

Information About the Programme for Disposal of Non-Core Assets

The Programme for Disposal of PJSC Aeroflot's Non-Core Assets (version No. 7) was approved by PJSC Aeroflot's Board of Directors on 21 December 2017 (Minutes No. 7). The Programme provides for disposal of eight non-core assets (shares, stakes in the share capital of business entities, real estate). PJSC Aeroflot's Board of Directors resolved to retain three assets and to exclude another three assets from the Non-Core Asset Register following their reclassification as core assets. The Programme also contains criteria for classification of assets as non-core, the non-core asset register, information on encumbrances, book and market value, approach to selecting assets for disposal, as well as disposal methods, procedures and timescales.

The non-core assets owned by PJSC Aeroflot include property and property rights which are outside its flight services, but may be closely related to the development of the Company's end product.

The Company's approach to technological (non-core) assets that have a significant impact on the core business of PJSC Aeroflot:

- Compare benefits from these assets (discounts, reduction in prices and rates, improvement of PJSC Aeroflot's product quality) with the cost of ownership
- Monitor the effectiveness of corporate control

Assets are sold if ownership is found to be ineffective and the corporate control – insufficient.

Technological assets that have a low impact on the core business of PJSC Aeroflot are evaluated in terms of the cost of, and the need for, ownership, based on non-production criteria (achievement of non-commercial objectives, type of business, goodwill, etc.). These assets are disposed of if the effect of ownership is insignificant.

Real estate assets are analysed to determine their highest and best use for the airline's operational and commercial activities.

Disposal of PJSC Aeroflot's non-core assets in 2017

Asset	Inventory number	Asset balance sheet item containing the asset as at the reporting date prior its disposal	Accounting items (analytics included) containing asset disposal income and expense	Book value of the asset, RUB thousand	Actual cost of disposal, RUB thousand	Actual cost of disposal vs book value, RUB thousand	Reason for discrepancies
Hotel complex, 3,670 square metres, Republic of Cabo Verde	8231 (hotel, asset card SAP ERP 102000136)	1130	9111200010 – revenue from the sale of property, plant and equipment	13,886.3 (Inv. No. 8231)	60,848.2 (Inv. No. 8231)	56,173.6	Market value (cost of disposal) of the asset is higher than its book value
	8230 (road, asset card SAP ERP 102000136)		9121200010 – residual value of the sold property, plant and equipment	0.0 (Inv. No. 8230)	7,694.1 (Inv. No. 8230)		
	8217 (open swimming pool, asset card SAP ERP 102000136)		85.8 (Inv. No. 8217)	603.4 (Inv. No. 8217)			
200 Class A ordinary shares of Sampo plc	-	1150	9111400020 – revenue from the sale of securities traded on the regulated market 9121400020 – costs of the sale of securities traded on the regulated market	544.3	598.4	54.1	Market value (cost of disposal) of the asset is higher than its book value
BCEFO				14,516.4	69,744.1	56,227.7	

Contracts to purchase/sell securities/interest in non-core entities signed in 2017

Initiatives to increase/decrease the stake in the share capital of subsidiaries and associates	Change in the stake in the share capital of subsidiaries and affiliates (amount of decrease (-) / increase (+), %)	Reference to the resolution that introduced the change	Benefit
The sale of shares of Sampo plc (Finland)	– 200 Class A ordinary shares	The Programme for Disposal of PJSC Aeroflot's Non-Core Assets approved by PJSC Aeroflot's Board of Directors on 17 October 2016; the Resolution of PJSC Aeroflot's Board of Directors dated 23 June 2017	The shares were sold for RUB 598,400, i.e. above its book value (RUB 544,300).