

**Investor Release****Magyar Telekom**

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Magyar Telekom is rationalizing its real estate portfolio

Budapest – May 19, 2015 – Magyar Telekom (Reuters: MTEL.BU and Bloomberg: MTELEKOM HB, hereinafter the “Company”), the leading Hungarian telecommunications service provider, announces the signing of a comprehensive agreement with WING Group, one of Hungary’s largest real estate developers, to build a new headquarters upon which a long-term lease will be taken, as well as the sale of the Company’s main office buildings in Budapest. According to the plans, Magyar Telekom will relocate its operations to the new headquarters, which will be customized in line with all the Company’s specialized needs and requirements, in the second half of 2018.

Magyar Telekom continuously monitors potential efficiency improvement opportunities and has decided to rationalize its current real estate portfolio. As part of the transaction, the Company will sell its three main office buildings in Budapest to WING Group, including the headquarters at Krisztina körút, after moving into the new office building. In addition, Magyar Telekom will be able to free up further office space capacity allowing the sale of an additional 5-7 smaller office buildings in the future. In total, the Company will vacate ca. 90 thousand square meters of office space, relocating the majority of its Budapest based functional units to the new headquarters that will comprise approximately 55 thousand square meters.

In order to minimize its sales risk, the Company and WING Group have agreed a forward sales contract on its three main office buildings that will result in expected cash inflows of EUR 6 million in 2015, EUR 9 million in 2016 and EUR 45 million in 2018. Furthermore, in 2018, Magyar Telekom will realize ca. HUF 4 billion related profit by selling these office buildings involved in the transaction.

Besides the innovative office space helping to contribute to a more efficient and productive workplace, the Company’s real estate operating costs are expect to decrease significantly, partly offsetting the increase in rental costs, resulting in an overall annual negative EBITDA impact of less than HUF 800 million from the second half of 2018.

Following the fulfillment of the transaction’s preconditions, the agreement is planned to come into force in the fourth quarter of 2015.

This investor news may contain forward-looking statements. Statements that are not historical facts, including statements about our beliefs and expectations, are forward-looking statements. These statements are based on current plans, estimates and projections, and therefore should not have undue reliance placed upon them. Forward-looking statements speak only as of the date they are made, and we undertake no obligation to update publicly any of them in light of new information or future events.

Forward-looking statements involve inherent risks and uncertainties. We caution you that a number of important factors could cause actual results to differ materially from those contained in any forward-looking statement. Such factors are described in, among other things, our Annual Reports for the year ended December 31, 2014 available on our website at <http://www.telekom.hu>.