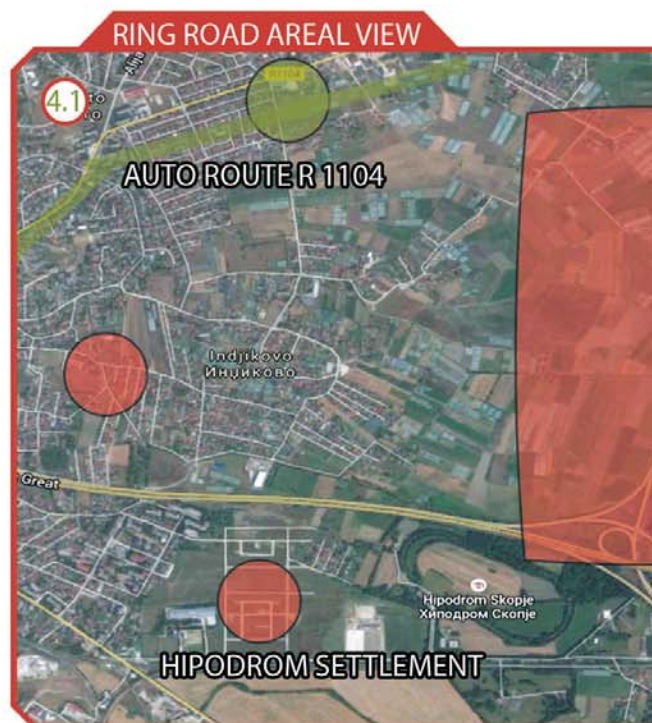
ZONE 4

Zone area	284,5 ha
Distance from Skopje city center	10 km
Distance from the Skopje train station	10 km
Manufacturing, distribution, services	148,83 ha
Commercial and business functions	42,87 ha
Airport distance	10 km
Protective Greenery	42,29 ha
Communal Infrastructure and Supra structure	50,56 ha

The real estate market – Zone # 4

Autumn - 2015

Offices	Prices (Euro/sq.m.)	1000
	Rent (Euro/sq.m./yr.)	108
Retail	Prices (Euro/sq.m.)	1200
	Rent (Euro/sq.m./yr.)	120
Industrial buildings	Prices (Euro/sq.m.)	N/A
	Rent (Euro/sq.m./yr.)	N/A



0 Km 1Km 2Km



- Urban Landmarks of the Area :

- A - Auto Route A2
- B - Auto Route R 1104
- C - rRing Road Areal View



#4.2 NEW AUTOCAMP SMILKOVCI

MUNICIPALITY OF GAZI BABA - SKOPJE

TOURIST&RECREATIONAL ZONE

42°01'52.8"N 21°29'16.0"E

SKOPJE RING ROAD AT SMILKOVCI LAKES PERIPHERAL AREA

Type of Project

New MGB auto camp Smilkovci construction is a combination of three blocks with a different urban purpose. Through a urban development plan and project conversion of block one for a maximum of 3,87ha gross floor area for hotel complex and construction area at surface of 3,74ha, block two for a maximum of 0,73ha gross floor area for temporary accommodation, sport & recreation and construction area at surface of 7,37ha, and block three for a maximum of 3,86ha gross floor area for sport & recreation and construction surface area of 10,42ha.

Description

The project is located around the Smilkovski lakes, alongside the Skopje's ring road, at distance of 8 km from the exit of the highway A2 at Hipodrom area. The ring road alongside this location is the main transit transport corridor, not only for abroad passengers, tourists and logistic companies, but also for domestic passengers, tourists and logistic companies from the country and city of Skopje. The ongoing construction of ring road bypass connection to this project location, in both directions of the ring road, will give an added value to this tourist and recreational hub. And the beauty of the Skopska Crna Gora mountain, mixed with a plenty of opportunities of the rural areas and villages spread over the mountain, gives to this location unique feeling of natural scent and taste.

Implementation strategy

It will be offer on real estate market by the process of e-bid selling of the state construction land for 73707 sq.m.

Proximity to public transport

After finalization of the project, the city public transport company "JSP", will provide this location with regular bus lines.

Property

Republic of Macedonia.

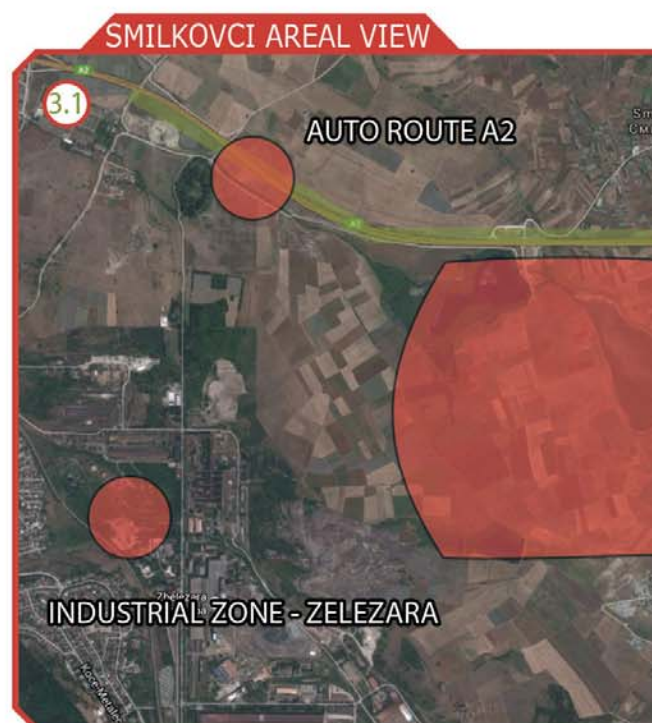
ZONE 4

Zone area	21.53 ha
Distance from Skopje city center	15 km
Distance from the Skopje train station	13 km
Airport distance	15 km
Hotel complex	3.87 ha
Temporary accommodation	0.73 ha
Sport & Recreation	3.86 ha

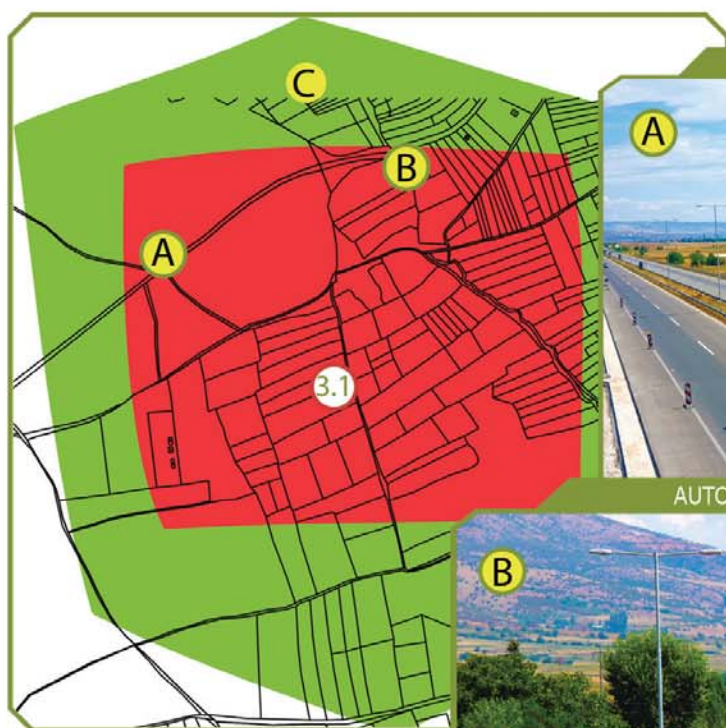
The real estate market – Zone # 4

Autumn - 2015

Industrial buildings	Prices (Euro/sq.m.)	N/A
	Rent (Euro/sq.m./yr.)	N/A
Offices	Prices (Euro/sq.m.)	1000
	Rent (Euro/sq.m./yr.)	108
Retail	Prices (Euro/sq.m.)	1200
	Rent (Euro/sq.m./yr.)	120
Residencies	Prices (Euro/sq.m.)	700
	Rent (Euro/sq.m./yr.)	30



0 Km 1Km 2Km



AUTO ROUTE A2



AUTO ROUTE A2



- Urban Landmarks of the Area :

- A - Auto Route A2
- B - Auto Route A2
- C - Smilkovci Areal View

SMILKOVCI AREAL VIEW



INVESTOR'S GUIDE



M U N I C I P A L I T Y O F G A Z I B A B A

INVESTOR'S GUIDE



M U N I C I P A L I T Y O F G A Z I B A B A