

Information About the Programme for Disposal of Non-core Assets

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 Aeroflot's end product. The Programme for Non-Core Assets Disposal of PJSC Aeroflot (version No. 6) was approved by PJSC Aeroflot's Board of Directors on 17 October 2016 (Minutes No. 3). The Programme provides for disposal of nine 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 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.

Details on disposal of PJSC Aeroflot's non-core assets under the Programme for Non-Core Asset Disposal in 2016 are shown in the tables below.

Disposal of PJSC Aeroflot's non-core assets in 2016

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
Joint-stock company with limited liability ALT Reiseburo A/S	(N/A)	1,150	1,150	452.92	9,209.00	8,756.08	Market value (cost of disposal) of the asset is higher than its book value
TOTAL				452.92	9,209.00	8,756.08	

2016 contracts to purchase/sell securities/interest in non-core entities

Initiatives to increase/decrease the stake in the share capital of subsidiaries and affiliates	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
Joint-stock company with limited liability ALT Reiseburo A/S	-100	The Programme for Non-Core Assets Disposal of PJSC Aeroflot approved by PJSC Aeroflot's Board of Directors on 28 May 2015; the Resolution of PJSC Aeroflot's Board of Directors dated 26 November 2015	According to independent assessment, the stake was sold for RUB 9,209 million, i.e. above its market value (RUB 8,756 million)