

IMPORTANT NOTICE

IMPORTANT NOTICE: NOT FOR DISTRIBUTION IN OR INTO THE UNITED STATES OR TO U.S. PERSONS EXCEPT TO QUALIFIED INSTITUTIONAL BUYERS ("QIBs") AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT OF 1933 AS AMENDED ("RULE 144A") THAT ARE ALSO QUALIFIED PURCHASERS ("QPs") WITHIN THE MEANING OF SECTION 2(A)(51) OF THE U.S. INVESTMENT COMPANY ACT OF 1940 (THE "INVESTMENT COMPANY ACT") OR OTHERWISE TO PERSONS TO WHOM IT CAN LAWFULLY BE DISTRIBUTED

IMPORTANT: You must read the following before continuing. The following applies to the Listing Particulars attached to this Important Notice, and you are therefore advised to read this carefully before reading, accessing or making any other use of the Listing Particulars. In accessing the Listing Particulars, you agree to be bound by the following terms and conditions, including any modifications to them, any time you receive any information from any of DME Airport Designated Activity Company (the "**Issuer**"), Hacienda Investments Limited (the "**Borrower**" or the "**Company**"), the Guarantors (as named herein) or J.P. Morgan Securities plc, Raiffeisen Bank International AG or Société Générale (the "**Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers**") or AO "ALFA-BANK" (acting jointly with Alfa Capital Markets Ltd), Alfa Capital Markets Ltd (acting jointly with AO "ALFA-BANK"), Renaissance Securities (Cyprus) Limited or Public Joint-Stock Company "Sovcombank" (the "**Joint Bookrunners and Joint Lead Managers**" and, together with the Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers, the "**Joint Lead Managers**") in connection with the offering described in the Listing Particulars. If you have gained access to this transmission contrary to any of the following restrictions, you are not authorised and will not be able to purchase any of the securities described herein (the "**Securities**").

The Listing Particulars have been prepared solely in connection with the offering of Securities to certain institutional and professional investors.

THE SECURITIES REFERRED TO HEREIN HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE SECURITIES ACT OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND THE SECURITIES MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT ("**REGULATION S**") TO OR FOR THE ACCOUNT OR BENEFIT OF A PERSON NOT KNOWN TO THE TRANSFEROR TO BE A U.S. PERSON (AS DEFINED IN REGULATION S), BY PREARRANGEMENT OR OTHERWISE, OR (2) WITHIN THE UNITED STATES ONLY TO QIBs THAT ARE ALSO QPs IN RELIANCE ON THE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A, OR ANOTHER EXEMPTION THEREFROM, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES.

Confirmation of your representation: In order to be eligible to view the Listing Particulars or make an investment decision with respect to the Securities, investors must be (i) persons who are not U.S. persons (within the meaning of Regulation S under the Securities Act) and who are not acting for the account or benefit of U.S. persons or (ii) QIBs that are also QPs that are acquiring the securities for their own account or the account of another QIB that is also a QP. By accepting this e-mail and accessing the Listing Particulars, you shall be deemed to have represented to us that: (1) (A) you and any customers you represent are not U.S. persons and/or are not acting for the account or benefit of any U.S. persons and the electronic mail address that you gave us and to

which this e-mail has been delivered is not located in the U.S. or (B) you are a QIB that is also a QP acquiring the securities referred to herein for your own account and/or for another QIB that is also a QP and (2) you consent to delivery of such Listing Particulars by electronic transmission.

Under no circumstances shall the Listing Particulars constitute an offer to sell or the solicitation of an offer to buy Securities, nor shall there be any sale of the Securities in any jurisdiction in which such offer, solicitation or sale would be unlawful. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Joint Lead Managers or any affiliate of the Joint Lead Managers is a licensed broker or dealer in that jurisdiction, any offering of Securities shall be deemed to be made by the Joint Lead Managers or such affiliate on behalf of the Issuer in such jurisdiction. None of the Issuer, the Borrower, the Guarantors or the Joint Lead Managers or their respective representatives or affiliates make any representation regarding the legality of an investment by any person under any investment or similar laws. Prospective investors should consult their own advisers as to the legal, tax, business, financial and other aspects of any purchase of the Securities.

PROHIBITION OF SALES TO EEA RETAIL INVESTORS – the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU, as amended ("**MiFID II**"); or (ii) a customer within the meaning of Directive (EU) 2016/97, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

MIFID II product governance / Professional investors and ECPs only target market – solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in MiFID II; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturers' target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

PROHIBITION OF SALES TO UK RETAIL INVESTORS – the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom ("**UK**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**"); (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 ("**FSMA**") and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore

offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

UK MIFIR product governance / Professional investors and ECPs only target market – solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook ("**COBS**"), and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA ("**UK MiFIR**"); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "distributor") should take into consideration the manufacturers' target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

The Listing Particulars are directed solely at (A) persons outside the United Kingdom or (B) persons inside the United Kingdom who are (i) persons with professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "**Order**"), (ii) high net worth entities, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order or (iii) persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 as amended) in connection with the issue or sale of any securities of the Issuer may otherwise lawfully be communicated or caused to be communicated (all such persons in (A) and (B) above being "**Relevant Persons**"). Any investment activity to which these Listing Particulars relate will only be available to and will only be engaged with Relevant Persons. Any person who is not a Relevant Person should not act or rely on these Listing Particulars.

The Listing Particulars are addressed solely to and are only directed at persons in Cyprus who are "qualified investors" within the meaning of Article 2(e) of the Regulation (EU) 2017/1129 (the "**Prospectus Regulation**") as transposed in Cypriot legislation by the Cyprus Prospectus Law (Law 114(I)/2005) as amended ("**Qualified Investors**"). Any investment activity to which these Listing Particulars relate will only be available to and will only be engaged with Qualified Investors. Any person who is not a Qualified Investor should not act or rely on these Listing Particulars.

Neither this document nor the information contained herein is an offer, or an invitation to make offers, to sell, exchange or otherwise transfer securities in the Russian Federation to or for the benefit of any Russian person or entity and does not constitute an advertisement or offering of securities in the Russian Federation within the meaning of Russian securities laws. Information contained in this document is not intended for any persons in the Russian Federation who are not "qualified investors" within the meaning of Article 51.2 of the Federal Law no. 39-FZ "On the Securities Market" dated 22 April 1996, as amended (the "**Russian QIs**") and must not be distributed or circulated into Russia or made available in Russia to any persons who are not Russian QIs, unless and to the extent they are otherwise permitted to access such information under Russian law. Any securities referred to in this document have not been and will not be registered in Russia and are not intended for "placement", "circulation", "offering" or "advertising" in Russia (each as defined in Russian securities laws) unless and to the extent otherwise permitted under Russian law. Information contained herein may not correspond to the risk profile of a particular investor, does not take in account one's personal preferences and

expectations on risk and/or profitability and does not constitute an individual investment recommendation for the purposes of Russian law.

The Listing Particulars do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. The materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the underwriters or any affiliate of the underwriters is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the underwriters or such affiliate on behalf of the Issuer in such jurisdiction.

You are reminded that the Listing Particulars have been delivered to you on the basis that you are a person into whose possession the Listing Particulars may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorised to, deliver, forward or distribute the Listing Particulars (or any reproduction of the Listing Particulars) to any other person.

These Listing Particulars have not been, and is not required to be, filed or lodged with any regulatory or other authority in the Isle of Man. The Issuer is not subject to any regulatory approval in the Isle of Man and the Isle of Man Financial Services Authority does not vouch for the financial soundness of the Issuer or the correctness of any statements made or opinions expressed with regard to it.

No person may market, offer or sell Securities in or to persons in the Isle of Man other than in compliance with the licensing requirements of the Isle of Man Financial Services Act 2008 or in accordance with any relevant exclusion contained in the Isle of Man Regulated Activities Order 2011 (as amended) or exemption contained in the Isle of Man Financial Services (Exemptions) Regulations 2011.

The Listing Particulars have been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of the Issuer, the Borrower, the Guarantors (as named herein), the Joint Lead Managers or any person who controls any of them or any director, officer, employee or agent of it or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the Listing Particulars distributed to you in electronic format and the hard copy version available to you on request from the Issuer or the Joint Lead Managers.

You are responsible for protecting against viruses and other destructive items. Your use of this e-mail is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature. Please ensure your copy is complete.



U.S.\$453,000,000 5.35 per cent. Loan Participation Notes due 2028

issued by

DME Airport Designated Activity Company

(incorporated under the laws of Ireland under Company Number 534175)

on a limited recourse basis for the sole purpose of financing a U.S.\$453,000,000 loan to

Hacienda Investments Limited

(incorporated under the laws of Cyprus)

such loan being unconditionally and irrevocably and jointly and severally guaranteed by Airport Management Company Limited, DME Limited, DOMODEDOVO AIRFIELD Limited Liability Company, DOMODEDOVO COMMERCIAL SERVICES Limited Liability Company, DOMODEDOVO CATERING Limited Liability Company, DOMODEDOVO FUEL SERVICES Limited Liability Company, DOMODEDOVO PASSENGER TERMINAL Limited Liability Company, DOMODEDOVO FUEL FACILITIES Limited Liability Company and "DOMODEDOVO AIRPORT HANDLING" Limited Liability Company

Issue Price: 100 per cent.

DME Airport Designated Activity Company a company incorporated as a designated activity company under the laws of Ireland (the "**Issuer**"), is issuing an aggregate principal amount of U.S.\$453,000,000 5.35 per cent. Loan Participation Notes due 2028 (the "**Notes**") for the sole purpose of financing a loan (the "**Loan**") to Hacienda Investments Limited, a company with limited liability organised under the laws of the Republic of Cyprus (the "**Company**" or the "**Borrower**"), pursuant to a loan agreement dated 4 February 2021 (the "**Loan Agreement**") between the Issuer and the Borrower. The Loan shall be unconditionally and irrevocably guaranteed (the "**Guarantees**", which expression will include any Further Guarantees, as defined below) by Airport Management Company Limited, DME Limited, DOMODEDOVO AIRFIELD Limited Liability Company, DOMODEDOVO COMMERCIAL SERVICES Limited Liability Company, DOMODEDOVO CATERING Limited Liability Company, DOMODEDOVO FUEL SERVICES Limited Liability Company, DOMODEDOVO PASSENGER TERMINAL Limited Liability Company, DOMODEDOVO FUEL FACILITIES Limited Liability Company and "DOMODEDOVO AIRPORT HANDLING" Limited Liability Company (the "**Initial Guarantors**") pursuant to a deed of guarantee between the Issuer and the Initial Guarantors dated on or around 4 February 2021 (the "**Deed of Guarantee**"). In addition, in certain circumstances set out in the Loan Agreement, the Borrower may be obliged to procure certain of its subsidiaries (the "**Further Guarantors**") and together with the Initial Guarantors, the "**Guarantors**") to give further guarantees of the Borrower's obligations under the Loan Agreement (the "**Further Guarantees**"). See – "**Loan Agreement**" – Clauses 9.8 and 9.9.

Pursuant to the trust deed (the "**Trust Deed**") relating to the Notes between the Issuer and BNY Mellon Corporate Trustee Services Limited, as trustee (the "**Trustee**"), the Issuer will provide certain security for all payment obligations in respect of the Notes for the benefit of the Noteholders, including a first fixed charge in favour of the Trustee of all amounts paid and payable to it under the Loan Agreement and the Guarantees and an assignment to the Trustee of the Issuer's rights and interests under the Loan Agreement and the Guarantees, other than in respect of certain reserved rights (as more fully described in "**Description of the Transaction and the Security**"). Interest on the Loan will be payable at a rate of 5.35 per cent. per annum semi-annually in arrear on the interest payment date falling on 8 February and 8 August in each year, commencing on 8 August 2021, and, provided that the Issuer receives such payment in full, the Notes will bear interest from, and including, 8 February 2021 on such dates at the same rate.

The Notes are senior, limited recourse obligations of the Issuer. In each case where amounts of principal, interest and additional amounts (if any) are stated to be payable in respect of the Notes, the obligation of the Issuer to make any such payment shall constitute an obligation only to account to the Noteholders, on each date upon which such amounts of principal, interest and additional amounts (if any) are due, for an amount equivalent to the principal, interest and additional amounts (if any) actually received by or for the account of the Issuer from the Borrower or the Guarantors pursuant to the Loan Agreement or the Guarantees, as the case may be. The Issuer will have no other financial obligation under the Notes and Noteholders will have no recourse, directly or indirectly, to any other asset of the Issuer. **Noteholders will be deemed to have accepted and agreed that they will be relying solely and exclusively on the credit and financial standing of the Borrower and the Guarantors in respect of the financial servicing of the Notes.**

Except as set forth herein, payments in respect of the Notes will be made without any deduction or withholding for, or on account of, the taxes of any relevant jurisdiction (see "**Taxation**"). The Loan, and correspondingly the Notes, may be redeemed early at the option of the Borrower in certain circumstances, as more fully described in the Loan Agreement and Terms and Conditions of the Notes.

AN INVESTMENT IN THE NOTES INVOLVES A HIGH DEGREE OF RISK. SEE "RISK FACTORS" BEGINNING ON PAGE 1.

The Notes and the Guarantees in respect of the Loan (together, the "**Securities**") have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"), and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act ("**Regulation S**")) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The Securities may be offered and sold (i) within the United States only to qualified institutional buyers ("**QIBs**"), as defined in Rule 144A under the Securities Act ("**Rule 144A**"), that are also qualified purchasers ("**QPs**"), as defined in Section 2(a)(51) of the U.S. Investment Company Act of 1940, as amended (the "**Investment Company Act**"), in reliance on the exemption from registration under Section 5 of the Securities Act provided by Rule 144A or on another exemption therefrom, (the "**Rule 144A Notes**") and (ii) to persons who are not U.S. persons in offshore transactions as defined in and in reliance on Regulation S (the "**Regulation S Notes**"). The Issuer has not been and will not be registered under the Investment Company Act. Prospective purchasers are hereby notified that sellers of the Rule 144A Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. For a description of these and certain further restrictions on offers, sales and transfers of the Notes and this distribution of these Listing Particulars, see "**Subscription and Sale**" and "**Transfer Restrictions**".

Application has been made to the Irish Stock Exchange plc trading as Euronext Dublin ("**Euronext Dublin**") for the approval of this document as Listing Particulars. Application has also been made to Euronext Dublin for the Notes to be admitted to the Official List of Euronext Dublin (the "**Official List**") and to trading on the Global Exchange Market which is the exchange regulated market of Euronext Dublin (the "**Global Exchange Market**"). The Global Exchange Market is not a regulated market for the purposes of Directive 2014/65/EU (as amended, "**MiFID II**"). References in these Listing Particulars to the Notes being listed (and all related references) shall mean that the Notes have been admitted to trading on the Global Exchange Market.

It is expected that the Notes will be rated BB by Fitch Ratings CIS Ltd. ("**Fitch**") and Ba1 by Moody's Investors Service Ltd. ("**Moody's**"). A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating agency. Moody's and Fitch are established in the EU registered under Regulation (EC) No 1060/2009, as amended and included in the list of registered credit rating agencies published on the website of the European Securities and Markets Authority.

The Notes will be offered and sold in the minimum denomination of U.S.\$200,000 and higher integral multiples of U.S.\$1,000. The Regulation S Notes will initially be represented by interests in a Global Certificate in registered form (the "**Regulation S Global Certificate**"), without interest coupons, which will be deposited with a common depository for Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking, S.A. ("**Clearstream, Luxembourg**"), and registered in the name of a nominee therefor, on or about 8 February 2021 (the "**Issue Date**"). The Rule 144A Notes will initially be represented by interests in a Global Certificate in registered form (the "**Rule 144A Global Certificate**") and, together with the Regulation S Global Certificate, the "**Global Certificates**", which will be registered in the name of Cede & Co., as nominee of, and deposited with a custodian for, The Depository Trust Company ("**DTC**") on or about the Issue Date. Beneficial interests in the Global Certificates will be shown on, and transfers thereof will be effected only through records maintained by DTC, Euroclear or Clearstream, Luxembourg (as the case may be) and their respective participants. See "**Clearing and Settlement**". Definitive note certificates in registered form will only be available in certain limited circumstances as described herein.

Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers

J.P. Morgan

Raiffeisen Bank International

Société Générale
Corporate & Investment Banking

Joint Bookrunners and Joint Lead Managers

ALFA-BANK

Renaissance Capital

Sovcombank

4 February 2021

IMPORTANT INFORMATION ABOUT THESE LISTING PARTICULARS

These Listing Particulars do not comprise a prospectus for the purposes of the Prospectus Regulation (EU) 2017/1129 (the "**Prospectus Regulation**") and constitute listing particulars for the purpose of giving information with regard to the Notes, the Initial Guarantors, the Borrower and DME Limited and its subsidiaries taken as a whole (the "**Group**") and the Issuer which, according to the particular nature of the Issuer, the Borrower, the Group, the Notes, the Loan and the Guarantees, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of the Issuer, the Borrower, the Initial Guarantors and the Group and the terms and conditions of the Notes.

Each of the Issuer, the Borrower (whose registered office is set out on page 178 of the Listing Particulars) and the Initial Guarantors accepts responsibility for the information contained in these Listing Particulars. To the best of the knowledge of each of the Issuer, the Borrower and the Initial Guarantors (each of whom has taken all reasonable care to ensure that such is the case) the information contained in these Listing Particulars is in accordance with the facts and does not omit anything likely to affect the import of such information.

In addition, the Borrower, having made all reasonable enquiries, confirms that (i) these Listing Particulars contain all information with respect to the Borrower, the Initial Guarantors, the Group, the Loan, the Guarantees and the Notes that is material in the context of the issue and offering of the Notes; (ii) the statements contained in these Listing Particulars relating to the Borrower, the Initial Guarantors, the Group, the Loan, the Guarantees and the Notes are in every material particular true and accurate and not misleading; (iii) the opinions, expectations and intentions expressed in these Listing Particulars with regard to the Borrower, the Initial Guarantors, the Group, the Loan, the Guarantees and the Notes are honestly held, have been reached after considering all relevant material circumstances and are based on reasonable assumptions; (iv) there are no other facts in relation to the Borrower, the Initial Guarantors, the Group, the Loan, the Guarantees and the Notes the omission of which would, in the context of the issue and offering of the Notes, make any statement in these Listing Particulars misleading in any material respect; and (v) all reasonable enquires have been made by the Borrower and the Initial Guarantors to ascertain such facts and to verify the accuracy of all such information and statements.

Information under the headings "*Overview of the Group*", "*Risk Factors*", "*Operating and Financial Review*", "*Industry Regulation*" and "*Business*" includes extracts from information and data publicly released by official and other sources. The Issuer, the Borrower and the Initial Guarantors accept responsibility for accurately reproducing such information and as far as they are aware and are able to ascertain from information published by the relevant third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading. Instances where the information and data provided by third parties appear are identified as such in these Listing Particulars.

These Listing Particulars do not constitute an offer of, or an invitation by or on behalf of the Issuer, the Borrower, the Initial Guarantors, the Joint Lead Managers (as defined in "*Subscription and Sale*"), the Trustee or the Agents to subscribe for or purchase any Notes. The distribution of these Listing Particulars and the offering of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession these Listing Particulars come are required by the Issuer, the Borrower, the Initial Guarantors, the Joint Lead Managers, the Trustee and the Agents to inform themselves about and to observe any

such restrictions. For a description of certain further restrictions on offers and sales of Notes and distribution of these Listing Particulars, see "*Subscription and Sale*" and "*Transfer Restrictions*".

No person is authorised to provide any information or to make any representation not contained in these Listing Particulars and any information or representation not so contained must not be relied upon as having been authorised by or on behalf of the Issuer, the Borrower, the Initial Guarantors, the Joint Lead Managers, the Trustee or the Agents. The delivery of these Listing Particulars at any time does not imply that the information contained in them is correct as at any time subsequent to its date. Neither the delivery of these Listing Particulars nor the offering, sale or delivery of any Note shall in any circumstances create any implication that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the condition (financial or otherwise) of the Issuer, the Borrower, the Initial Guarantors or the Group, since the date of these Listing Particulars.

None of the Issuer, the Borrower, the Initial Guarantors the Joint Lead Managers, the Trustee, the Agents or any of its or their respective representatives or affiliates makes any representation to any person regarding the legality of an investment by such person under applicable legal, investment or similar laws. Each investor should consult with its own advisers as to the legal, tax, business, financial and related aspects of the purchase of the Notes.

Prospective purchasers must comply with all laws that apply to them in any place in which they buy, offer or sell any Notes or possess these Listing Particulars. Any consents or approvals that are needed in order to purchase any Notes must be obtained. None of the Issuer, the Borrower, the Initial Guarantors, the Joint Lead Managers, the Trustee or the Agents are responsible for compliance with these legal requirements. The appropriate characterisation of the Notes under various legal investment restrictions, and thus the ability of investors subject to these restrictions to purchase the Notes, is a matter for such investors and not the responsibility of the Issuer. No representation or warranty is made as to whether, or the extent to which, the Notes constitute a legal investment for investors whose investment authority is subject to legal restrictions, and investors should consult their legal advisers regarding such matters.

The contents of the Domodedovo Airport website (<http://www.domodedovo.ru/>) do not form any part of these Listing Particulars.

No representation or warranty, express or implied, is made by the Joint Lead Managers, the Trustee, the Agents or any of its or their affiliates or any person acting on their behalf as to the accuracy or completeness of the information set forth in these Listing Particulars. Nothing contained in these Listing Particulars is, or shall be relied upon as, a promise or representation, whether as to the past or the future.

None of the Joint Lead Managers or any of their affiliates or any person acting on their behalf assumes any responsibility for the accuracy or completeness of the information set forth in these Listing Particulars.

Each person receiving these Listing Particulars acknowledges that such person has not relied on the Joint Lead Managers, the Trustee, the Agents or any of its or their affiliates or any person acting on their behalf in connection with its investigation of the accuracy or completeness of such information or its investment decision. Each person contemplating

making an investment in the Notes from time to time must make its own investigation and analysis of the creditworthiness of the Issuer, the Borrower, the Initial Guarantors and the Group and its own determination of the suitability of any such investment, with particular reference to its own investment objectives and experience, and any other factors which may be relevant to it in connection with such investment.

The Issuer is not and will not be regulated by the Central Bank of Ireland (the "**Central Bank**") as a result of issuing the Notes. Any investment in the Notes does not have the status of a bank deposit and is not within the scope of the deposit protection scheme operated by the Central Bank.

The Issuer does not intend to provide any information on the Notes or the Loan following the date of the issuance of the Notes.

STABILISATION

In connection with the issue of the Notes, Société Générale (the "Stabilising Manager") (or any person acting on behalf of the Stabilising Manager) may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager (or any person acting on behalf of the Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the Notes is made and, if commenced, may be discontinued at any time and must be brought to an end no later than the earlier of 30 days after the issue date of the Notes and 60 days after the date of the allotment of the Notes. Any stabilisation action or over-allotment shall be conducted in accordance with all applicable laws and regulations.

NOTICE TO INVESTORS IN THE UNITED KINGDOM

This document is only being distributed to and is only directed at (1) persons who are outside the United Kingdom or (2) to investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "**Order**") or (3) high net worth entities, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as "**Relevant Persons**"). The Notes are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such Notes will be engaged in only with, Relevant Persons. Any person who is not a Relevant Person should not act or rely on this document or any of its contents.

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom ("**UK**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**"); (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 ("**FSMA**") and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the "**UK**")

PRIIPs Regulation") for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook ("**COBS**"), and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA ("**UK MiFIR**"); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "distributor") should take into consideration the manufacturers' target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

NOTICE TO EUROPEAN ECONOMIC AREA RESIDENTS

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of Directive (EU) 2016/97, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in MiFID II; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturers' target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

NOTICE TO PROSPECTIVE UNITED STATES INVESTORS

THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE SECURITIES ACT, AND MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S) EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT.

THE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE U.S. SECURITIES AND EXCHANGE COMMISSION (THE "SEC"), ANY STATE SECURITIES COMMISSION IN THE UNITED STATES OR ANY OTHER U.S. REGULATORY AUTHORITY, NOR HAVE ANY OF THE FOREGOING AUTHORITIES PASSED UPON OR ENDORSED THE MERITS OF THE OFFERING OF NOTES OR THE ACCURACY OR THE ADEQUACY OF THESE LISTING PARTICULARS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE IN THE UNITED STATES.

THIS OFFERING IS BEING MADE IN THE UNITED STATES IN RELIANCE UPON AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT FOR AN OFFER AND SALE OF THE SECURITIES WHICH DOES NOT INVOLVE A PUBLIC OFFERING. IN MAKING YOUR PURCHASE, YOU WILL BE DEEMED TO HAVE MADE CERTAIN ACKNOWLEDGMENTS, REPRESENTATIONS AND AGREEMENTS. SEE "*SUBSCRIPTION AND SALE*" AND "*TRANSFER RESTRICTIONS*".

THESE LISTING PARTICULARS ARE BEING PROVIDED TO (1) A LIMITED NUMBER OF INVESTORS IN THE UNITED STATES THAT THE ISSUER REASONABLY BELIEVES TO BE "**QIBS**" THAT ARE ALSO "**QPS**" FOR INFORMATIONAL USE SOLELY IN CONNECTION WITH THEIR CONSIDERATION OF THE PURCHASE OF THE NOTES AND (2) INVESTORS OUTSIDE THE UNITED STATES WHO ARE NOT U.S. PERSONS IN CONNECTION WITH OFFSHORE TRANSACTIONS IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S.

NOTICE TO INVESTORS IN CYPRUS

This document is being distributed solely to and is only directed at persons in Cyprus who are "qualified investors" within the meaning of Article 2(e) of the Prospectus Regulation as transposed in Cypriot legislation by the Cyprus Prospectus Law (Law 114(I)/2005) as amended ("**Qualified Investors**"). Any investment activity to which these Listing Particulars relate will only be available to and will only be engaged with Qualified Investors. Any person who is not a Qualified Investor should not act or rely on these Listing Particulars.

NOTICE TO INVESTORS IN THE RUSSIAN FEDERATION

Neither this document nor the information contained herein is an offer, or an invitation to make offers, to sell, exchange or otherwise transfer securities in the Russian Federation to or for the benefit of any Russian person or entity and does not constitute an advertisement or offering of securities in the Russian Federation within the meaning of Russian securities laws. Information contained in this document is not intended for any persons in the Russian Federation who are not "qualified investors" within the meaning of Article 51.2 of the Federal Law no. 39-FZ "On the Securities Market" dated 22 April 1996, as amended (the "**Russian QIs**") and must not be distributed or circulated into Russia or made available in Russia to any persons who are not Russian QIs, unless and to the extent they are otherwise permitted to access such information under Russian law. Any securities referred to in this document have not been and will not be registered in Russia and are not intended for "placement", "circulation", "offering" or "advertising" in Russia (each as defined in Russian securities laws) unless and to the extent otherwise permitted under Russian law. Information contained herein may not correspond to the risk profile of a particular investor, does not take in account

one's personal preferences and expectations on risk and/or profitability and does not constitute an individual investment recommendation for the purposes of Russian law.

FOREIGN LANGUAGE

The language of these Listing Particulars is English. Certain legislative references and technical terms have been cited in their original language in order that the correct technical meaning may be ascribed to them under applicable law.

FORWARD-LOOKING STATEMENTS

Certain statements in these Listing Particulars are not historical facts but constitute "forward-looking statements". Such forward-looking statements are set forth in "*Risk Factors*", "*Operating and Financial Review*" and "*Business*" and elsewhere in these Listing Particulars. The Company may from time to time make written or oral forward-looking statements in reports to shareholders, holders of debt securities and in other communications. Examples of such forward-looking statements include, but are not limited to:

- strategies, outlook and growth prospects;
- future plans, expectations, projections and potential for future growth;
- plans or intentions relating to acquisitions or disposals;
- future revenues and performance;
- liquidity, capital resources and capital expenditures;
- economic outlook and industry trends;
- the impact of regulatory initiatives;
- the Group's competitive strengths and weaknesses; and
- the strengths and weaknesses of Group's competitors.

In particular, included throughout these Listing Particulars are statements relating to the Group's current and future investment plans. While such statements accurately reflect the Company's current expectations, such expectations are based on a number of assumptions, which may prove to be incorrect or which may change, thereby causing the Group to revise its investment plans. Further, except where otherwise specifically indicated, the Group is not contractually or otherwise committed to making such investments or expenditures, and consequently the Group may choose to invest less than the amounts stated herein, or not at all.

Forward-looking statements that may be made by the Group from time to time (but that are not included in these Listing Particulars) may also include projections or expectations of revenues, income (or loss), earnings (or loss) per share, dividends, capital structure or other financial items or ratios.

Words such as "targets", "believes", "anticipates", "expects", "estimates", "intends", "plans", "will", "may", "could" or "should" and similar expressions are intended to identify forward-looking statements but are not the exclusive means of identifying such statements.

By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and risks exist that the predictions, forecasts, projections and other forward-looking statements will not be achieved. Prospective investors should be aware that a number of important factors could cause actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements. These factors include:

- fluctuations in the Group's financial results and financial condition;
- developments relating to the coronavirus disease ("**COVID-19**"), including its impact on the aeronautical industry and the Group's business;
- changes in political, social, legal or economic conditions in Russia;
- the Group's ability to service the Group's existing indebtedness;
- the Group's ability to fund future operations and capital needs through borrowing or otherwise;
- the Group's ability to successfully implement any of the Group's business strategies;
- the Group's expectations about growth in demand for the Group's services;
- competition in the marketplace;
- inflation, interest rates and fluctuation in exchange rates;
- a changing regulatory environment; and
- the Group's success in identifying other risks to the Group's business and managing the risks of the aforementioned factors.

This list of important factors is not exhaustive. When relying on forward-looking statements, prospective investors should carefully consider the aforementioned factors and other uncertainties and events, especially in light of the political, economic, social and legal environment in which the Group operates. Such forward-looking statements speak only as at the date on which they are made and are not subject to any continuing obligations under any guidelines issued by Euronext Dublin. Accordingly, the Issuer, the Company and the Guarantors do not undertake any obligation to update or review any of them, whether as a result of new information, future events or otherwise. The Issuer, the Company and the Guarantors do not make any representation, warranty or prediction that the results anticipated by such forward-looking statements will be achieved, and such forward-looking statements represent, in each case, only one of many possible scenarios and should not be viewed as the most likely or standard scenario.

Neither DME Limited's independent auditors, nor any other independent accountants, have compiled, examined, or performed any procedures with respect to the forward-looking financial information contained in these Listing Particulars, nor have they expressed any opinion or any other form of assurance on such information or its achievability, and assume no responsibility for, and disclaim any association with, the forward-looking financial information.

ENFORCEABILITY OF JUDGMENTS

General

The Company and DME Limited are incorporated under the laws of the Republic of Cyprus. Airport Management Company Limited is incorporated under the laws of the Isle of Man. DOMODEDOVO AIRFIELD Limited Liability Company, DOMODEDOVO COMMERCIAL SERVICES Limited Liability Company, DOMODEDOVO CATERING Limited Liability Company, DOMODEDOVO FUEL SERVICES Limited Liability Company, DOMODEDOVO PASSENGER TERMINAL Limited Liability Company, DOMODEDOVO FUEL FACILITIES Limited Liability Company and "DOMODEDOVO AIRPORT HANDLING" Limited Liability Company are incorporated under the laws of the Russian Federation. Substantially all of the assets of the Company and the Initial Guarantors and the assets of their respective subsidiaries are located outside the United Kingdom. In addition, all of the directors and executive officers of the Company and the Initial Guarantors are residents of countries other than the United Kingdom. As a result, it may not be possible for Noteholders to:

- effect service of process within the United Kingdom upon the Company or the Initial Guarantors or any of the directors or executive officers of the Company or the Initial Guarantors named in these Listing Particulars; or
- enforce, in the English courts, judgments obtained outside England against the Company and the Initial Guarantors or any of their respective directors and executive officers named in these Listing Particulars.

In addition, it may be difficult for the Noteholders to enforce, in original actions brought in courts in jurisdictions located outside the United Kingdom, liabilities predicated upon English laws.

Russian Federation

Courts in the Russian Federation will generally recognise judgments rendered by a court in any jurisdiction outside the Russian Federation if an international treaty providing for the recognition and enforcement of judgments in civil cases exists between the Russian Federation and the country where the judgment is rendered or a federal law is adopted in the Russian Federation providing for the recognition and enforcement of foreign court judgments. No such treaty for the reciprocal recognition and enforcement of foreign court judgments in civil and commercial matters exists between the Russian Federation and certain other jurisdictions (including the United Kingdom), and no relevant federal law on enforcement of foreign court judgments has been adopted in the Russian Federation. Although on 2 July 2019 the Russian Federation signed the final act of the 2019 Convention on the Recognition and Enforcement of Foreign Judgments in Civil or Commercial Matters (the "**Hague Judgments Convention**"), neither the Russian Federation nor any other state (except for Uruguay and Ukraine) has signed the Hague Judgments Convention as at the date of these Listing Particulars. Besides, the Hague Judgments Convention has not entered into force yet. Consequently, as at the date of these Listing Particulars the Russian Federation is not a party to any international treaty providing for the recognition and enforcement of judgments in civil cases rendered by the courts of the United Kingdom or the United States. As a result, new proceedings may have to be brought in the Russian Federation in respect of a judgment already obtained in any such jurisdiction against the Company or the Initial

Guarantors or their officers or directors. In addition, Russian courts have limited experience in the enforcement of foreign court judgments. The limitations described above, including the general procedural grounds set out in Russian legislation for the refusal to recognise and enforce foreign court judgments in the Russian Federation, may significantly delay the enforcement of such judgment or deprive the Issuer and/or the Noteholders of effective legal recourse for claims related to the investment in the Notes or under the Loan.

In the absence of an applicable treaty, enforcement of a final judgment rendered by a foreign court may still be recognised by a Russian court on the basis of reciprocity, if courts of the country where the foreign judgment is rendered have previously enforced judgments issued by Russian courts. While Russian courts have recently recognised and enforced English court judgments on these grounds, the existence of reciprocity must be established at the time the recognition and enforcement of a foreign judgment is sought, and it is not possible to predict whether a Russian court will in the future recognise and enforce on the basis of reciprocity a judgment issued by a foreign court, including an English court.

The Loan Agreement, the Deed of Guarantee and any non-contractual obligations arising out of or in connection with them will be governed by English law and will provide for disputes, controversies and causes of action brought by any party thereto to be settled by arbitration in accordance with the rules of the LCIA (formerly the London Court of International Arbitration) (the "**LCIA Rules**"). The place of such arbitration shall be London, England. The Russian Federation and the United Kingdom are parties to the United Nations Convention on the Recognition and Enforcement of Foreign Arbitral Awards (the "**New York Convention**"). Consequently, Russian courts should generally recognise and enforce in the Russian Federation an arbitral award from an arbitral tribunal in the United Kingdom on the basis of the rules of the New York Convention (subject to qualifications provided for in the New York Convention and compliance with Russian procedural regulations and other procedures and requirements established by Russian legislation).

The Arbitrazh Procedural Code of the Russian Federation (the "**Arbitrazh Procedural Code**") sets out the procedure for the recognition and enforcement of foreign arbitral awards by Russian courts. The Arbitrazh Procedural Code also contains an exhaustive list of grounds for the refusal of recognition and enforcement of foreign arbitral awards by Russian courts, which grounds are broadly similar to those provided by the New York Convention. However, recent changes to the Arbitrazh Procedure Code have allowed Russian companies that are subject to foreign restrictive measures, in certain limited circumstances, to refer disputes to Russian courts despite an arbitration agreement, to apply to Russian courts for an anti-suit injunction prohibiting the counterparty from initiating or continuing proceedings before a foreign arbitral tribunal, or to seek a compensatory amount from the contract counterparty that does not comply with such injunction. The practice of application of these changes is yet to develop.

The Arbitrazh Procedural Code and other Russian procedural legislation could change, and other grounds for Russian courts to refuse the recognition and enforcement of foreign courts' judgments and foreign arbitral awards could arise in the future. In practice, reliance upon international treaties may meet resistance or a lack of understanding on the part of a Russian court or other officials, thereby introducing delay and unpredictability into the process of enforcing any foreign judgment or any foreign arbitral award in the Russian Federation.

Furthermore, any arbitral award pursuant to arbitration proceedings in accordance with the LCIA Rules and the application of English law to the Loan Agreement and the Deed of

Guarantee and any non-contractual obligations arising out of or in connection with them may be limited by the mandatory provisions of Russian laws relating to the exclusive jurisdiction of Russian courts and the application of Russian laws with respect to bankruptcy, winding up or liquidation of Russian companies.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Presentation of Financial Information

Financial Statements: These Listing Particulars include the following financial information: (i) the unaudited interim condensed consolidated financial information of the Group as of and for the nine months ended 30 September 2020 prepared in accordance with International Accounting Standard 34 "Interim financial reporting" which is set forth on pages F-2 through F-29 (the "**Interim Financial Statements**") and (ii) the audited consolidated financial statements of the Group as of and for the year ended 31 December 2019 ("**2019 Financial Statements**") and the audited consolidated financial statements of the Group as of and for the year ended 31 December 2018 ("**2018 Financial Statements**"), each prepared in accordance with International Financial Reporting Standards ("**IFRS**") as promulgated by the International Accounting Standards Board which are set forth on pages F-30 through F-132 (the 2019 Financial Statements and the 2018 Financial Statements, collectively the "**Annual Financial Statements**", and together with the Interim Financial Statements, the "**Group's Financial Statements**"). Financial information of the Group as of and for the year ended 31 December 2017 has been derived from the unaudited comparative period information included in the 2018 Financial Statements.

The financial statements of the Issuer as at 31 December 2019 and 2018 and for the years then ended (the "**Issuer's Financial Statements**") have been audited by Ernst & Young, Chartered Accountants and Statutory Audit Firm of Harcourt Centre, Harcourt Street, Saint Kevin's, Dublin 2, Ireland, in accordance with the International Standards on Auditing. The Issuer's Financial Statements together with the audit reports thereon, which have been filed with Euronext Dublin, are incorporated in, and form part of, these Listing Particulars. See "*Incorporation by Reference*".

The Group's Financial Statements are presented in Roubles. The functional currency of DME Limited and all subsidiaries of the Group is Rouble (except for the Issuer, which forms part of the Group but in which DME Limited does not hold any ownership interest, directly or indirectly, whose functional currency is U.S. Dollar) because the primary economic environment of the Group is the Russian Federation. Solely for the convenience of the reader, certain amounts included in these Listing Particulars have been translated from Roubles into U.S. Dollars, as set forth under "*Exchange Rate Information*". Investors in the Notes should not construe those translations as a representation that those amounts could be converted from one currency to another at any particular rate or at all.

Independent Auditors: The Group's Annual Financial Statements have been audited by AO Deloitte & Touche CIS, independent auditors. The Annual Financial Statements and audit opinion of AO Deloitte & Touche CIS are included in these Listing Particulars. AO Deloitte & Touche CIS is a member of self-regulatory organisation of auditors non-profit partnership "Auditor Association Sodruzhestvo".

Alternative Performance Measures: The selected financial data set forth in these Listing Particulars, in addition to the conventional financial performance measures established by IFRS, contains certain alternative performance measures. These include EBITDA, Adjusted EBITDA, EBITDA margin, Adjusted EBITDA margin, Net Debt/Adjusted EBITDA, Net Debt/LTM Adjusted EBITDA, Total Debt/Adjusted EBITDA, Total Debt/LTM Adjusted EBITDA, Total Debt/Total Equity (together "**APMs**").

Throughout these Listing Particulars (unless stated otherwise), the following definitions are used:

- **"EBITDA"** for any period represents profit or loss for the respective period plus income tax, interest expense, interest income and depreciation and amortisation for the respective period.

The Group's management believes that the definition of "EBITDA" set out above is most appropriate to evaluate the Group's performance compared to alternative definitions of "EBITDA". However, investors should note that the definition of "EBITDA" (and, as a result, any measures calculated on the basis of the definition of "EBITDA") used in these Listing Particulars may differ, to a certain extent, from the definition of "EBITDA" (and any measures calculated on the basis of the definition of "EBITDA") set out in *"Form of the Loan Agreement and the Deed of Guarantee"*.

- **"Adjusted EBITDA"** for any period represents EBITDA for the respective period adjusted for (i) foreign exchange losses/gains, net, (ii) charitable donations, (iii) changes in provision for impairment of receivables and advances to suppliers and (iv) changes in provision for legal risks.
- **"EBITDA margin"** for any period represents EBITDA for the relevant period divided by revenue for the same period expressed as a percentage.
- **"Adjusted EBITDA margin"** for any period represents Adjusted EBITDA for the relevant period divided by revenue for the same period expressed as a percentage.
- **"LTM Adjusted EBITDA"** is calculated for the last twelve months ended on 30 September 2019 and 2020, respectively (being Adjusted EBITDA for the year ended 31 December 2018 less Adjusted EBITDA for the nine months ended 30 September 2018 plus Adjusted EBITDA for the nine months ended 30 September 2019 and Adjusted EBITDA for the year ended 31 December 2019 less Adjusted EBITDA for the nine months ended 30 September 2019 plus Adjusted EBITDA for the nine months ended 30 September 2020, as of 30 September 2019 and 2020, respectively).

EBITDA, Adjusted EBITDA, EBITDA margin, Adjusted EBITDA margin and LTM Adjusted EBITDA are measures the Group uses to assess its performance. The Group believes these measures facilitate comparison of the performance from period to period and company to company by eliminating potential differences in performance caused by variations in capital structures (affecting interest charges), tax positions (such as the availability of net operating losses against which to relieve taxable profits), the cost and age of tangible assets (affecting relative depreciation expense) and the extent to which intangible assets are identifiable (affecting relative amortisation expense).

EBITDA, Adjusted EBITDA and LTM Adjusted EBITDA have limitations as analytical tools. Some of these limitations are:

- they do not reflect the Group's cash expenditures or future requirements for capital expenditure or contractual commitments;

- they do not reflect changes in, or cash requirements for, the Group's working capital needs;
 - they do not reflect the significant interest expense, or the cash requirements necessary to service interest or principal payments, on the Group's debt;
 - although depreciation and amortisation are non-cash charges, the assets being depreciated and amortised will often have to be replaced in the future, and EBITDA and Adjusted EBITDA do not reflect any cash requirements for such replacements;
 - they are not adjusted for all non-cash income or expense items that are reflected in the Group's statements of cash flows; and
 - the further adjustments made in calculating Adjusted EBITDA are those that management consider are not representative of the underlying operations of the Group and therefore are subjective in nature.
- **"Total Debt"** for any period represents financial indebtedness of the Group for the relevant period calculated on a consolidated basis. Financial indebtedness for the relevant period is a sum of long-term and short-term borrowings and debt securities, long-term and short-term lease liability and financial liability under letters of credit for the same period.
 - **"Net Debt"** for any period represents financial indebtedness of the Group for the relevant period less cash and cash equivalents and less any cash deposits with maturity from three months up to one year, with the maturity for cash and cash equivalents and any cash deposits being calculated from the placement date to the redemption date. Financial indebtedness for the relevant period is a sum of long-term and short-term borrowings and debt securities, long-term and short-term lease liability and financial liability under letters of credit for the same period.

The Group's management believes that Net Debt is a useful indicator of the Group's indebtedness, financial flexibility and capital structure because it indicates the level of borrowings after taking account of cash and cash equivalents and any cash deposits with maturity from three months up to one year within the Group's business. Net Debt is a measure of the Group's indebtedness that provides an indicator of overall balance sheet strength. The use of, or reference to, the term "Net Debt" does not necessarily mean that the cash, cash equivalents and cash deposits used in its calculation is available to settle the liabilities included in this measure.

- **"Net Debt/Adjusted EBITDA"** is calculated, for any period, as Net Debt as at the end of the relevant period divided by Adjusted EBITDA for the relevant period.
- **"Net Debt/LTM Adjusted EBITDA"** is calculated as Net Debt as at 30 September 2019 and 2020 divided by LTM Adjusted EBITDA for the last twelve months ended 30 September 2019 and 2020, respectively.
- **"Total Debt/Adjusted EBITDA"** is calculated, for any period, as Total Debt as at the end of the relevant period divided by Adjusted EBITDA for the relevant period.

- **"Total Debt/LTM Adjusted EBITDA"** is calculated as Total Debt as at 30 September 2019 and 2020 divided by LTM Adjusted EBITDA for the last twelve months ended 30 September 2019 and 2020, respectively.
- **"Total Debt/Total Equity"** is calculated as Total Debt divided by Total Equity, in each case as at the end of the relevant period.

For a reconciliation of APMs for the relevant reporting periods, see *"Selected Consolidated Financial Information and Operating Data"*.

The Group has included these measures because it believes that they enhance an investor's understanding of the Group's financial performance. Further, the Group APMs disclosed in these Listing Particulars in the Group's business operations to, among other things, evaluate the performance of operations and develop budgets and measure performance against those budgets. The Group also believes that these APMs are commonly reported by comparable businesses and used by investors in comparing the performance of businesses. In addition, certain of the Group's financing facilities contain financial covenants that are based on similarly titled measures, calculated using the methodology set out in those facilities.

The APMs disclosed in these Listing Particulars are unaudited supplementary measures of the Group's performance and liquidity that are not required by, or presented in accordance with, IFRS. These measures are not defined by IFRS and the Group's use and definition of these metrics may vary from other companies in its industry due to differences in accounting policies or differences in the calculation methodology. These APMs have limitations as analytical tools and should not be considered in isolation, or as substitutes for, or superior to, the equivalent measures calculated and presented in accordance with IFRS or those calculated using financial measures that are calculated in accordance with IFRS. Accordingly, undue reliance should not be placed on the APMs presented in these Listing Particulars.

Cover Ratios: The cover ratios set forth in these Listing Particulars were calculated by the Group and were included herein to demonstrate compliance by the Borrower and the Initial Guarantors with certain financial covenants. These include Obligor EBITDA Cover Ratio and Obligor Total Assets Cover Ratio which are defined as follows:

- **"Obligor EBITDA Cover Ratio"**, as defined in *"Form of the Loan Agreement and the Deed of Guarantee"*, means at the date of determination the ratio (expressed as a percentage) of (i) the aggregate of the 12-month EBITDA of each Obligor (in each case excluding all intra-group items and taking no account of any negative EBITDA in respect of an Obligor) divided by (ii) the 12-month Consolidated EBITDA.
- **"Obligor Total Assets Cover Ratio"**, as defined in *"Form of the Loan Agreement and the Deed of Guarantee"*, means at the date of determination the ratio (expressed as a percentage) of (i) the aggregate of the Total Assets of each Obligor (in each case excluding all intra-group items and taking no account of any negative value of the Total Assets of an Obligor) divided by (ii) the Consolidated Total Assets.

The Group defines intra-group items referred to in the definitions of "Obligor EBITDA Cover Ratio" and "Obligor Total Assets Cover Ratio" as intra-group transactions and balances.

Presentation of Certain Terminology

In these Listing Particulars, all references to:

- the "**Company**" and the "**Borrower**" are to Hacienda Investments Limited on an unconsolidated basis, unless the context otherwise requires;
- "**DME**" are to Domodedovo International Airport;
- the "**Group**" are to DME Limited and its consolidated subsidiaries, taken as a whole, unless the context otherwise requires;
- "**SVO**" are to Sheremetyevo International Airport;
- "**VKO**" are to Vnukovo International Airport; and
- "**ZIA**" are to Zhukovsky International Airport.

Volume Measurement

In these Listing Particulars, all references to:

- "**square metre**" or "**sq. m.**" are to a unit of area measurement equal to a square measuring one meter on each side;
- "**cubic meter**" are to a metric unit of volume or capacity equal to 1,000 litres; and
- "**tonne**" are to a unit of mass equal to 1,000 kg or 2,204.6 pounds.

Currencies

In these Listing Particulars, all references to:

- "**EUR**", "**euro**", "**Euro**" and "**€**" are to the currency of the participating member states in the third stage of the Economic and Monetary Union of the Treaty establishing the European Community;
- "**RUB**", "**Russian rouble**", "**Rouble**" and "**rouble**" are to the currency of the Russian Federation; and
- "**U.S. Dollar**", "**U.S. dollar**", "**USD**" and "**U.S.\$**" are to the currency of the United States of America.

Certain Jurisdictions

In these Listing Particulars, all references to:

- "**EU**" are to the European Union;
- "**CIS**" are to the Commonwealth of Independent States and its member states as at the date of these Listing Particulars are: Armenia, Azerbaijan, Belarus,

Kazakhstan, Kyrgyzstan, Moldova, Russia, Tajikistan, Turkmenistan and Uzbekistan;

- "**Cyprus**" are to the Republic of Cyprus;
- "**Russia**" are to the Russian Federation;
- "**U.K.**" and "**United Kingdom**" are to the United Kingdom of Great Britain and Northern Ireland; and
- "**U.S.**" and "**United States**" are to the United States of America.

Certain Definitions

In these Listing Particulars, all references to:

- "**ATMs**" are to air traffic movements, being aircraft takeoffs or landings;
- "**CAGR**" are to compound annual growth rate;
- "**CBR**" are to the Central Bank of the Russian Federation;
- "**MAH**" are to the Moscow Aviation Hub which includes DME, SVO and VKO;
- "**Rosaviatsia**" means the Federal Air Transport Agency of the Russian Federation;
- "**Rosstat**" means the Federal State Statistics Service in the Russian Federation;
- "**Russian Government**" or "**Government**" means the Government of the Russian Federation; and
- "**state authorities**" are to federal, regional and municipal authorities.

For the purposes of "*Use of Proceeds*" only, references to:

- "**Activity subject to Sanctions**" means any activity specified or referenced in the United States Countering America's Adversaries Through Sanctions Act of 2017, Ukraine Freedom Support Act of 2014 or Sovereignty, Integrity, Democracy, and Economic Stability of Ukraine Act of 2014, each, as amended, supplemented or supplanted from time to time, which could reasonably be expected to be a basis for the imposition of sanctions or penalties on any person as a result of such person engaging in such activity;
- "**Sanctions**" means any sanctions or other similar restrictive measures administered and/or enforced by any Sanctions Authority;
- "**Sanctions Authority**" means:
 - (a) the Security Council of the United Nations; or

- (b) the respective governmental institutions and agencies of the US, the United Kingdom, the European Union or a member state of the European Union including, without limitation, the Office of Foreign Assets Control of the US Department of the Treasury, the United States Department of State, the United States Department of Commerce and Her Majesty's Treasury; or
 - (c) any other relevant governmental or regulatory authority, institution or agency which administers economic, financial or trade sanctions;
- **"Sanctioned Country"** means a country or territory which is the subject of general export, import, financial or investment embargoes by any Sanctions Authority (including, without limitation, Crimea and Sevastopol, Cuba, Iran, North Korea, Sudan and Syria);

Rounding

Certain figures included in these Listing Particulars have been subject to rounding adjustments. Accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.

EXCHANGE RATE INFORMATION

The following tables show, for the periods indicated, certain information regarding the exchange rate between the rouble and the U.S. dollar, based on the official exchange rate quoted by the CBR. These rates differ from the actual rates used in the preparation of the Group's Financial Statements and other financial information appearing in these Listing Particulars.

	High	Low	Average⁽¹⁾ <i>(RUB per U.S.\$)</i>	Period End
2021 (up to and including 4 February 2021)	76.25	73.36	74.42	76.08
2020	80.88	60.95	72.15	73.88
2019	67.19	61.72	64.46	61.91
2018	69.94	55.67	62.91	69.47
2017	60.75	55.85	58.09	57.60

	High	Low	Average⁽¹⁾ <i>(RUB per EUR)</i>	Period End
2021 (up to and including 4 February 2021)	92.30	88.97	90.65	91.56
2020	93.76	67.82	82.45	90.68
2019	77.21	68.41	72.06	69.34
2018	81.39	67.88	74.06	79.46
2017	71.95	59.61	66.03	68.87

⁽¹⁾ The average of the exchange rates on the last calendar day of each month for the relevant annual period, and on each calendar day for any other period.

The rouble/U.S. dollar and rouble/Euro exchange rates as quoted by the CBR on 4 February 2021 were RUB 76.08 for one U.S. dollar and RUB 91.56 for one Euro.

No representation is made that the U.S. dollar and/or Euro amounts referred to in these Listing Particulars could have been or could be converted into roubles or U.S. dollars, as the case may be, at the above exchange rates or at all.

INFORMATION DERIVED FROM THIRD PARTIES

The Issuer, the Borrower, and the Initial Guarantors have obtained certain statistical and market information that is presented in these Listing Particulars on such topics as the airports industry, the Russian economy in general and related subjects from the following third-party sources:

- CBR;
- Rosstat;
- Russian Federal Treasury;
- Transport Clearing House ("**TCH**"); and
- Airports Council International ("**ACI**").

This third-party information is presented in the following sections of these Listing Particulars: "*Overview of the Group*", "*Risk Factors*", "*Operating and Financial Review*", "*Industry*" and "*Business*".

The Issuer, the Borrower, and the Initial Guarantors accept responsibility for accurately reproducing such information and as far as they are aware and are able to ascertain from information provided or published by such third party, no facts have been omitted that would render the reproduced information inaccurate or misleading. Nevertheless, prospective investors are advised to consider this data with caution. Market studies are often based on information or assumptions that may not be accurate or appropriate, and their methodology is inherently predictive and speculative. Prospective investors should note that the Group's estimates are based on such third-party information. Neither the Issuer, the Group nor the Joint Lead Managers have independently verified the figures, market data or other information on which third parties have based their studies.

The Issuer, the Borrower and the Initial Guarantors have derived substantially all of the information contained in these Listing Particulars concerning its competitors from publicly available information and has accurately reproduced such information and, as far as the Group is aware and is able to ascertain from information published by such third party, no facts have been omitted that would render the reproduced information inaccurate or misleading. The Issuer and the Group have relied on the accuracy of this information without independent verification. In addition, some of the information contained in this document has been derived from official data of the Russian government agencies, such as Rosstat, and the CBR. The information derived from the official data of various Russian governmental agencies has been accurately reproduced by the Issuer and the Group, and as far as the Issuer and the Group are aware and are able to ascertain from information published by such Russian governmental agencies, no facts have been omitted that would render the reproduced information inaccurate or misleading. The Issuer and the Group have relied on this information without independent verification. The official data published by Russian federal, regional and local government agencies is substantially less complete or researched than that of more developed countries. Official statistics, including data published by the CBR, may also be produced on different bases than those used in more developed countries. Any discussion of matters relating to Russia in these Listing Particulars must, therefore, be subject

to uncertainty due to concerns about the completeness or reliability of available official and public information.

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RISK FACTORS

An investment in the Notes involves a high degree of risk. Prospective investors should consider carefully, among other matters, the risks set forth below and the other information contained elsewhere in these Listing Particulars prior to making any investment decision with respect to the Notes. Any of the risks described below, individually or together, could have a material adverse effect on the Group's business, financial condition, results of operations or prospects and the trading price of the Notes.

In addition, the description of the risks set forth below does not purport to be an exhaustive description of all risks that the Group faces. Additional risks that are not known to the Group at this time, or that it currently believes are immaterial, could also have a material adverse effect on the Group's business, financial condition, results of operations or future prospects and the trading price of the Notes.

RISKS RELATING TO THE GROUP, THE GROUP'S BUSINESS AND INDUSTRY IN WHICH IT OPERATES

The COVID-19 pandemic and measures to reduce the number of cases have had, and will likely continue to have, a material adverse impact on the Group's business, financial condition, results of operations and/or prospects.

Originating in China in December 2019, COVID-19 had spread globally by early 2020 and, in March 2020, was declared a pandemic by the World Health Organization.

In response to the COVID-19 outbreak, since February 2020, governments globally have been implementing a range of restrictions including lockdowns, restrictions on travel from certain international locations and advisories on limiting non-essential travel, enhanced airport screenings, mandatory quarantine requirements, social distancing and other similar measures aimed at controlling the number of COVID-19 cases. On 27 March 2020, the Russian Government suspended both inbound and outbound regular and charter international passenger flights, which had a devastating effect on the Russian airport and aeronautical industry. According to the Group's estimates, from April through September 2020 the volume of passenger traffic at DME decreased by more than 50 per cent. year-on-year reflecting a reduction of over 90 per cent. in international flights and over 40 per cent. in domestic flights year-on-year.

According to Rosaviatsia data, in the nine months ended 30 September 2020, the volume of the MAH passenger traffic decreased by 52.8 per cent. as compared to the nine months ended 30 September 2019, which reflects a 75.2 per cent. decrease in international passenger traffic and a 29.7 per cent. decrease in domestic passenger traffic, in each case in the nine months ended 30 September 2020 as compared to the nine months ended 30 September 2019. According to the Ministry of Transport data, the overall passenger traffic volumes of Russian airlines in 2020 decreased by 46 per cent. year-on-year.

The global aviation industry has been impacted similarly. According to Airlines for America, since the onset of COVID-19 through mid-April 2020, passenger traffic in the U.S. decreased by 97 per cent. year-on-year. According to ACI Europe, in April – May 2020, the decrease in the overall European passenger traffic and the passenger traffic in Eastern Europe was ranging between 98 and 100 per cent. year-on-year. By October 2020, the decrease in the overall European passenger traffic and the passenger traffic in Eastern

Europe was 73 per cent. and 83 per cent., respectively, year-on-year, according to ACI Europe.

In response to sharp decreases in passenger traffic and revenue drops experienced by airlines, governments worldwide have implemented a broad range of rescue measures (including bailouts, subsidised lending, tax relief and equity injections) to maintain solvency of a number of airlines, including those which use DME (such as Lufthansa and Yamal Airlines). Furthermore, a number of airlines globally have ceased operations. In November 2020, the International Air Transportation Association ("IATA") published a revised outlook for the performance of airline industry forecasting a net loss of U.S.\$118.5 billion in 2020 and a net loss of U.S.\$38.7 billion in 2021. In November 2020, the CBR published a financial stability report, citing that Russian airline industry may require additional state support to ensure sustainability amid growing leverage levels and increased health and safety costs.

The Russian Government has allocated approximately RUB 23.4 billion to provide support to Russian airport operators, offering grants in partial compensation of certain operating expenses, deferral of tax payments and subsidised loans to support liquidity. However, there can be no assurance that these support measures will continue in the future, that the Group would remain eligible therefor or that the support measures would be adequate to offset the impact on the Group resulting from the COVID-19 outbreak.

COVID-19 is also expected to have longer-term consequences on the airline and airport industry as well as travel demand. Declining demand for air travel due to the perceived risk of health impacts, the cancellation of a broad range of public events, the closure of popular tourist destinations and the increased use of videoconferencing, have resulted in a significant decline in business and leisure travel. Decreased economic growth or economic contraction in many major economies may further reduce demand for air travel. There is no indication of when the restrictions introduced in response to the COVID-19 outbreak may be lifted, if at all, or when travel demand may return to its pre-COVID-19 levels. As a result, the Group may not reach the levels of passenger traffic and aircraft movements that it serviced prior to COVID-19 in the near future or at all.

The unprecedented disruption to air travel and related businesses caused by COVID-19 has resulted in a significant decrease in revenue across all aspects of the Group's business. The decrease in revenue, in turn, resulted in a significant drop in operating profit. The Group's results of operations were further exacerbated by a significant net foreign exchange loss resulting from the depreciation of the Rouble against the U.S. dollar and euro, which collectively resulted in the Group incurring a RUB 10,360 million loss for the period in the nine months ended 30 September 2020, as compared to a profit for the period of RUB 7,808 million in the nine months ended 30 September 2019.

In response to the impact of COVID-19, the Group has implemented a number of measures in order to promote the financial stability and continued viability of its business operations. These include the reduction of non-essential capital expenditures, a decrease in dividend distribution, more active control over the collection of accounts receivable, and the allocation of the Group's cash balances across a range of financial institutions. The adverse impact of COVID-19 on the Group's results and operations and financial position (including the increase of the Group's Net Debt/LTM Adjusted EBITDA which as of 30 September 2020 amounted to 6.8) has also required the Group to procure waivers from lenders under some of its credit facilities in order to avoid breaches of covenants in the

relevant facilities. See "*Operating and Financial Review–Liquidity and Capital Resources–Amendments and waivers*" and "*Overview–Impact of COVID-19*". Some of these measures, particularly the reduction in capital spending, has also slowed down the commissioning of some of the Group's infrastructure (including the new segment of the DME passenger terminal intended to service international flights ("**Segment 2**") or cargo terminal which are currently planned for 2022 and 2023, respectively) thus negatively affecting the Group's growth plans.

Since late September 2020, the number of COVID cases in Russia and elsewhere has been increasing (commonly referred to as the second wave of the pandemic) and restrictions in order to control the spread of the pandemic have been reintroduced in many jurisdictions. Furthermore, in December 2020, a number of countries, including Russia, suspended flights to and from the UK in order to limit the spread of a new COVID-19 variant, and others instituted more stringent testing and other pre-travel requirements. Continued spread of COVID-19, or the introduction of additional variations, could lead to new and potentially highly restrictive travel restrictions being introduced in Russia and other countries, further restricting air travel.

The continued or further spread of COVID-19, the maintenance or introduction of testing and quarantine requirements and other limitations on air travel, and related impacts, could have a material adverse effect on the Group's business, financial condition, results of operations and/or prospects.

The Group is subject to risks associated with the macroeconomic environment.

Macroeconomic conditions can have a significant impact on the level of air traffic and DME's performance. Adverse changes in the general level of macroeconomic growth may result in a decline in levels of discretionary spending, general business activity and capital expenditure. These factors, in turn, may affect the passengers' travel and shopping behaviour which, as a result, would decrease the Group's revenue.

The depreciation of the Rouble generally contributes to the decrease in levels of disposable income and a deterioration of the purchasing power of certain groups of customers and their ability to travel abroad due to increased costs forcing them to either limit or suspend using air travel or turn to domestic air travel (which generates less revenue for the Group on a relative basis as compared to international travel) or other means of transportation which negatively affects the Group's revenue and increases the Group's competition.

In addition, growing inflation rates may require additional state funding to consummate some or all of the expansion projects due to their increased costs as a result of the inflationary pressure. Accordingly, there is no assurance that any such revision will be made in time or at all or, if made, that the increased funding will be sufficient to cover increased costs in full.

A decline in general macroeconomic conditions may also affect passengers' shopping behaviour. A reduction in consumer spending at DME may affect the attractiveness of retail space to concessionaries renting commercial space at DME, and in turn, the success of the Group's auction process for renting commercial space in DME's passenger terminal (the "**Passenger Terminal**") and, therefore, the Group's rental income. Save for duty free shops, the Group's rental rates are based, among other things, on the passenger traffic level.

Accordingly, should the DME passenger traffic decline, the Group's rental income may be adversely affected.

According to Rosstat, in 2017, 2018 and 2019, Russia's real GDP grew by 1.8 per cent., 2.5 per cent. and 1.3 per cent., respectively. However, the outbreak of COVID-19 in early 2020 and a sharp reduction of oil prices (from U.S.\$52 per barrel of Brent crude oil as at 2 March 2020 to U.S.\$16 per barrel of Brent crude oil as at 22 April 2020) that was caused by the collapse of the OPEC+ deal, have contributed to a depreciation of the Rouble by approximately 30 per cent. (which, in late March 2020, resulted in the Rouble reaching its lowest level since January 2016) and overall unprecedented business turmoil leading to the decrease in the Russia's GDP for the nine months ended 30 September 2020 by approximately 3.5 per cent. In addition, based on the estimates of the Russian Ministry of Economic Development, Russia's GDP is expected to decline by approximately 3.9 per cent. in 2020 with moderate growth expected to resume in 2021.

Macroeconomic events that have occurred since the beginning of 2020 have further exacerbated the negative effect of COVID-19 which have resulted in the Group's revenue decreasing from RUB 28,444 million for the nine months ended 30 September 2019 to RUB 15,503 million for the nine months ended 30 September 2020. If Russian macroeconomic conditions remain adverse or worsen further, the Group's business, financial condition, results of operations and prospects could be materially adversely affected.

The Group is highly dependent on air traffic levels.

The Group's business and development depend on the levels of air traffic to and from DME, including the passenger traffic numbers, ATM numbers and cargo volumes. These factors directly impact revenue from all three business segments of the Group as the relevant fees are linked to the number of passengers or ATMs or the aircraft take-off weight (see "*Business – Business Segments*").

The Group's aviation services revenue is generated from airport fees and traffic charges for the use of DME's infrastructure. These charges are typically levied on the basis of departing and arriving passenger numbers and maximum take-off weight. Revenue for the Group's auxiliary aviation services (including ground handling services, fuelling services, in-flight catering and cargo storage), which represented 54.7 per cent. of the Group's total revenue for the nine months ended 30 September 2020 and 53.3 per cent. of total revenue for the year ended 31 December 2019, is also impacted by the number of flights, passenger traffic levels and cargo volumes at DME. In addition, demand for commercial services, which include retail concessions, advertising, leasing of other commercial properties, car parking facilities and hotel services, are impacted by the number of passengers and ATMs.

The level of passenger numbers, the number of ATMs and cargo traffic to or from DME depends on numerous factors, some of which are beyond the Group's control, including:

- the strategy and success of airlines and airline alliances that have important network hubs at DME, such as the oneworld alliance (of which S7 is a member) and the Star Alliance;
- the financial and operating condition of airlines that have a major presence at DME;
- the attractiveness of DME both to passengers and airlines relative to that of other airports within and outside the MAH;

- the development of efficient and viable alternatives to air travel, including the improvement or expansion of existing surface transport systems, the introduction of new transport links or technology and the increased use of communications technology;
- the ongoing development of budget airlines in the MAH and Russia;
- intergovernmental agreements, which regulate the number of airlines operating to and from each country;
- "Open Skies" or potential liberalisation of the Russian airspace;
- regulatory decisions by the Russian Federal Antimonopoly Service ("**FAS**") or decisions by the European Union or other international entities, which could affect the airlines' behaviour and policies as well as demand for air travel;
- the ability and decisions of the Moscow Air Traffic Control Centre (the "**MATCC**") to increase throughput capacity at DME and other MAH airports;
- downturns in global and local economies;
- acts of terrorism, wars, civil disorder, political action, industrial action (including strikes and work stoppages), blockades, health scares and pandemics such as COVID-19, severe weather conditions and natural disasters;
- closures of certain destinations by government authorities;
- fluctuations in oil prices, which can have an impact on DME's airline customers' operations or ticket prices;
- the size of aircraft and their destinations;
- changes in political, social or legal conditions in Russia and elsewhere;
- any decisions of the Russian Government regarding the development of the airfield infrastructure of the MAH;
- large-scale sporting or public events held in Russia; and
- the abolishment or amendment of visa requirements between certain countries.

Air traffic generally and the Group's operations in particular are also subject to seasonal fluctuations, such as a significant increase in passenger traffic during summertime and in September, typically peaking in August, and a decrease in passenger traffic in the first three months of the year (excluding January public holidays in Russia), typically reaching the lowest point in February. Fluctuations in the levels of passenger traffic have a strong correlation with the Group's revenue and cash position (see "*Operating and Financial Review – Significant Factors Affecting the Results of Operations – Seasonality*"). Furthermore, should any of the travel restrictions be implemented or remain in force during the high air travel season, this would result in the Group receiving less revenue as if the relevant restrictions had been in force during the low season.

Air traffic levels is a key element affecting the Group's expansion plans. See "*Business—Airport Development 2026 Masterplan*". However, since 2017 the Group experienced a decrease in the number of flights serviced by DME from 234,699 in 2017 to 222,270 in 2018 and 207,114 in 2019. The downward trend has been further exacerbated by the impact of COVID-19 resulting in a further sharp decrease in the number of flights serviced by DME

from 176,162 in the nine months ended 30 September 2019 to 117,892 in the nine months ended 30 September 2020. See "*– The COVID-19 pandemic and measures to reduce the number of cases have had, and will likely continue to have, a material adverse impact on the Group's business, financial condition, results of operations and/or prospects*".

Should air traffic to and from DME both overall and by geographic region continue to decrease (whether due to COVID-19 or otherwise), the Group may not reach the expected growth levels and/or may be required to delay, reduce or cancel the Group's expansion plans in full or in part. Any such decrease, reduction or cancellation could have a material adverse effect on the Group's business, financial condition, results of operations and/or prospects.

The Group's business depends significantly on the actions and business of airlines and alliances.

Actions taken by airlines or alliances, in particular those that have a major presence at DME such as the Star Alliance and the oneworld alliance, including S7 and other member-airlines, affect passenger numbers and the Group's sales volumes, which, in turn, could materially adversely affect the Group's financial performance and results of operations. For example, traffic levels at DME could be adversely affected by the decisions of airlines to change the number of flights they operate to and from DME, flight routes, flight times, airline ticket prices or employed aircraft or to relocate to other hubs. Likewise, financial difficulties or the failure of a significant airline customer, as a result of the COVID-19 turmoil (see "*– The COVID-19 pandemic and measures to reduce the number of cases have had, and will likely continue to have, a material adverse impact on the Group's business, financial condition, results of operations and/or prospects*") or otherwise, could lead to a reduction in or cessation of certain flights to and from DME. In addition, the type of aircraft used by airlines or change in demand for such services as catering could result in changes to operational and facility requirements. Foreign airlines may also respond to political and tariff-related pressure and their operations may be affected by government policy.

Airlines that use DME are not subject to any contractual or other obligation to maintain a minimum volume of flights. Airlines may choose to reduce or discontinue their flights to and from DME at any time and for any reason. For example, in 2018, Rusline, AZUR air and Uzbekistan Airways moved their flights from DME to VKO and, from 2018 to 2020, Ural Airlines, which is one of the Group's key clients, relocated a portion of its flights to SVO and ZIA. In addition, in 2019, Brussels Airlines and Vietnam Airlines and, in 2020, Japan Airlines relocated their flights to SVO. There can be no assurance that, if any of the Group's key airline customers reduced or discontinued its use of DME, other airlines would add flights to their schedules to replace flights no longer handled by the respective airline. A reduction in flights to and from DME could materially adversely affect the Group's business, financial condition, results of operations and prospects.

As airlines face pressure to sustain profitability, they may also seek to cut services offered to passengers, reduce their costs or purchase those services from suppliers other than DME. A reduction in fees for auxiliary aviation services provided by the Group could materially adversely affect the Group's business, financial condition, results of operations and prospects (see "*Business – Business Segments*").

The highly competitive nature of the airline industry subjects airlines to a high level of commercial and financial risks, which have resulted in insolvencies or mergers of airlines. For example, the cessation of business by Transaero, formerly the second largest airline by

the share of scheduled seats operating at DME, in October 2015 due to financial difficulties resulted in a decrease in volumes of air traffic, a decrease in the Group's revenue from aviation services segment, a decrease in the number of destinations serviced by DME, and a RUB 880 million outstanding receivable from Transaero as at 31 December 2019. In addition, suspension and subsequent complete termination of flights by Vim-Avia in October 2017 and financial difficulties experienced by Vim-Avia prior to that also had negative effect on the Group's business, and resulted in a RUB 504 million outstanding receivable from Vim-Avia as at 31 December 2019. The Group has created allowance for expected credit losses for the full amount of receivables from Transaero and Vim-Avia reflecting low expectation of these amounts being recovered. There can be no assurance that airlines operating from DME will not experience difficulties or become insolvent. Such occurrences could materially adversely affect the Group's revenues, loss of a portion of passenger traffic, increase the Group's expected credit losses and/or some of the Group's receivables being unrecovered.

In addition, the formation and expansion of airline alliances have led, and may in the future lead, to changes in demand for the Group's services. Airline customers that unite into airline alliances may strengthen their position within the Group's customer base, which could adversely affect the Group's ability to negotiate prices and service agreements which could, in its turn, affect the Group's profitability. In addition, airline alliances may attempt to pass on cost pressures to the Group all of which could have a material adverse effect on the Group's business, financial condition, results of operations and/or prospects.

DME operates in a competitive environment.

In the MAH passenger and cargo traffic, DME competes with SVO and VKO. See "*Business—Competition*". SVO and VKO have previously undertaken development projects, including reconstruction of runways and other airport facilities, which have led to growth in airline customers. Similar developments in the future may lead to DME not being able to successfully compete with SVO and VKO which may have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

In addition, while to date ZIA has not posed a significant competitive threat to DME due to the scale of its operations, the contemplated expansion of ZIA's airport facilities (see "*Business—Competition—ZIA*") or any further significant development of infrastructure at ZIA may result in ZIA becoming an increasingly important competitor.

DME also competes with other airports outside of the MAH for transfer traffic and regional airline flights (see "*Business—Competition—Other Competitors*"). If regional airports or other transfer hubs outside of the MAH, in the Russian Federation or elsewhere, prove more attractive to airlines (due to transfer convenience, better economics or otherwise), DME could lose a portion of its existing level of transfer passenger flows or experience a decrease in profit margins.

At a regional level, DME faces competition from railway transportation, especially in deteriorating economic conditions as well as with other providers of services at DME (see "*Business—Competition—Other Competitors*"). The commissioning of innovative high-speed railways, increased penetration of the rail infrastructure, modernisation of existing infrastructure or other factors may increase competitiveness of railways, particularly in respect of domestic and short-haul flights, and affect DME's air traffic levels.

In addition, the Group's ability to compete with other airports in the MAH depends on the MATCC updating and increasing the efficiency of organisation of air traffic and navigation equipment at, or used by, DME, in order to increase air traffic capacity (see "*Business—Government Services*"). If the MATCC is unable to increase the efficiency of air traffic control to support air traffic growth or otherwise, the Group's growth estimates may be adversely affected. Furthermore, should any activity aimed at increasing the efficiency of organisation of air traffic, such as the implementation of a new flight structure in Moscow aviation zone which took place in December 2020 or any similar measures, fail to be accompanied by a smooth integration and transition period, this may result in large-scale flight cancellations or delays by some of the airlines thus affecting the air traffic levels.

Any of these factors could result in reduced margins or cost pressures for the Group, or in DME losing market share to its airport competitors within and outside the MAH as well as its non-airport competitors, any of which could materially adversely affect the Group's business, financial condition, results of operations and prospects.

The Russian Government may prioritise funding of SVO's, VKO's or ZIA's projects over DME's.

Although none of SVO, VKO or ZIA is currently state-controlled, the Russian Federation holds, directly or indirectly, ownership stakes in all three airports (see "*Business—Competition*"). Therefore, there is a risk that the Russian Government may still prioritise funding of their projects as opposed to utilising such funds for projects at DME, including the potential construction of Runway 3, reconstructing existing and building new apron surfaces and/or other projects the implementation of which is projected to be, at least in part, dependent on funds from the Federal Budget. In such circumstances, the capacity of SVO, VKO and/or ZIA may increase, leading to a deterioration of DME's relative market position. If any of the airports competing with DME in the MAH increases its capacity or improves its infrastructure, DME could lose airline customers and passengers or a portion of airline's flights to and from DME which could materially adversely affect the Group's business, financial condition, results of operations and prospects.

DME has been and may in the future be affected by acts of terrorism and/or increased security requirements.

The global nature of the aviation industry has made it a target for terrorism. Airlines and airports globally have been and may continue to be targets of terrorist attacks. In the last two decades, two terrorist attacks occurred at, or related to, DME. On 24 January 2011, a suicide bombing occurred in the international arrivals hall of DME, an area outside of the DME aviation security control perimeter, killing 37 persons and wounding approximately 173. In August 2004, Chechen separatists detonated bombs on board two domestic flights that had departed from DME, killing 90 persons. Acts of terrorism or a perceived threat of terrorist actions may lead to damage to DME's reputation and decreased passenger confidence in air travel in general, which, in turn, would result in fewer airlines and passengers using DME. The Group could incur significant costs in taking additional measures to prevent an attack or repairing damage resulting from such an attack. For example, following the 2004 bombings, the Group spent approximately RUB 361 million on security and detection equipment, which has been installed at the airport. In the aftermath of the January 2011 terrorist attack, the Group spent over RUB 4 billion to enhance security procedures at DME. The Group may incur extra costs, in addition to the ones budgeted, related to enhanced security procedures in the future, but may not be able to recover, in full or at all,

the increased costs associated with heightened security at DME through an increase in aviation security tariffs. The discovery of potential terrorist plots against airlines or airport facilities could lead to the cancellation and/or delay of flights at DME or lead to a drop in passengers flying generally. Acts of terrorism or the perceived threat of terrorist actions at DME or elsewhere may also lead to increases in insurance costs or in reduced insurance availability. Acts of terrorism or a perceived threat of terrorist actions could, therefore, have a material adverse effect on the Group's business, financial condition, results of operations and prospects. In addition, acts of terrorism could lead to liability for the Group. See "*Some of the Group's former and current senior officers and its ultimate beneficial owner Mr. Kamenshchik, have been the subject of criminal investigations in Russia*".

Furthermore, acts of terrorism have resulted in, and may in the future continue to result in, negative press relating to DME or the Group. DME and members of the management of the Group have been the subject of negative publicity and commentary following the January 2011 attack, including from the President of the Russian Federation and other public officials. Any such negative press reports or other commentary in relation to DME or the management of the Group could have a material adverse effect on DME's and the Group's reputation, as well as the Group's business, financial condition, results of operations and prospects.

In addition, the air cargo handling system is generally vulnerable to security threats, some of which are beyond the Group's control, including potential plots to place explosives aboard aircraft, illegal shipments of hazardous materials, criminal activities, such as smuggling and theft and potential hijackings and sabotage by persons with access to aircraft.

The Russian Federation and the Group have heightened security measures since the 24 January 2011 bombing (see "*Industry Regulation—Overview of the Applicable Legislation*" and "*Industry Regulation—Amendments to the Legislation Following the Terrorist Attack at DME in January 2011*"), as a result of which every person entering the free access zone of the terminal building (the "**landside**") is screened by Russian police authorities. These authorities are assisted by members of the Group's security team, who provide and operate the screening equipment at the entrance to the terminal. Any changes in safety regulations could increase costs related to airport security, which in turn would result in increases in operating costs, delays to passenger movement through DME and increased potential liability for security-related issues, all of which could have a material adverse effect on the Group's business, financial condition, results of operations and prospects. See "*Business—Business Segments—Aviation Services—Aviation Security*" and "*Regulation of Airports in Russia*".

The Group's operations may be impacted by accidents, adverse weather conditions, natural disasters, pandemics, war, civil unrest, political or other events outside of its control, which could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The Group's operations have in the past been and could in the future be adversely affected or disrupted by natural events (such as fires, adverse weather conditions and earthquakes, amongst others) or other events outside of its control such as accidents, health scares or pandemics. See "*The COVID-19 pandemic and measures to reduce its spread have had, and will likely continue to have, a material adverse impact on the Group's business, results of operations, financial condition and liquidity*". Any catastrophic event that affects or disrupts the Group's operations or those of its business partners could have a negative effect on the volume of air traffic at DME and may decrease the Group's revenue and increase the Group's costs. In some circumstances, the Group may not be able to remediate

the situation caused by such an event in an effective manner and may be subject to interruptions in terminal operations or delays in resuming operations. Such events are often subject to media coverage and the Group's reputation could be significantly damaged by adverse media coverage. The Group may also incur unforeseen costs related to the occurrence or in the anticipation of any of these events. The occurrence of any of these events could, therefore, have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

Accidents

DME is exposed to the general risk of accidents, including aircraft crashes, occurring at or near its facilities. Accidents may result in injury or loss of human life, damage to the airport and/or other infrastructure and short or long-term closure of part or all of DME's facilities and may have an ongoing impact on passenger traffic levels. If an accident occurs, DME's operations may be disrupted by the accident and during the repair of any ensuing damage. On 11 February 2018, a Saratov Airlines aircraft crashed shortly after take-off from DME, killing 71 people on board. On 5 May 2019, an Aeroflot flight to Murmansk, Russia, has crash-landed while returning to SVO, killing 41 people on board. In addition, some of the Group's facilities have been in operation for several decades. Although these facilities undergo various checks and repair work on a regular basis, they are more prone to malfunction than newer facilities. There can be no assurance that DME's operations will not be affected by accidents in the future which could result in liability or reputational harm to the Group, damage to DME's infrastructure and/or an interruption of airport operations.

Adverse weather conditions and natural disasters

DME is exposed to the general risk of adverse weather conditions and natural disasters. During 2010, a volcanic eruption, heat waves, smog, heavy fog, freezing rain and forest fires each led to delays, flight cancellations and changes in routes and destinations, thereby decreasing the level of air traffic at DME. On 26 December 2010, freezing rain caused damage to the two power lines feeding DME, causing a blackout at the airport and the express railway that connects DME to central Moscow. The outage lasted 12 hours and resulted in the cancellation of 493 ATMs and the delay of 543 flights, and a loss of revenue which was not covered by the Group's insurance. The Group was the subject of adverse publicity relating to this incident due to its scale and the time needed to resume normal operations. In addition, DME experienced a decrease in air traffic during the period of the Icelandic volcano eruption in the spring of 2010, resulting in the cancellation of 265 flights. DME's operations were also significantly affected by forest fires in the Moscow region, which disrupted the MAH's air traffic in August 2010. Difficult weather conditions, natural disasters and other force majeure circumstances could materially adversely affect the Group's operations in the future. The Group's reputation could also be damaged if the Group is not able to take prompt measures to counter or reduce materially the negative impact of these circumstances. The occurrence of any of these events, therefore, could adversely affect the Group's business, financial condition, results of operations and prospects.

Pandemics, war and civil unrest

In the event of a health scare, pandemic, war, an outbreak of hostilities or other forms of civil unrest in any country in which flights depart to or arrive from DME, airlines may decide or be forced to cancel or delay flights. A war, an outbreak of hostilities or other form of civil unrest could also reduce air traffic levels at DME. This could have a material adverse

effect on the Group's business, financial condition, results of operations and prospects. See "*The COVID-19 pandemic and measures to reduce the number of cases have had, and will likely continue to have, a material adverse impact on the Group's business, financial condition, results of operations and/or prospects*".

Political tensions, bankruptcies and other events

The Group's operations could be adversely affected or disrupted by political or other events outside of the Group's control. For example, the ban on flights to Egypt and on charter flights to Turkey introduced in November 2015, mutual bans on flights of national carriers between Russia and Ukraine introduced in September 2015, the cessation of business by Transaero in October 2015 and the suspension and subsequent termination of flights by Vim-Avia in October 2017 adversely affected the Group's business resulting in a significant drop in overall flights to tourist and other destinations out of DME, and DME's non-regular flights volume. While Russian airlines resumed flights to Turkey in 2016 and to Cairo in 2018, the occurrence of any similar events could adversely affect the Group's business, financial condition, results of operations and prospects.

The Group is subject to environmental and health and safety laws, and changes in these laws could require the Group to modify its existing business practices, incur increased costs and subject it to potential liabilities.

The Group's operations may be impacted by environmental, health and safety and planning regulations, including those relating to aircraft movements, air quality (including emission standards), noise, soil and water pollution arising from airport operations, discharges and surface water drainage, land and groundwater contamination, flooding, asbestos, waste handling management and disposal, climate change and energy use and efficiency.

While the Group believes it has implemented adequate environmental and health and safety protection measures and is in compliance with existing environmental and health and safety laws, compliance with these regulations may involve time-consuming procedures or otherwise impede or prevent or increase the operating costs involved in the continuation of the Group's existing activities and operations. The operation of a hydrant fuelling system, fuel storage, drainage storage and the use of de-icing fluids, in particular, creates environmental risks for DME. DME's fuelling system has been in operation since the 1960s and its age exposes it to risks of corrosion and malfunction. Although the Group is constantly monitoring the operational condition of the fuelling system and takes various actions, including the implementation of a spillage detection system and the gradual reconstruction of the fuelling system in order to mitigate the risks associated with the fuelling system in operation, its physical deterioration could cause the failure of core technological equipment, pipelines and valves. Environmental damage, such as that from a fuel spillage, or complying with new or more stringent laws and regulations relating to fuelling services and fuelling storage could result in significant additional costs to the Group.

New or revised policies, laws or regulations relating to the environment or health and safety, or changes in the enforcement of any of these laws or regulations, may also require the Group or its customers to implement significant changes in their operations or activities and/or to incur increased costs, any of which could have a material adverse effect on the Group's results of operations. For example, in 2017, amendments to the Air Code of the Russian Federation (the "**Air Code**") established seven zones of aerodrome environs. Each zone limits the use of real estate and prohibits carrying out activities in a certain way (for

example, the third zone prohibits construction of buildings higher than the limits set out by the Russian Government, the fourth zone prohibits construction of buildings that would interfere with navigation, communication, landing and other systems). The Air Code requires the developer constructing the aerodrome facilities (such as facilities designated for take-off, landing, ground handling and parking of an aircraft) to compensate individuals, legal entities and public-law entities damages (to be calculated by the municipal authorities) caused by such limitations. Currently, draft of DME aerodrome environ is under state government expert review and is expected to be approved by the end of 2021. Should the draft undergo adjustments following the state government expert review, this could affect DME throughput capacity which, in turn, could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

Operational and development constraints could result in substantial expenditure for the Group. These include regulations relating to noise levels, air quality, buildings and other emissions, and mitigation measures related to these. Such regulations and measures include restrictions on runway or terminal capacity and use, contamination containment and flooding-related measures and the payment of compensation for failure to comply with such regulations. Expanding capacity involves planning and compulsory purchase costs and delays, uncertainties relating to new runways and Passenger Terminal expansion (including as a result of third-party opposition and appeals and public inquiries and judicial proceedings) and the costs, disruptions and uncertainties relating to surface transport improvements. Any of these could restrict the Group's operations or activities and lead to additional costs for the Group.

In addition, the Group may be exposed to the risks of environmental contamination or other environmental damage. In 2018, the Group was found to have breached the applicable water-use laws and received a fine of RUB 92.6 million (of which RUB 37.4 million was paid in April 2020 and RUB 55.2 million is due to be paid by 1 March 2021) for contaminating Bezymyanny stream, a tributary of the Gnilusha river. The incurrence of the fine has caused the Group to create a provision to cover potential losses which amounted to RUB 93 million as of 31 December 2019. The fine was upheld by the cassation court and, in July 2020, the Supreme Court of the Russian Federation did not accept the Group's motion for reconsideration of the case thus leaving the decree of the cassation court unchanged. A number of high-profile Russian companies have also recently received significant fines for environment contamination and failure to comply with the applicable environmental laws. Accordingly, fines for, or remediation of, environmental contamination or other environmental damage could entail substantial costs and have a material adverse effect on the Group's business, financial condition, results of operations and growth prospects.

These costs and other constraints may arise either in respect of the Group's existing businesses or in respect of future capital expenditure projects or new business activities at DME. Soil and air quality mitigation and compensation costs for capacity expansion of DME have not been fully estimated. There can be no assurance that such costs and other constraints will not have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

Tariffs for certain services provided by the Group have been in the past and may in the future be regulated by the Russian Federal Antimonopoly Service and, as a result, the tariffs charged for such services were, and may in the future be, subject to caps.

With effect from 21 February 2016, the FAS deregulated the fees for the airport services provided by DME, SVO and VKO which had previously been subject to capped tariffs set by the FAS or its predecessor the Russian Federal Tariff Service (the "FTS"). While currently the fees for takeoff, landing, aircraft parking, use of airport terminal, airport security, passenger servicing, aircraft fuelling and storage of fuel are determined by the Group at its discretion, there is no guarantee that the FAS will not re-introduce regulated tariffs which could result in the FAS determining the maximum fees the Group may charge its airline customers for these services. As a result, the FAS could stipulate tariff levels that would be disadvantageous to the Group or delay or deny amendments to tariff levels requested by the Group, which could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

In addition, although the Group is currently entitled to set fees for airport services at its discretion, the FAS still retains the control and oversight functions in the pricing area. While, following the deregulation of fees for airport services, DME, SVO and VKO increased certain Rouble-denominated fees paid by their Russian airline customers, given that the Russian authorities generally take a view that any increase of fees should be justified, the Group may have limited flexibility in increasing the relevant fees further in the future.

Furthermore, following the deregulation of fees for the airport services, MAH airports, including DME, increased fees for their services which had a knock-on effect on the prices of airline tickets and which, in turn, resulted in the President of the Russian Federation expressing concerns with respect to the ticket pricing. While this has not resulted in the FAS or other state authorities taking action in seeking to decrease the relevant fees, there could be no guarantee that such action or levying fines on the Group and/or re-introducing the government-regulated tariffs or higher scrutiny of the pricing arrangements by the governmental authorities would not take place in the future.

Moreover, the FAS is empowered to impose fee caps for certain types of services if it determines that a company holds a dominant market position and is increasing prices for services without sufficient justification. In the ordinary course of business, the Group is and has been subject to investigations by the FAS. Any order by the FAS that would require the Group to decrease the fees charged would affect the Group's revenue, and there can be no assurance that the Group will not be required to pay fines or face penalties in the future.

Further, the increase of airport fees by the Group may result in airlines switching to other airports in the MAH offering lower rates which could result in DME losing some of its clients and a portion of its market share (see "*-DME operates in a competitive environment*") which could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

Some of the Group's activities are subject to mandatory licencing

The Group must obtain and retain certain licences, permits and approvals for some of its operations, including as required by state property, safety and environmental laws. If licences, permits or approvals were to be revoked, suspended, or not granted or extended either in the context of DME's current operations or its expansion as envisaged under the

Group's expansion plans for DME by 2026 (the "**2026 Masterplan**"), or if there were delays in obtaining such permits or approvals, the Group's operations and prospects could be adversely affected. Regulatory authorities could adopt new or more stringent regulations, or heighten the aviation industry oversight and, as a result, the Group could incur significant costs and expenses to comply. Any change in the laws, rules and regulations related to the Group's operations could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The Group is dependent on its relationship with the Government.

The Group's ability to carry on its business, execute its expansion plan and increase its revenue and profitability depends significantly on its relationship with the Government and Government authorities. The Group interacts with the Russian Government in a variety of areas and the Group's key operations and future plans depend, to a certain extent, on maintaining good relations with the Government.

DME's growth depends on the support of the Ministry of Transport, Rosaviatsia in the form of providing funds of the Federal Budget to finance its projects (see "*—The ability of the Group to increase DME's air traffic capacity and to implement the 2026 Masterplan depends on a number of factors some of which are beyond the Group's control*" below). The Group also interacts with the Federal Agency for State Property Management (Rosimushchestvo) in relation to the land, runways and other infrastructure it leases from the Russian Federation and a municipal entity of the Moscow Region (see "*—The Group's business depends on its lease of the runways and the land occupied by the airport from Governmental authorities*" below). Decisions by the Service for Transport Supervision (Rostransnadzor) and Rosaviatsia also have a significant impact on the Group's security policies and costs. The Group's relationship and interactions with these Government agencies, therefore, can affect the Group's business, financial condition, results of operations and prospects.

In addition, because of its importance to the public, the airport attracts a significant amount of political attention. The Group is subject to a high level of scrutiny from public officials and may from time to time be subject to Government reviews, statements and investigations. Since the January 2011 terrorist attack, the entities of the Group have been subject to an increased number of inspections by various Governmental authorities. Such Government reviews, statements and investigations may also generate adverse publicity relating to the Group. Any conclusion pursuant to a Government review or investigation that finds the Group to be liable or that is otherwise unfavourable to the Group, or any adverse publicity relating to such events, may have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

Some of the Group's former and current senior officers and its ultimate beneficial owner Mr. Kamenshchik, have been the subject of criminal investigations in Russia.

On 24 January 2011, a suicide bombing occurred in the international arrivals hall of DME, an area outside of the DME aviation security control perimeter, killing 37 persons and wounding approximately 173.

Following the terrorist attack, the Investigative Committee of the Russian Federation instituted a criminal investigation pursuant to Part 3, Article 263.1 of the Russian Criminal Code, for failure to follow the rules of transportation security at the airport and certain

employees of the Group were summoned to appear as suspects. In the course of the investigation, no signs of malicious action or inaction relating to terrorist attack prevention measures were found in the behaviour of the employees responsible for the security service at DME. In August 2015, the relevant criminal proceedings were terminated due to the absence of substance of the offence given that no legislative act requiring employees of the Group to take measures aimed at transportation security on the landside zone of the airport was adopted as of the date of the terrorist attack.

In April 2015, a separate criminal investigation pursuant to Part 3, Article 238 of the Russian Criminal Code was commenced for provision of services not complying with safety requirements which resulted in the death of two or more persons. As part of the investigations, in February 2016, some of the Group's former and current senior managers were formally arrested and charged. Criminal charges were also brought against Mr. Dmitry Kamenshchik, the Group's ultimate beneficial owner (the "**Ultimate Beneficial Owner**"), who was placed under house arrest. In addition, the Group's cash in the amount of RUB 1 billion was arrested in the accounts of Airport Management Company Limited.

According to government investigators, in 2010, the Ultimate Beneficial Owner and the relevant senior managers developed and implemented a new standard for security checks at DME entrance which allegedly increased DME's vulnerability and allowed the terrorist to conduct the January 2011 attack. In the statements of defence, the accusations were rebutted on, among other things, the following grounds: (i) pursuant to the then existing regulation DME airport security service was entitled to conduct only pre-flight security checks and its powers did not extend to the visitors to the DME's arrivals hall which fell under the responsibility of the police which was subsequently confirmed by court rulings; and (ii) there exists no direct link between the actions of the Ultimate Beneficial Owner and the relevant senior managers and the consequences of the crime, i.e. the death of 37 victims and injury of approximately 173 people resulted from the actions of the terrorist rather than DME's employees failing to take appropriate security measures which was also confirmed by subsequent court rulings.

In June 2016, without admitting liability for the alleged crime, a related party of the Group created a charity fund to provide financial assistance to the injured and families of victims of the 2011 attack. In July 2016, the injunctions introduced with respect to the accused earlier were substituted with travel restrictions and proper behaviour and the investigation period was extended until 28 October 2016. However, on 21 September 2016, the Investigative Committee of the Russian Federation satisfied the Prosecutor's General earlier motion and terminated criminal proceedings against the Ultimate Beneficial Owner and the relevant senior managers due to the absence of elements of crime in the case.

As of the date of these Listing Particulars, the criminal charges against the Ultimate Beneficial Owner and the relevant senior managers have been withdrawn, and the arrest of the Group's cash in the amount of RUB 1 billion in the accounts of Airport Management Company Limited was removed on 21 September 2016. As a matter of Russian law, the decision of the Prosecutor General is final and binding on the parties to the criminal investigation. Any proceedings of similar nature initiated against any of the Group's senior managers could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The performance of obligations by the employees of the Federal State Unitary Enterprise "Administration of Domodedovo Airport" in the context of the construction of a new runway is the subject of the ongoing criminal investigation in Russia.

In October 2020, a criminal investigation pursuant to Part 1.1, Article 293 of the Russian Criminal Code was initiated due to the alleged negligence on the part of the employees of the Federal State Unitary Enterprise "Administration of Domodedovo Airport" relating to the construction of a new runway to replace the existing Runway 2 (the "**New Runway 2**"). The investigation was reported to be based on the results of the audit conducted by the Audit Chamber of the Russian Federation, which assessed the effectiveness of use of the relevant state funds. According to the press-release published by the Investigative Committee on 26 October 2020, from 2012 to 2019 the employees of the Federal State Unitary Enterprise "Administration of Domodedovo Airport" have negligently performed their obligations and failed to properly control the performance of the state contract for the construction of the new runway which resulted in the state budget incurring losses of over RUB 107 million.

Although the construction of the new runway falls within the exclusive responsibility of the Federal State Unitary Enterprise "Administration of Domodedovo Airport" and the relevant third-party contractor (with the Group not being the recipient of, or the party applying or disposing of, any of the state funds allocated for the construction of the new runway), the Audit Chamber reported that it did not find any breach by the Group of its obligations to construct the relevant portion of Segment 2 which was completed on time and whilst, to date, no allegations concerning the merits of the case have been made with respect to the Group or any of its senior managers, the investigation is ongoing and its outcome remains subject to residual uncertainty. Any negative publicity relating to, or the development of, this criminal investigation could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The Group's business depends on its lease of the runways and the land occupied by the airport from Governmental authorities.

The Group's operation of the airport is dependent on its lease of the runways and the land on which the airport is located. Both runways, as well as the aprons, aircraft parking spaces, taxi strips, radio beacons and transformer substations are owned by the Russian Federation and are leased to the Group under a lease dated 13 May 1998 for a period of 75 years (the "**75-year Lease**"). The rental rate under the 75-year Lease is subject to annual renegotiation with the new rental rate expected to become effective in March 2021 (see "*Business — Airport Facilities, Real Estate and Infrastructure — Real Estate*"). The 75-year Lease has been subject to extensive litigation. See "*—The Group is subject to the risk of claims, lawsuits and other proceedings*" below.

The Group also leases from a municipal entity of the Moscow Region the land beneath the runways, aprons, parking space, taxi strips and some other components of the airport infrastructure under a lease dated 25 May 1998, which extends over a period of 49 years (the "**49-year Lease**"). The rent amount under the 49-year Lease is set in municipal decrees and, is adjusted from time to time. In 2012, the supplementary agreement No. 11 to the 49-year Lease dated 7 March 2012 was signed reflecting the transfer of title to the leased land, whereupon the Federal Agency for the State Property Management (Rosimuschestvo) ("**State Property Management Agency**") became the owner of the federal lands and the Property Management Committee of the City District of Domodedovo ("**Domodedovo Property Management Committee**") became the owner of the municipal lands. As a result of this

change in title of the land, the terms of the lease and rent payments could be modified in a manner unfavourable to the Group. In addition, the property rights of the 49-year Lease have been the subject of court proceedings between the municipal entity of the Moscow Region from which the Group leases the land and the Russian Federation. In the beginning of 2008, the State Property Management Agency challenged the municipal entity of the Moscow Region (with whom the Group entered into the 49-year Lease) in relation to the municipal entity's ownership of the land that is subject to the 49-year Lease. The claim, however, was unsuccessful and on 5 November 2009, the court ruled that the land did not belong to the Russian Federation. Given that the ruling was not contested, the proceedings may not be restarted between the same parties and with respect to the same subject matter.

If the Governmental authorities that are party to these leases were to require increased rent payments or impose more stringent requirements on the use of the leased property or any property which the Group plans to lease in the future, such as New Runway 2, including by way of amendment of the existing methodology for calculation of the rent amount under the 75-year Lease, or otherwise alter the terms of these leases in a way that is detrimental to the Group, or if these Governmental authorities were to terminate the 75-year Lease or the 49-year Lease, the Group's business, financial condition, results of operations and prospects would be materially adversely affected. Although the adoption of the new methodology for the calculation of the rent by the Russian Government in late December 2017 resulted in the decrease of the rent under the 75-year Lease, no assurance can be given that the methodology would not be adjusted further or that the rent would not increase going forward. See *"Business—Airport Facilities, Real Estate and Infrastructure—Real Estate"* for more details on the 75-year Lease and the 49-year Lease.

The Group's business may be subject to future concession agreements with government authorities in relation to DME's airfield infrastructure.

For budgetary reasons, since 2013, the Russian Government has considered alternative arrangements in respect of the construction and maintenance of airfield infrastructure, including the replacement of lease payments with a concession agreement and the introduction of a special infrastructure fee payable by the air carriers to the airport operators. Although the Group expects that such alternative arrangements will be put in place in respect of future infrastructure only (including the potential construction of Runway 3), and that the Russian Government remain primarily responsible for construction costs of those assets which are currently being constructed using the state funds or in respect of which the state funds have been allocated, there is no certainty regarding the division of responsibilities between the state and the Group in relation to such arrangements should they be put in place and there is a risk that the Group will need to bear all or some of the construction costs of new airfield infrastructure. In addition, the switch to the concession agreement model and the financing of the construction and maintenance of airfield infrastructure through a special infrastructure fee is likely to increase the Group's reliance on the volumes of air traffic in terms of funding of the maintenance costs which could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

A significant share of the Group's business is linked to the business of its largest airline customer, S7 Airlines.

In general, the Russian air traffic market is highly concentrated, with four airlines, namely Aeroflot Group, S7 Group ("S7"), which is a member of the oneworld alliance, UTair and

Ural Airlines, accounting for the majority of the ATMs. Out of these four airlines, DME currently serves two (excluding Aeroflot which uses SVO and UTair which uses VKO).

S7, the Group's main airline customer which has used DME as its hub since 2002, whereas Ural Airlines is the Group's second major airline customer based with DME since 1996. Each of S7 and Ural Airlines account for a significant portion of the Group's revenue and number of scheduled seats (see "*Business—Customers—Airline Customers*").

Accordingly, a change in S7's or Ural Airlines' strategy, the closure or relocation of certain of its routes, a decline in its passenger levels, financial difficulties or insolvency could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The Group's success depends on key members of senior management and its ability to attract, train and retain qualified and experienced employees.

The Group's future success and growth depend in part on the continued service, efforts and skills of key members of the Group's senior management. Key members of the management team supervise DME's development, cover day-to-day management of its operations and oversee the construction and expansion of airport facilities and the Group's relationship with the Government. The Group does not maintain the loss of key management personnel insurance with respect to any of its executive officers, nor does the Group intend to purchase such insurance in the future. The loss of these personnel or the inability to attract and retain suitably qualified personnel could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The Group's success also depends on its ability to attract, train and retain highly qualified management, technical and other personnel. However, due to a deficit of educational organisations, training professionals in the airport business, as well as technical specialists trained for DME's operations, the Group may suffer from a lack of qualified personnel, and may not be able to recruit personnel with appropriate qualifications for DME at a reasonable cost or at all. The Group provides certain training programmes for its personnel, but there can be no assurance that employees will not be hired by competitors and that the Group will not lose the benefit of its investment in such training. If the Group is unable to attract and retain experienced, capable and reliable personnel, especially senior and middle management with appropriate professional qualifications, or fails to recruit skilled professional and technical staff in line with the Group's and DME's growth, the Group may need to increase expenditure on recruiting, salaries, training and incentives and may otherwise adversely affect the Group's business, financial results, results of operations and prospects.

The interests of the Group's beneficial owner may conflict with those of Noteholders.

As of the date of these Listing Particulars, Mr. Dmitry Kamenshchik as the Ultimate Beneficial Owner is the person ultimately controlling the Company. The Ultimate Beneficial Owner has the ability to control and significantly influence the Group's business and certain actions requiring shareholders' approval, including, but not limited to, increasing or decreasing the authorised share capital of the Company, the election of directors, declaration of dividends, making loans to affiliates including the Ultimate Beneficial Owner or the parent entity of the Group, amendments to the Company's Memorandum and Articles of Association, the appointment of management and other policy decisions. Furthermore, the interests of the Ultimate Beneficial Owner may, in some circumstances,

conflict with the interests of the Noteholders, which may have a material adverse effect on the Noteholders' investment in the Notes as well as on the Company's business, results of operations, financial condition and prospects.

The Group's day-to-day operations could be adversely affected by interruptions to, or the improper functioning of, its information technology systems.

The Group's business as an airport operator is dependent on the successful and uninterrupted functioning of its information technology systems and their integration with the information technology systems of the airlines that operate at DME, as well as those of various governmental agencies that perform functions such as air traffic control. The Group relies on these systems for complex logistical tasks critical to its airline customers' and passengers' needs and central to the Group's business. The Group's information technology, databases, computer systems, telecommunication networks and other infrastructure that support the Group's day-to-day operations are vulnerable to interruptions or damage from a number of factors, including power loss, network and telecommunications failures, data corruption, computer viruses, security breaches, natural disasters, theft, vandalism or other acts. In October 2010, a failure due to a design error caused disruptions in the operation of the airport operational database at DME. Although the server was quickly restored and the Group has not experienced any further significant failures or interruptions with respect to its information systems (including as a result of the power failure in December 2010), there can be no assurance that such a failure or interruption will not occur in the future.

Failures or interruptions in the Group's information technology systems may compromise the Group's ability to provide services to airlines and passengers at DME. In the event of a delay or failure in the delivery of data, the Group does not have an alternative server hosting provider to which it could transfer its data collection operations. Such failures or interruptions could result, for example, in delays in the check-in and boarding procedure, including security checks, or in interruptions in the functioning of the air traffic control system. In addition, delays in the planned delivery of system enhancements and improvements, or inadequate performance of systems once they are completed, could affect the Group's reputation and harm its business. The Group is currently not insured against all risks of interruption or failure of its information technology systems. Any significant inadequacy, disruption or failure of the Group's information technology systems could result in unforeseen expense and difficulties in managing the Group's operations, which could have a material adverse effect on its business, financial condition, results of operations and prospects.

The Group may fail to meet the performance, quality and security standards and expectations of its customer airlines and passengers.

The performance by the Group of the services it provides to airline customers, passengers and the general public has a material impact on its customer airlines' financial condition and reputation. Airlines and passengers rely on the Group's proper operation of the airport, the quality of its fuelling, in-flight catering and other services. If the Group fails to meet the performance, quality and security standards and expectations of its customer airlines and passengers this could result in reputational damage reductions in passenger traffic volumes and the Group's customer airlines could decide to reduce or cancel their operations at DME. Moreover, risks and hazards related to the operation of an airport or the Group's activities, such as environmental, safety or information technology-related risks, could result in a delay

to or interruption of the Group's services and could adversely affect terminal operations or the delivery of the Group's services.

The Group relies on third parties for the supply of certain services and products at DME.

The safe and efficient operation of DME depends, to some extent, on third-party suppliers. The Group utilises a number of third-party suppliers to offer services such as energy and water supply, emergency medical services, immigration and customs procedures as well as goods such as aviation fuel and de-icing liquid. Third-party suppliers may experience disruptions, delays or difficulties in meeting the Group's requirements and quality standards and there can be no guarantee that third-party suppliers will fulfil their responsibilities in accordance with contract terms and the Group's specifications. The Group has in the past been, and may in the future be, exposed to its contractors not being able to perform construction works on time which could result in the Group not being able to fully commission certain airport infrastructure thus failing to grasp the benefits of the growth in passenger traffic (see "*The ability of the Group to increase DME's air traffic capacity and to implement the 2026 Masterplan depends on a number of factors, including performance of third-party contractors, some of which are beyond the Group's control*"). For more information on the Group's suppliers, see "*Business—Suppliers*".

In addition, Governmental authorities and agencies are responsible for providing certain services at DME, such as the security of certain areas of DME as well as air traffic control via the MATCC. The Group relies on the adequacy of these services for the proper functioning of operations at DME. For example, if the Government fails to provide an adequate number of such employees as border guards, customs and police officers, this could result in delays for passengers in passing through security and passport checkpoints. The delivery of these services is outside the Group's control. If there is any failure in the provision of these services by Governmental authorities and agencies, the Group's reputation, business, financial condition, results of operations and prospects could be materially adversely affected.

The Group's reputation and profitability could be materially adversely affected if it is unable to offer its products and services due to a disruption or failure by third-party suppliers. In the event of an interruption in the delivery of the services provided by third parties, the Group may be unable to find alternative suppliers in a timely manner or on commercially reasonable terms or at all. In addition, there can be no assurance that the Group's arrangements with third-party suppliers will be renewed upon completion of contractual terms or that the Group will be able to find alternative suppliers on commercially reasonable terms in the event of non-renewal. Any significant interruption or failure of services provided by third-party suppliers to DME could affect DME's operations and could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The Group does not carry all of the types of insurance coverage customary in other countries for a business of DME's size and nature, and the Group's insurance policies may not cover all risks associated with the operation of the Group's business.

The Group maintains insurance policies covering liability arising out of certain operations at DME including property damage, third-party liability, hazardous materials and operational risk. Insurances are maintained with reputable Russian insurance companies. As of 30 September 2020, the Group's third-party liability was insured to a total aggregate value of U.S.\$ 500 million. Due to the relative underdevelopment of the Russian insurance market, the Group does not carry all of the types of customary insurance coverage that are available

in certain other countries for a business of DME's size and nature, including coverage for business interruption, and only maintains the statutory minimum insurance coverage. As a result, the Group is exposed to potential losses which may not be covered in full or in part by the insurance. For example, on 26 December 2010, freezing rain caused damage to the two power lines feeding DME, causing a blackout at the airport and the express railway that connects DME to Central Moscow. The outage lasted 12 hours and resulted in the cancellation of 493 ATMs and the delay of 543 flights, and a loss of revenue which was not covered by the Group's insurance.

In addition, many forms of insurance protection available in more economically developed countries are not yet available in the Russian Federation on commercially reasonable terms or at all. There can be no assurance that these forms of insurance protection will become available in the Russian Federation, or that they would become available on commercially reasonable terms. The Group's business may be affected by certain risks for which full insurance coverage is either not available or not available on commercially reasonable terms. For example, the Group is not insured against consequential damages, environmental damage, loss of aeronautical communications, loss of key management personnel and war-related events. In addition, the Group's insurance policies are subject to standard deductibles, exclusions and limitations that could affect the Group's ability to make a claim. Consequently, there can be no assurance that the Group will not incur losses or suffer claims beyond the limits of, or outside the relevant coverage of, its insurance policies. Moreover, a change in coverage policy by the insurance companies could reduce the Group's ability to reach a satisfactory level of insurance cover, and existing insurance coverage may no longer be available on commercially reasonable terms.

The 2026 Masterplan is critical to the Group's business strategy and the Group may not realise all of the expected benefits of the 2026 Masterplan.

The Group believes that the successful execution of the 2026 Masterplan (see "*Business—Airport Development 2026 Masterplan*") is critical for implementing its business strategy. However, as a result of a significant contraction caused by the COVID-19 pandemic, including a sharp decrease in passenger traffic and decline in air travel activity, which resulted in a deterioration of results of operations of airports globally, the Group was forced to significantly reduce capital spending, thus postponing some projects envisaged by the 2026 Masterplan while keeping them still within the overall timeframe of the 2026 Masterplan. See "*—The COVID-19 pandemic and measures to reduce the number of cases have had, and will likely continue to have, a material adverse impact on the Group's business, financial condition, results of operations and/or prospects*".

With respect to those 2026 Masterplan projects which the Group continues to pursue despite the COVID-19 outbreak, there may be a significant time period between the planning phase and the construction and implementation of the complex infrastructure envisaged by the 2026 Masterplan (often four to six years between planning and completion). The 2026 Masterplan is based on estimates by the Group of the number of passengers and the level of air traffic at DME and is subject to change. If growth in passenger levels and air traffic is slower than anticipated, the return on investment could be lower than expected and potentially insufficient to provide a satisfactory return on capital employed and/or may have to scale back the development programme.

In addition, the Group may not be able to complete the projects of the 2026 Masterplan in a manner or in time to support potential traffic growth at DME or achieve other benefits for the

Group's business. In particular, the Group's development plans envisage that the New Runway 2 which is expected to be 3,800 metres long and is expected to be completed in 2021 together with the front-end taxiways and apron infrastructure with the remainder of taxiways and de-icing stands expected to be completed in 2022. Any delay in the completion of this expansion may adversely affect the expected benefits of an increase in passenger traffic in the MAH which, in turn, could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The ability of the Group to increase DME's air traffic capacity and to implement the 2026 Masterplan depends on a number of factors, including the performance of third-party contractors, some of which are beyond the Group's control.

The Group's ability to expand DME and realise the 2026 Masterplan is dependent on a number of factors beyond the Group's control, including the availability of state funding and actions of the Group's subcontractors.

In particular, to assist with the implementation of the 2026 Masterplan, the Group has engaged and will continue to engage various third parties and there can be no assurance that it will not experience higher than expected costs and/or delays as a result of possible shortages of equipment, materials and labour, or inability of its contractors to deliver on their commitments. For example, the completion of the construction of the New Runway 2 was initially scheduled for 2016, but due to a combination of factors (including those relating to the Group's contractors) was delayed and is expected to be completed in 2021 together with the front-end taxiways and apron infrastructure with the remainder of taxiways and de-icing stands expected to be completed in 2022. Pending completion of the construction of the New Runway 2, DME runway capacity decreased from 90 ATMs to 70 ATMs per hour thus resulting in the decrease of DME's nominal throughput capacity (see "*Business — Airport Facilities, Real Estate and Infrastructure — Runways*").

Given that a number of projects envisaged by the 2026 Masterplan are interdependent, the delay in completing certain expansion projects may affect the Group's ability to commission the existing airport infrastructure. In particular, although the Group completed the key construction works in relation to Segment 2 of the Passenger Terminal in 2018, it will only become fully operational once the construction of the New Runway 2 is completed which results in delays in the targeted expansion schedule and negatively affects the Group's return on investment.

The delay is further aggravated by the fact that, as part of the ongoing construction of the new runway and pending its completion, the Group had to significantly shorten the existing Runway 2 (the "**Existing Runway 2**") from 3,794 metres to 2,370 metres which makes it impossible to use the Existing Runway 2 for takeoff and landing of long-haul flights generally and takeoff and landing of mid-haul flights during adverse weather conditions.

Furthermore, the Group may fail to properly estimate, plan for or manage the scope of some or all of the projects undertaken at DME which could result in projects overrunning budgets, operational disruptions, unsatisfactory facilities at DME, safety and security performance deficiencies and higher than expected operating costs. Any costs that are higher than currently budgeted for may need to be funded by the Group through its own funds or from other third-party financing on terms that may be commercially disadvantageous to the Group.

The commencement of any new commercial operation may give rise to start-up problems, such as the breakdown or failure of equipment or processes or lack of readiness of operators or failure of third-party suppliers, which could lead to the closure of facilities and disruption of operations. Any such actions could result in the loss of revenue by the Group and recourse to the relevant suppliers could be limited. If the 2026 Masterplan is delayed or its implementation hindered, including due to the reasons beyond the Group's control, the Group may be unable to have the capacity it needs to accommodate future growth which could have a material adverse effect on its business, financial condition and results of operations.

DME's current and future development depends on the availability of certain land plots, permits and approvals that the Group does not currently own or have, and the Group's growth and success depends on obtaining these land plots on commercially reasonable terms.

9,712.8 hectares of land adjacent to or close to the airport complex territory have been allocated for airport development by a decree issued by the Moscow Region government (the "**Airport Development Land Plots**"). Of the 9,712.8 hectares, the Group currently owns or leases 2,832.6 hectares of land which, according to the Group's management estimates as of the date of these Listing Particulars, will be sufficient for the implementation of the 2026 Masterplan. However, should the Group require additional land for future expansion and development projects, there can be no assurance that the Group would be able to obtain such land plots in time or on reasonable terms.

Approximately 21.5 per cent. of Airport Development Land Plots are designated as agricultural land. Under Russian law, this category of land cannot be owned by a foreign company, and prior to acquisition of the land by the Group the permitted use of the land plots will need to be changed. There can be no assurance that the permitted use of the land will be changed in a timely manner or that these land plots will be available on commercially reasonable terms.

In addition, DME's expansion and the implementation of the projects envisaged by the 2026 Masterplan are subject to obtaining of all necessary permits and approvals from the state and municipal authorities. Although DME strives to meet all requirements necessary for it to obtain the relevant approvals, there is a possibility that such approvals will not be obtained in a timely manner or indeed at all. Should these risks materialise, the implementation of the 2026 Masterplan by the Group may be adversely impacted which could have a material adverse effect on the financial condition, results of operations and prospects of the Group.

The Group is exposed to certain risks inherent to the real estate development and rental business and this exposure is expected to increase in the future.

As part of the 2026 Masterplan, the Group plans to build administrative buildings and other real estate infrastructure with a goal of significantly increasing the proportion of the Group's revenue derived from commercial services. Real estate development is subject to certain risks arising from the complexity of projects and the applicable regulations, the large number of parties involved and the official authorisations required. These risks include, in particular, the cancellation of projects for which the Group has undertaken initial design studies or the denial of requests for official authorisations (particularly changes in zoning plans). The Group is also exposed to risks of budget overruns, additional costs relating to delayed handover, or occupancy rates or rental levels that are below expectations, which may

negatively affect the execution of the projects of the 2026 Masterplan and put pressure on rental income.

The Group receives rental income from the retail areas within the Passenger Terminal. The amount of rent paid to the Group by its retail tenants is determined in an auction process. The amount of rent tenants are willing to pay to the Group is primarily driven by passenger numbers and propensity of passengers to shop at DME. Factors affecting the number of passengers using DME are discussed under "*Risks Relating to the Group, the Group's Business and Industry in which It Operates —The Group is highly dependent on air traffic levels*" above. Levels of retail income, and correspondingly the rent tenants are willing to pay to the Group, may also be affected by changes in the mix of long- and short-haul and transfer and origin and destination passengers; economic factors, including exchange rates and levels of disposable income; stricter hand luggage and other carry on restrictions; and reduced shopping time as a result of more rigorous and time consuming security procedures.

These factors affecting the Group's potential rental income or its real estate development plans could have a material adverse effect on the Group's business, financial condition and results of operations.

In the event that the title to any asset acquired by the Group through privatisation, bankruptcy sale or by other means is successfully challenged, the Group may lose its ownership interest in such assets.

Although the Group has not directly acquired any assets through privatisation, some of the Group's assets were acquired by previous owners through privatisation during the 1990s and later transferred to the Group. In addition, the Group may seek to acquire additional assets or companies that have been privatised or that have undergone bankruptcy proceedings. Privatisation and bankruptcy legislation in the Russian Federation is vague, internally inconsistent and in conflict with other elements of Russian legislation. Although the statute of limitations for challenging transactions entered into in the course of privatisations and as a result of bankruptcy proceedings is currently three years, privatisations and acquisitions of assets or companies that have undergone bankruptcy proceedings may still be vulnerable to challenge. Regulatory authorities in Russia have a high degree of discretion and at times appear to exercise their discretion selectively or arbitrarily, without hearing or prior notice, and in a manner that is contrary to law or influenced by political or commercial considerations. As such, the Group's title to its assets may be subject to challenge through selective action by governmental authorities motivated by political or other extra-legal considerations.

If any of the Group's acquisitions is challenged as having been improperly conducted and the Group is unable successfully to defend itself, the Group may lose its ownership interests, which could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The Group is subject to the risk of claims, lawsuits and other proceedings.

The Group is exposed to a variety of potential litigation and statutory compliance risks. These risks include, among others, litigation concerning contracts it has entered into with airline customers and third-party service providers, personal injuries and health and safety, taxes, environmental matters, property and Government regulation. The outcome of inspections, investigations, legal proceedings and other contingencies cannot be predicted,

and the Group may be subject to fines, penalties and other damages if found liable. The Group has in the past been subject to a significant number of inspections and investigations relating to applicable regulations, which have resulted in fines and penalties, and the Group may be subject to similar inspections and investigations in the future. Inspections, investigations and legal proceedings may adversely impact the Group's reputation with airline customers, passengers, third-party service providers, employees, the general public and other market participants.

Challenges to the Group's ownership interests or lease rights relating to DME's land and infrastructure could have a material adverse effect on the Group's business, financial condition, results of operations and prospects. For example, the 75-year Lease has been subject to extensive litigation. In 2003, the state-owned enterprise Administration of Airport Domodedovo filed a claim seeking to declare the 75-year Lease invalid. On 24 October 2006, the Supreme Arbitration Court of the Russian Federation approved a settlement between the Group and the state-owned entity and affirmed the legality of the use of the property on the basis of the 75-year Lease. There can be no assurance that the Group's ownership interests and/or lease rights in land will not be challenged in the future.

In 2017, a Russian construction company, LLC PKF Gunai ("**Gunai**"), filed for an injunction to prevent the Group from carrying out certain activities relating to DME's development (including reconstruction of existing and construction of new runways) on the basis that those activities allegedly may cause harm to Gunai in the future. Although Gunai's claim was left without consideration by the court and the proceedings have not been reopened since then, should any similar claim be supported by a Russian court, this could have an adverse effect on the Group's business, financial condition, results of operations and prospects.

The Passenger Terminal and other infrastructure and the Group's obligations under the relevant construction agreements have also historically been subject to various litigations. In addition, in the ordinary course of its business, the Group has been and may in the future be subject to various disputes with state and regional authorities, including tax authorities. While the Group was generally successful in defending against or settling those claims in the past, there can be no assurance that new claims will not be brought in the future the outcome of which may not be foreseen. In addition, participation in any such lawsuit may result in additional costs incurred by the Group. Any inspection, investigation, or legal or other proceeding could have an adverse effect on the Group's business, financial condition, results of operations and prospects.

The Group's results of operations could be adversely affected by currency fluctuations.

Due to the nature of the Group's business, the Group's revenues and expenses are denominated in various currencies. The Group's revenue is generated in Roubles, U.S. dollars and Euros. Substantially all of the Group's operating costs are denominated in Roubles, whereas the Group's interest expense is split across Roubles, U.S. dollars and Euros. The Group does not use any formal hedging or derivative arrangement to manage foreign currency risk exposure and, instead, relies on a natural hedge seeking to match its foreign currency revenue with foreign currency expenses. However, should the Group experience a mismatch in the size of its foreign currency revenue and expenses, the Group would be exposed to movements in the exchange rates which could result in the Group incurring a net foreign exchange loss. Exchange rates have generally remained volatile since 1 January 2017, particularly, following the outbreak of COVID-19 and the collapse of the

OPEC+ deal in early 2020, which resulted in a depreciation of the Rouble by approximately 30 per cent. against the U.S. dollar from RUB 61.91 per USD 1 on 31 December 2019 to RUB 80.88 per USD 1 on 24 March 2020 (see "*Exchange Rate Information*"). In addition, due to the fact that a substantial portion of the Group's financial indebtedness is denominated in foreign currencies and the presentation currency of the Group's IFRS consolidated financial statements is Rouble, currency fluctuations also affecting the translation of the amounts denominated in foreign currencies into Roubles for reporting purposes. Accordingly, fluctuations in the exchange rates could materially affect the Group's results of operations, assets and liabilities, and cash flows. See "*Risks Relating to the Group, the Group's Business and Industry in which It Operates —The Group is subject to risks associated with the macroeconomic environment*".

RISKS RELATING TO THE RUSSIAN FEDERATION

General

Emerging markets, such as the Russian Federation, may be subject to greater risks than more developed markets, including significant economic, political, social, legal and legislative risks.

Investors in emerging markets, such as the Russian Federation, should be aware that these markets may be subject to greater risk than more developed markets including, in some cases, significant economic, political, social, legal and legislative risks. Investors should also note that emerging economies are subject to rapid change and that the information set forth herein may become outdated relatively quickly. Moreover, financial turmoil in any large developing country may tend to adversely affect prices in equity and debt markets of other developing countries as investors move their money to more stable and developed markets. Thus, even if the Russian economy remains relatively stable, financial turmoil in other emerging market countries could have an adverse effect on the Russian economy.

Global financial or economic crises tend to adversely affect prices in capital markets of emerging market economies, such as Russia, more so than in more developed markets, resulting in investors shifting their money away from the emerging market to the more stable and developed markets. These factors generally expose Russian capital markets to higher volatility as opposed to other European markets. As has happened in the past, financial problems or an increase in the perceived risks associated with investing in emerging economies could dampen foreign investment in Russia and adversely affect the Russian economy. In addition, during periods in which such problems or perceptions exist, businesses that operate in emerging markets can face severe liquidity constraints as foreign funding sources are withdrawn, making it difficult for these businesses to conduct their operations (in particular, if their working capital becomes insufficient) and/or to implement their strategies (for example, if projects are suspended or cancelled as a result of a lack of funding to finance capital expenditure).

Accordingly, investors should exercise particular care in evaluating the risks involved and must decide whether, in light of those risks, their investment is appropriate. Potential investors are urged to consult with their own legal and financial advisers before making an investment in the Notes.

Political instability in Ukraine and other states and the imposition of various sanctions by the United States, the European Union and other countries against Russian, Ukrainian or other nations' individuals and legal entities may adversely affect the Group's operations.

The political instability and armed conflict in Ukraine, heightened levels of tension between Russia and other states, the imposition by the United States, the European Union and other countries of sanctions and other restrictive measures, and the imposition by Russia of sanctions, including import and travel restrictions, has had in the past, and may continue to have in the future, an adverse effect on the Russian economy and demand for services and commodities.

The United States, the European Union and a number of other jurisdictions and authorities have imposed sanctions on a number of Russian officials and individuals, former Ukrainian officials, and several Russian companies, banks and businessmen, with the consequence that entities and individuals in the United States and the European Union either cannot do business with them or cannot provide funds or economic resources to them. In addition, in certain cases, assets of the sanctions targets in the relevant sanctioning jurisdictions are subject to seizure and the individuals are subject to visa bans. In addition, the United States and the European Union have applied "sectoral" sanctions, whose principal consequences are that several leading Russian banks have been restricted from accessing Western capital markets. Such factors have affected Russian trade volumes, had a negative impact on the Group's business and could adversely affect the Group's ability to obtain financing on favourable terms and to deal with certain persons and entities in Russia or in other countries. The economic sanctions described above have adversely affected the Russian economy and Russia's financial markets, increased the cost of capital and capital outflows, worsened the investment climate in Russia and undermined investor confidence.

While as of the date of these Listing Particulars, no individual or entity within the Group has been designated as subject to either U.S. or EU sanctions and none of the proceeds of the issue of the Notes will be used to fund activities or persons that are subject to sanctions introduced by the U.S. and the EU, an introduction of sanctions targeting the Group, or individuals holding positions in the Group or controlling the Group, the transportation sector or a broader segment of the Russian economy (including by way of expansion of the existing sanctions involving Russian entities or individuals) could interfere with the Group's operations and could have a material adverse effect on the Group's ability to conduct business with its customers, suppliers, agents and other third parties, including the Trustee, as well as the Group's ability to service its payments under its debt obligations (including the Notes).

Political Risks

Political and governmental instability, resulting from conflicts among federal, regional and local authorities, as well as other political conflicts, could create an uncertain operating environment hindering the Group's long-term planning ability, which could have an adverse effect on the Group's business, financial condition, results of operations and prospects or the value of the Notes.

With any investment, there exists the risk of adverse political or regulatory developments, including, but not limited to, nationalisation, appropriation without fair compensation, terrorism, war or currency restrictions, which could have a material adverse effect on the Group's business, financial condition, results of operations and prospects. This risk is

compounded in an emerging market economy, such as Russia, where political instability has been an inherent part of the country's development.

Since 1991, Russia has sought to transform itself from a one-party state with a centrally planned economy to a democracy with a market economy. The course of political and other reforms has in many respects been uneven and the composition of the Government at times unstable, leading to instances of popular dissatisfaction, as well as to unrest among certain social and ethnic groups. Russia encountered a period of high political and economic volatility in the 1990s, largely as a result of widespread dissatisfaction with the privatisation programme, as well as demands for autonomy from certain regional and ethnic groups. This volatility was evidenced by frequent conflicts among executive, legislative and judicial branches of the government, which negatively affected Russia's business and investment climate. From 1999, Vladimir Putin came to power and generally increased Government and political stability over the following decade. Russia's relative political stability and continued economic reform process of the early 2000s made Russia more attractive to foreign investors. In March 2018, Vladimir Putin was re-elected as the President of the Russian Federation for six years and the next parliament elections are scheduled for September 2021. Following the President's annual address to the Federal Assembly on 15 January 2020, the amendments to the Russian Constitution were adopted in July 2020, allowing Vladimir Putin to be re-elected as the President of the Russian Federation in 2024. Although the structure of political forces has generally remained stable in the last years, the outcome of the upcoming parliament elections and their effect on the Russian political system is yet to be seen. Moreover, shifts in governmental policy and regulation in Russia may be less predictable than in many Western democracies and could disrupt or reverse political, economic and regulatory reforms. Furthermore, Russia is a federation of various sub-federal political units, which may also fuel the country's potential for political instability. The delineation of authority and jurisdiction among the members of the Russian Federation and the Government is, in many instances, unclear and remains contested. Any lack of consensus between the Government and local or regional authorities could result in the enactment of conflicting legislation and may lead to inter-governmental conflicts and resulting political strife which may have a material adverse effect on the value of investments relating to Russia, including the value of the Notes, and may hinder the Group's long-term planning efforts and create uncertainties in its operating environment, which may prevent the Group from effective and efficient execution of its business strategy or delay its implementation of the 2026 Masterplan.

Social or ethnic conflicts or instability could create an uncertain operating environment.

Ethnic, religious, historical and other divisions in Russia have, on occasion, given rise to tensions and in certain cases, led to military conflict or terrorist attacks. In addition to the suicide bombing that occurred on 24 January 2011 in the international arrivals hall of DME (see "*— Risks Relating to the Group, the Group's Business and Industry in which It Operates — DME has been and may in the future be affected by acts of terrorism*"), Russia has been the scene of several conflicts and attacks in the last two decades.

The emergence of any new tensions or the escalation of existing tensions, whether manifested as a military conflict or increased levels of terrorist activity, could lead to heightened security measures, or a state of emergency declared in some or all regions of Russia, resulting in disruptions to domestic commerce, which could have a negative effect on Russia's economy. Investors may be likely to move their money out of Russia as a result, leading to significant reductions in the price of listed Russian securities and an overall negative effect on liquidity,

including Notes liquidity, and the ability of companies in Russia to raise debt or equity capital in international capital markets. Any of these consequences could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The reversal of reform policies or Government policies targeted at specific individuals or companies could have an adverse effect on the Group's business, financial condition, results of operations and prospects as well as investments in Russia more generally.

A significant struggle over the direction of future reforms or the reversal of the reform process could lead to a deterioration in Russia's investment climate that might adversely impact the Group's business. Regulatory authorities in Russia have a high degree of discretion and at times appear to exercise their discretion selectively or arbitrarily, without hearing or prior notice, and in a manner that could be not entirely consistent or transparent. Such arbitrary governmental actions have reportedly included denial or withdrawal of licenses, sudden and unexpected tax audits, criminal prosecutions and civil actions. In this environment, other Russian airports, transportation systems or commercial competitors may receive preferential treatment from the Government and governmental authorities. Selective or arbitrary Government action, if directed at the Group's operations, could have a material adverse effect on the Group's business, financial condition, results of operations and prospects and on the value of the Notes.

Crime and corruption could create a difficult business climate in Russia and could adversely affect the value of investments.

Levels of organised criminal activity continue to be significant in Russia. The Russian and international press have reported high levels of corruption in the Russian Federation, including the bribing of officials for the purpose of initiating investigations by government agencies and facilitating payments. Additionally, published reports indicate that a significant number of the Russian media regularly publishes biased articles in exchange for payment. The Group's business, results of operations, financial condition and prospects, as well as the value of the Notes, could be materially adversely affected by illegal activities or corruption or by claims alleging that the Group is involved in illegal activities.

Economic Risks

Fluctuations in the global economy and their impact in the Russian Federation as well as the general economic instability of the Russian Federation itself, could materially adversely affect the Group's business, financial condition, results of operations and prospects.

Russia is still a developing economy, with the greater part of its GDP coming from its export activity, and as such, it is very vulnerable to global market downturns and economic slowdowns. Since Russia produces and exports large quantities of crude oil, natural gas and other commodities, its economy is particularly vulnerable to fluctuations in the prices of crude oil, natural gas and other commodities on the world market, which reached record high levels in the first half of 2008 and have since experienced significant volatility, including in the beginning of 2020 mainly as a result of the COVID-19 outbreak and a collapse of OPEC+ deal (see "–The Group is subject to risks associated with the economic environment"). An additional cause for concern regarding the stability of the Russian economy has been associated with the advent of intensive shale oil and gas exploration in

the U.S. and elsewhere around the world, which is claimed by some experts to undermine Russia's leading positions in export of these resources.

Any of the following risks, which the Russian economy has experienced at various times in the past may have, or have already had, a significant, adverse effect on the investment climate in Russia and, in turn, may burden or have already burdened the Group's operations:

- significant declines in gross domestic product;
- hyperinflation;
- increases in, or high interest rates;
- sudden price declines in the natural resources sector;
- volatility of the exchange rate of the Rouble against other currencies;
- high levels of state debt relative to gross domestic product;
- a significant decline in the reserves of the CBR;
- lack of reform in the banking sector and a weak banking system limiting the ability of banks to provide liquidity to Russian corporate and individual borrowers;
- a large number of loss-making enterprises that continue to operate due to the lack of effective bankruptcy proceedings;
- widespread use of barter transactions and/or promissory notes to settle commercial transactions;
- widespread tax evasion;
- growth of a black and grey market economy;
- pervasive capital flight;
- significant declines and volatility in the stock market;
- high levels of corruption and the penetration of organised crime into the economy;
- significant increases in unemployment;
- major deterioration of physical infrastructure; and
- the impoverishment of a large proportion of the Russian population.

In addition, any financial crisis may lead to a significant decrease in or termination of government financing of certain of DME's projects. There can be no assurance that the financial contraction caused by COVID-19 or any future economic downturn, will not have a negative effect on investors' confidence in the Russian Federation's markets or economy or the ability of Russian entities to raise capital in the international capital markets, any of which, in turn, could have a material adverse effect on the Russian Federation's economy

and/or the Group's business, results of operations, financial condition and prospects and the value of the Notes.

The infrastructure in Russia is inadequate, which could increase costs or result in losses for businesses and disrupt normal business activities.

While the Government has increased investments in infrastructure modernisation in recent years, power generation and transmission systems, communication systems, rail and road networks and building stock, largely date back to Soviet times and remain generally underdeveloped. As a result, some of the infrastructure in Russia may prove unreliable and may fail temporarily or completely at any time. Any failure of the Russian infrastructure, either due to adverse weather conditions or otherwise, could have a direct adverse impact on the Group's operations or may slow growth in the Russian economy generally, either of which could materially adversely affect the Group's business, results of operations, financial condition and prospects.

The Russian banking system remains underdeveloped and another banking crisis could place severe liquidity constraints on the Group's operations.

The Russian banking system has been subject to downturns with the credit ratings of Russian financial institutions being subject to numerous downgrades and revisions. Following the sovereign rating downgrade in 2015 the rating agencies downgraded the credit ratings of certain large Russian state-owned and private financial institutions (including Sberbank, VTB Bank PJSC and Alfa-Bank). In line with the outlook on sovereign rating, the outlook on the long-term ratings of these financial institutions was also revised. Furthermore, in recent years, a number of Russian banks have experienced other difficulties, including failure to make sufficient loss provisions, that have caused them to become insolvent and have their licenses revoked or to recognise large loan impairments that required steps to replenish their capital. The vulnerability of the Russian banking system may have a material adverse effect on the Group's business, particularly in the event of a financial or economic crisis by, among other things, preventing the Group from obtaining commercial bank loans necessary to finance many of its future expansion projects, which in turn could have a material adverse effect on the Group's business, financial condition, results of operations or prospects.

Inflation could increase the Group's costs.

Although the inflation rates have generally been relatively stable recently (with the consumer price index being 2.5 per cent., 4.3 per cent., 3.0 per cent. and 2.9 per cent. in 2017, 2018, 2019 and in the nine months ending 30 September 2020, respectively, according to Rosstat), the Russian economy has previously experienced rather high rates of inflation. Most of the Group's costs, including salaries, lease payments, price of fuel and utilities are sensitive to inflation in Russia. In addition, salaries currently represent the Group's single most significant cost item, accounting for a substantial portion of the Group's total costs. Salaries in Russia have historically been significantly lower than wage costs in some of the more developed market economies of North America and Western Europe for similarly skilled employees, which until recently, provided Russian businesses with a significant labour cost advantage. However, should inflation in Russia continue at high levels, the Group may be required to increase its wage and salaries costs in order to retain the personnel.

Incomplete, unreliable or inaccurate official data and statistics could create uncertainty.

The official data published by Russian federal, regional and local government agencies are substantially less complete or reliable than those of some of the more economically developed countries of North America and Europe. Official statistics may also be produced on different bases than those used in more economically developed countries. Additionally, the Group relies on and refers to information and statistics from various third-party sources, and its own internal estimates. Much of the information contained in these Listing Particulars concerning other airports and other air transport industry participants has been derived from publicly available information, including press releases. The Group believes that these sources and estimates are reliable, but the Group has not independently verified them. To the extent that such sources or estimates are based on official data released by Russian federal, regional and local government agencies, they will be subject to the same uncertainty. Any discussion of matters relating to Russia in these Listing Particulars is, therefore, subject to uncertainty due to concerns about the completeness or reliability of available official and public information.

Russian Legal Risks and Uncertainties

Weakness relating to the Russian legal system and legislation creates an uncertain environment for investment and business activity that could in turn have a material adverse effect on the Group's business, financial condition, results of operations, prospects and the value of the Notes.

Russia's legal framework continues to develop and large portions of this framework have only recently become operational. The relatively recent enactment of many laws and the lack of consensus about the aims, scope, content and pace of economic and political reforms have resulted in ambiguities, inconsistencies and problems in the Russian legal system. The enforceability and underlying constitutionality of more recently enacted laws are in doubt, and many new laws remain untested. Any or all of these weaknesses could affect the Group's ability to determine whether, for example, it has adequate property rights, or whether it can enforce its legal rights in Russia, including rights under its contracts, or to defend against claims.

Similar uncertainties also extend to property rights, including with respect to real estate. Until recently, land legislation in Russia was unsystematic and contradictory. In many instances, there was no certainty regarding which municipal, regional or federal government body had the power to sell, lease or otherwise dispose of land. In recent years, both the Civil Code of the Russian Federation (the "**Civil Code**") and the Land Code of the Russian Federation (the "**Land Code**") have incorporated several sets of amendments and a number of other federal laws regulating land use and ownership were enacted. Nevertheless, the legal framework relating to the ownership and use of land and other real property in Russia is not yet sufficiently developed to support private ownership of land and other real property to the same extent as is common in countries with more developed market economies. The uncertainties plaguing the state of property rights legislation in Russia discussed above may have a material adverse effect on the Group's business, financial condition, results of operations and prospects. In addition, while legislation has been enacted to protect private property against expropriation and nationalisation, due to a number of factors, these protections and remedies may not always be available or enforceable. Expropriation or nationalisation of any of the Group's assets or portions

thereof without adequate compensation could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The risks of the current legal system include, but are not limited to:

- inconsistencies between and among the Constitution, laws, presidential decrees and governmental, ministerial and local orders, decisions and other acts;
- discrepancies between federal and regional legislation;
- limited judicial and administrative guidance on interpreting legislation;
- gaps in the regulatory structure due to the absence of or delay in implementing regulations;
- the relative inexperience of judges and courts in interpreting new principles of Russian law, particularly in relation to business and commercial law;
- bankruptcy procedures that are still under development;
- a lack of judicial independence from political, social and commercial forces;
- alleged corruption within the judiciary and the governmental authorities;
- problematic and time-consuming enforcement of both Russian and non-Russian judicial orders and international arbitration awards; and
- a high degree of discretion on the part of governmental authorities, leaving significant opportunities for arbitrary Government action.

All of the above risks could affect the Group's ability to ascertain its rights or to seek or obtain effective redress in the Russian courts, which could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

Lack of independence and experience of the judiciary, difficulty of enforcing Russian court decisions.

Russia's unpredictable acknowledgement and enforcement of foreign court judgments or arbitral awards and governmental discretion in enforcing claims gives rise to significant uncertainties. The independence of the judicial system and its immunity from political, economic and other influences in Russia, for the most part, cannot be assured. Judicial precedents generally have no binding effect on subsequent decisions. Not all Russian legislation and court decisions are readily available to the public or organised in a manner that facilitates their understanding. The Russian judicial system can be slow and enforcement of court orders can in practice be very difficult in Russia. All these factors make judicial decisions in Russia difficult to predict and effective redress uncertain. Additionally, court claims are often used in furtherance of political aims which may affect the fair hearing of cases. Moreover, court orders are not always enforced or followed by law enforcement agencies.

These uncertainties also extend to property rights. While legislation has been enacted to protect private property against expropriation and nationalisation, due to the lack of

experience of the courts in Russia in enforcing these provisions and due to political factors, these protections may not be enforced in the event of an attempted expropriation or nationalisation. Expropriation or nationalisation of any of our Group's entities, their assets or portions thereof, potentially without adequate compensation, would have a material adverse effect on our business.

In addition, Russia is not party to any multilateral or bilateral treaties with most Western jurisdictions for the mutual enforcement of court judgments. Consequently, should a judgment be obtained from a court in any of such jurisdictions, it is difficult to predict whether a Russian court will give direct effect to such judgment. However, Russia (as successor to the Soviet Union) is a party to the New York Convention. A foreign arbitral award obtained in a state that is party to the New York Convention should be recognised and enforced by a Russian court (subject to the qualifications provided for in the New York Convention and compliance with Russian civil procedure regulations and other procedures and requirements established by Russian legislation and non-violation of Russian public policy). There is also a risk that Russian procedural legislation will be changed by way of introducing further grounds preventing foreign court judgments and arbitral awards from being recognised and enforced in Russia. In practice, reliance upon international treaties may be met with resistance or a lack of understanding on the part of Russian courts or other officials, thereby introducing delays and unpredictability into the process of enforcing any foreign judgment or any foreign arbitral award in Russia. See *"Enforceability of Judgments—Russian Federation"*.

The Group may not be in compliance with governmental and administrative real estate regulations in Russia.

In order to use and develop land or other real property in Russia, approvals and consents of various federal, regional or local governmental authorities, including various environmental, sanitation and epidemiological control authorities, are required. The approval and consent requirements vary from locality to locality; they are numerous, sometimes contradictory, subject to change without public notice and occasionally applied retroactively. The enforcement of such requirements is inconsistent and is often arbitrary and selective. Failure to obtain the required approvals and consents may lead to severe consequences to landowners and leaseholders or other property holders. The Group may not have been, and no assurance can be given that it will at all times be, in full compliance with all governmental and administrative real estate regulations in Russia. If any of the Group's existing or prospective sites is found not to be in compliance with applicable regulations, the Group or its officers may be subject to fines or penalties (including civil and administrative penalties) or the Group's rights to such properties may be affected. Additional compliance with, or any violation of, current and future laws or regulations could result in material expenditures by the Group or otherwise have a material adverse effect on our business, prospects, results of operations, financial condition of the Group or on the price of the Notes.

Lack of developed corporate and securities laws and regulations in the Russian Federation may limit the Group's ability to attract future investment.

The regulation and supervision of the securities markets, financial intermediaries and issuers are considerably less developed in the Russian Federation than in more developed countries. Securities laws, including those relating to corporate governance, disclosure and reporting requirements and insider trading are still developing, and laws relating to anti-fraud safeguards and fiduciary duties are rudimentary. In addition, the Russian securities markets

are regulated by several different authorities, resulting in inconsistent and occasionally contradictory rules and regulations. These authorities include:

- the Ministry of Finance;
- the FAS;
- the CBR; and
- various professional self-regulatory organisations.

Furthermore, Russian corporate and securities rules and regulations can change rapidly, which may materially adversely affect the Group's ability to conduct securities-related transactions. While some important areas are subject to virtually no oversight, the regulatory requirements imposed on Russian issuers can result in delays in conducting securities offerings and in accessing the capital markets. It is often unclear whether or how regulations, decisions and letters issued by the various regulatory authorities apply to the Group. As a result, the Group may be subject to fines or other enforcement measures despite its best efforts at compliance.

In addition, Russian law generally provides that shareholders in a Russian joint stock company or participants in a Russian limited liability company generally are not liable for that company's obligations and bear only the risk of loss of their investment. Additional shareholder liability may arise, however, if one person (the "**Effective Parent**") can give binding instructions to another person (the "**Effective Subsidiary**") or approves the transaction entered into by the Effective Subsidiary, subject to certain exceptions set out in the Civil Code. The Effective Parent bears joint and several liability for transactions concluded by the Effective Subsidiary in carrying out business decisions if:

- the decision-making capability is provided for in the charter of the Effective Subsidiary or in a contract between the companies; and
- the Effective Parent gives binding directions to the Effective Subsidiary or approves the transaction entered into by the Effective Subsidiary.

In addition, the Effective Parent bears secondary liability for the obligations of an Effective Subsidiary that becomes insolvent or bankrupt due to the Effective Parent's faulty actions or inactions and whose assets are insufficient to meet the creditors' claims. In these instances, the other shareholders of the Effective Subsidiary may claim compensation for the Effective Subsidiary's losses from the Effective Parent that causes the Effective Subsidiary to take action or fail to take action knowing that such action or failure to take action would result in losses. Accordingly, subject to the conditions described above, DME Limited could be liable in some cases for the debts of its subsidiaries.

Lack of developed corporate and securities laws and regulations in the Russian Federation may limit the Group's ability to attract future investment, which could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

Russian legal entities may be forced into liquidation on the basis of formal non-compliance with certain requirements of Russian law.

Certain provisions of Russian law may allow a court to order liquidation of a Russian legal entity on the basis of its formal non-compliance with certain requirements during formation, reorganisation or operation. There have been cases in the past in which formal deficiencies in the establishment process of a Russian legal entity or non-compliance with provisions of Russian law have been used by Russian courts as a basis for liquidation of a legal entity. Some Russian courts, in deciding whether to order the liquidation of a company, have looked beyond the fact that the company failed to comply fully with all applicable legal requirements and have taken into account other factors, such as the financial standing of the company and its ability to meet its tax obligations, as well as the economic and social consequences of its liquidation. This judicial approach is supported by a decision of the Constitutional Court of the Russian Federation that held that even repeated violations of law may not serve as a basis for an involuntary liquidation of a company, and instead consideration should be given as to whether the liquidation would be an adequate sanction for such violations. Many Russian companies have negative net assets due to very low historical asset values reflected on their balance sheets; however, their solvency, i.e., their ability to pay debts as they come due, is not otherwise adversely affected by such negative net assets. Should Russian courts apply form over substance approach in considering whether to uphold any claim for liquidation on the basis of insufficient net asset position, this may result in some of the Group's contractors, other counterparties or Russian companies of the Group (should their net assets remain negative), being forced into liquidation which could, in turn, have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

Corporate Governance

Corporate governance standards in Russia are not of the same standard as those in Western Europe and the United States.

The Group's operating companies are incorporated in Russia. Corporate governance standards in Russia are not of the same standard as corporate governance standards in Western European countries or in the United States and may provide less protection for investors. In particular, corporate governance practices in Russia have suffered from the lack of transparency and information disclosure, both to the public and to shareholders; lack of independence of directors; and insufficient regulatory oversight and protection of shareholders' rights.

RISKS RELATING TO THE NOTES, THE ISSUER, THE GUARANTEES AND THE TRADING MARKET

The Notes will be structurally subordinated to subsidiary debt, secured creditors and other liabilities.

For the twelve months ended 31 December 2019 and for the nine months ended 30 September 2020, the Obligor EBITDA Cover Ratio was 110.28 per cent. and 118.18 per cent., respectively. As of 31 December 2019 and 30 September 2020, the Obligor Total Assets Cover Ratio was 93.04 per cent. and 94.17 per cent., respectively.

With the exception of the Initial Guarantors and any other subsidiaries of DME Limited which may become Guarantors in the future, DME Limited's subsidiaries have no obligation

in respect of any amounts due under the Loan Agreement and neither the Issuer nor holders of Notes will have any direct or indirect claim on such non-Guarantor subsidiaries' cash flows or assets other than through DME Limited's shareholding in such entities. In most circumstances, the Issuer's rights to receive payments under the Loan Agreement and the Guarantees (and therefore its ability to make payments under the Notes as they fall due) are effectively subordinated to any liabilities of DME Limited's non-Guarantor subsidiaries. As of 30 September 2020, no portion of the Group's total debt (including lease obligations and guarantees in respect of Group borrowings and excluding intra-group borrowings) was held by the DME Limited's subsidiaries other than the Initial Guarantors and the Borrower. In the event of a bankruptcy, liquidation or reorganisation of a non-Guarantor subsidiary, holders of that subsidiary's indebtedness and trade and other creditors of that subsidiary will have a claim to the assets of that subsidiary that is senior to DME Limited's interest in those assets as a shareholder, except to the extent that DME Limited's is recognised as a creditor through intercompany claims or loans. Accordingly, the Notes are effectively subordinated to this debt. Moreover, the Issuer's rights to receive payments under the Loan Agreement and the Guarantees (and therefore its ability to make payments under the Notes as they fall due) are effectively subordinated to the secured liabilities of the Borrower and the Initial Guarantors. As of 30 September 2020, the Borrower and the Initial Guarantors had no outstanding secured borrowings.

Payments under the Notes are limited to the amount of certain payments received by the Issuer under the Loan Agreement and/or the Guarantees.

The Issuer is a special purpose vehicle with no business other than issuing debt securities, such as the Notes. The Issuer has an obligation under the Terms and Conditions of the Notes and the Trust Deed to pay such amounts of principal, interest, and additional amounts (if any) as are due in respect of the Notes. However, the Issuer's obligation to pay is limited to the amount of principal, interest, and additional amounts (if any) actually received by, or for the account of, the Issuer pursuant to the Loan Agreement or the Guarantees. Consequently, if the Borrower fails to meet its payment obligations under the Loan Agreement or the Guarantors fail to meet their obligations under the Guarantees in full, this will result in the Noteholders receiving less than the scheduled amount of principal or interest or any other amounts, if any, under the Notes.

The Borrower's ability to pay under the Loan Agreement is dependent on other operational subsidiaries of the Group.

The Borrower's main activity is leasing real estate and other property to operational subsidiaries of the Group. Therefore, the Borrower's financial performance and its ability to pay under the Loan is to a large extent dependent on the punctual performance of the Group subsidiaries, including the Guarantors, of their obligations under agreements entered into with the Borrower.

In most circumstances, the Issuer's rights to receive payments under the Loan Agreement and the Guarantees (and therefore its ability to make payments under the Notes as they fall due) are effectively dependent on any liabilities of the Group's subsidiaries owed to the Borrower, whose ability to pay under the Loan could be adversely affected if any of the Group's subsidiaries declares bankruptcy, liquidates or reorganises.

With the exception of the Guarantors, pursuant to the terms of the Guarantees, and any other subsidiaries which may become Guarantors from time to time, the Group's subsidiaries have

no obligation in respect of any amounts due under the Loan Agreement and neither the Issuer nor holders of Notes will have any direct or indirect claim on such non-Guarantor subsidiaries' cash flows or assets.

In addition, the Borrower's debtor may be subject to legal, contractual or other restrictions that would prevent them from due performance of their obligations under agreements entered into with the Borrower. Therefore, there can be no assurance that any of the Group's subsidiaries will be able to duly perform their obligations to enable the Borrower to make payments under the Loan Agreement, which could adversely affect the Issuer's ability to make payments under the Notes as they fall due.

No direct recourse of the Noteholders to the Company or the relevant Guarantor.

Except as otherwise expressly provided in the *"Terms and Conditions of the Notes"* and in the Trust Deed, the Noteholders will not have any proprietary or other direct interest in the Issuer's rights under or in respect of the Loan Agreement or the Deed of Guarantee. Subject to the terms of the Trust Deed, no Noteholder will have any entitlement to enforce any of the provisions of the Loan Agreement or the Deed of Guarantee or have direct recourse to the Company or the relevant Guarantor except through action by the Trustee under the Charge (as defined in the *"Terms and Conditions of the Notes"*) or assignment of rights.

In addition, Noteholders should be aware that neither the Issuer nor the Trustee accepts any responsibility for the performance by the Company or the relevant Guarantor of its obligations under the Loan Agreement or the Deed of Guarantee.

The market price of the Notes may be volatile.

The market price of the Notes could be subject to significant fluctuations in response to actual or anticipated variations in the Group's own or the Group's competitors' operating results, adverse business developments, changes to the regulatory environment in which the Group operates, changes in financial estimates by securities analysts, and the actual or expected sale of a large number of Notes, as well as other factors. Historically, the market for non-investment grade debt securities, such as the Notes, has been subject to disruptions that have caused substantial volatility in the prices of such securities. Any such disruptions may harm Noteholders. In addition, in recent years the global financial markets have experienced significant price and volume fluctuations that, if repeated in the future, could adversely affect the market price of the Notes without regard to the Group's results of operations, prospects or financial condition.

Furthermore, the Issuer may, without the consent of the holders of outstanding Notes, issue additional Notes with identical terms (see *"Terms and Conditions of the Notes—Further Issues"*). These additional Notes, even if they are treated for non-tax purposes as part of the same series as the original Notes, in some cases may be treated as a separate series for U.S. federal income tax purposes. In such a case, the additional Notes may be considered to have been issued with original issue discount ("**OID**") even if the original Notes had no OID, or the additional Notes may have a greater amount of OID than the original Notes. These differences could adversely affect the market value and price of the original Notes if the additional Notes are not otherwise distinguishable from the original Notes.

An active trading market may not develop for the Notes.

There may not be an existing market for the Notes at the time they are issued. The Notes are expected to be admitted to the Official List and to trading on the Global Exchange Market. However, there can be no assurance that a liquid market will develop for the Notes, that Noteholders will be able to sell their Notes, or that such holders will be able to sell their Notes for a price that reflects their true value.

The Notes may or must be redeemed early in a number of circumstances.

On the occurrence of one of the early redemption events described in "*Terms and Conditions of the Notes—Redemption and Purchase*" and in "*Form of the Loan Agreement and the Deed of Guarantee*", the Borrower may, or in some cases must, prepay the Loan in whole (but not in part) together with accrued interest at any time, and (to the extent that it has actually received the relevant funds from the Borrower or the Guarantors) the Issuer shall redeem all outstanding Notes in accordance with the Terms and Conditions of the Notes.

On such redemption, or at maturity, the Borrower may not have the funds to fulfil its obligations under the Loan Agreement and the Borrower may not be able to arrange for additional financing. If the early repayment or maturity date of the Loan occurs at a time when other arrangements prohibit the Borrower from repaying the Loan, the Borrower would try to obtain waivers of such prohibitions from the lenders under those arrangements, or the Borrower could attempt to refinance the borrowings that contain the restrictions. If the Borrower could not obtain the waivers or refinance these borrowings, the Borrower would be unable to repay the Loan.

Changes to the Borrower's credit rating or the credit rating of the Russian Federation, the Republic of Cyprus or the Isle of Man may adversely affect the Notes' trading price.

It is expected that the Notes will be rated BB by Fitch and Ba1 by Moody's. Any changes in the credit ratings of the Borrower, the Russian Federation, the Republic of Cyprus or the Isle of Man could adversely affect the trading price of the Notes. A change in the credit rating of one or more other Russian, Cypriot or Isle of Man corporate borrowers or banks could also adversely affect the trading price of the Notes. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the assigning rating organisation.

The Group will have the ability to incur more debt and this could increase the risks described above.

The Group may decide to incur additional debt in the future that will be senior to the Loan. If new debt is added to the Group's current debt levels, the magnitude of the related risks described above could increase, and the foregoing factors could have an adverse effect on the ability of the Group to pay amounts due in respect of the Loan Agreement and the Guarantees.

Noteholders may face foreign exchange risks by investing in the Notes.

The Notes will be denominated and payable in U.S. dollars. For a Noteholder who measures its investment returns by reference to a currency other than the U.S. dollar, an investment in the Notes entails foreign exchange related risks due to, among other factors, possible

significant changes in the value of the U.S. dollar relative to such other reference currency because of economic, political and other factors over which the Group has no control. Depreciation of the U.S. dollar against currency could cause a decrease in the effective yield of the Notes below their stated coupon rates and could result in a loss when the return on the Notes is converted into such other reference currency. There may be tax consequences for Noteholders as a result of any foreign exchange gains or losses from any investment in the Notes.

Noteholders' rights will be limited so long as the Notes are issued in book-entry interests.

Owners of book-entry interests will not be considered owners or holders of Notes unless and until definitive notes are issued in exchange for book-entry interests. Instead, Euroclear or Clearstream, Luxembourg or DTC or their nominees, will be the sole holders of the Notes.

Payments of principal, interest and other amounts owing on or in respect of the Notes in global form will be made as described in *"Summary of the Provisions Relating to the Notes in Global Form"* and none of the Issuer, the Guarantors, the Trustee or any paying agent will have any responsibility or liability for any aspect of the records relating to or payments of interest, principal or other amounts to Euroclear or Clearstream, Luxembourg or DTC or to owners of book-entry interests.

Owners of book-entry interests will not have the direct right to act upon the Issuer's, the Borrower's or the Guarantors' solicitations for consents or requests for waivers or other actions from holders of the Notes, including without limitation in respect of the enforcement of security for the Notes. Instead, Noteholders who own a book-entry interest will be reliant on the nominee for the common depository (as registered holder of the Notes) to act on their instructions and/or will be permitted to act directly only to the extent such holders have received appropriate proxies to do so from Euroclear or Clearstream, Luxembourg or DTC or, if applicable, from a participant. There can be no assurances that procedures implemented for the granting of such proxies will be sufficient to enable a holder of the Notes to vote on any requested actions or to take any other action on a timely basis.

The proposed financial transactions tax ("FTT")

On 14 February 2013, the European Commission published a proposal (the "**Commission's proposal**") for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "**participating Member States**"). However, Estonia has since stated that it will not participate.

The Commission's proposal has very broad scope and could, if introduced, apply to certain dealings in the Notes (including secondary' market transactions) in certain circumstances.

Under the Commission's proposal, FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the FTT proposal remains subject to negotiation between participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate.

Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.

RISKS RELATING TO TAXATION

The Russian taxation system is relatively underdeveloped

Russian tax laws, regulations and court practice are subject to frequent change, varying interpretations and inconsistent and selective enforcement. In accordance with the Constitution of the Russian Federation, laws that introduce new taxes or worsen a taxpayer's position cannot be applied retroactively. Nonetheless, there have been several instances when such laws have been introduced and applied retroactively. In practice, the Russian tax authorities generally interpret the tax laws in ways that do not favour taxpayers, who often have to resort to court proceedings to defend their position against the tax authorities. Furthermore, in the absence of binding precedent, court rulings on tax or other related matters by different courts relating to the same or similar circumstances may also be inconsistent or contradictory.

Despite the Russian Government having taken steps to reduce the overall tax burden in recent years in line with its objectives, there is a possibility that the Russian Federation could impose arbitrary or onerous taxes and penalties in the future.

These conditions complicate tax planning and related business decisions. The uncertainties could also possibly expose the Group to significant fines and penalties and potentially severe enforcement measures despite its best efforts at compliance, and could result in a greater than expected tax burden. This, in turn, could have a material adverse effect on the Group's business, results of operations and financial condition or prospects, its ability to service its payment obligations under the Loan Agreement and as a consequence the Issuer's ability to make payments under the Notes.

Generally, taxpayers are subject to tax audits for a period of three calendar years immediately preceding the year in which the decision to carry out a tax audit has been taken. In certain circumstances repeated tax audits (i.e. audits with respect to same taxes and the same periods) are possible. Generally, the statute of limitations for the commission of a tax offence is also limited to three years from the date on which it was committed or from the date following the end of the tax period during which the tax offence was committed (depending on the nature of the tax offence). Nevertheless, according to the Tax Code of the Russian Federation (the "**Russian Tax Code**") and based on current judicial interpretation, there may be cases where the tax offence statute of limitations may be extended beyond three years.

Tax audits or inspections may result in additional costs to the Group, in particular if the relevant tax authorities conclude that the Group did not satisfy its tax obligations in any given year. Such audits or inspections may also impose additional burdens on the Group by diverting the attention of management.

There are general anti-avoidance provisions in the Russian Tax Code. Under these provisions, a taxpayer may not reduce the tax base and/or the amount of tax payable by misrepresenting information on economic events and objects of taxation which are required to be disclosed in a taxpayer's tax and/or accounting records or tax statements. A taxpayer has the right to reduce the tax base and/or the amount of taxes payable provided that the following conditions are met: (i) it is not the principal objective of a transaction to cause an amount of tax not to be paid (or not to be paid in full) and/or refunded, or (ii) the obligation arising from a transaction was performed by a person who is a party to the contract concluded with the taxpayer and/or a person who such obligation was transferred to by contract or law. The following circumstances do not on their own constitute grounds for regarding a tax benefit as unjustified: (i) primary documents have been signed by unidentified or unauthorised persons, (ii) a taxpayer's counterparty has violated tax law or (iii) the same economic result could have been obtained through other transactions.

As a result of these rules, it is possible that despite the best efforts of the Group to comply with Russian tax laws and regulations, certain transactions and activities of the Group that have not been challenged in the past may be challenged in the future, resulting in a greater than expected tax burden, exposure to significant fines and penalties and potentially severe enforcement measures for the Group.

Recent developments show that the Russian tax authorities are scrutinising various tax planning and mitigation techniques used by taxpayers, including international tax planning. In particular, the Russian Federation introduced "controlled foreign companies" ("CFC") rules, the concept of "tax residency for legal entities", "beneficial ownership" concept and joined international tax information exchange agreements (including country-by-country reporting standards developed by the Organisation for Economic Co-operation and Development ("OECD")).

Due to limited court and administrative practice up to date, no assurance can be given as to how these amendments will be applied in practice, it is currently unclear how the Russian tax authorities will interpret and apply the new tax provisions and what the possible impact on the Group will be. Therefore, it cannot be excluded that the Group might be subject to additional tax liabilities if these changes are applied to transactions carried out by the Group.

Furthermore, Russian tax legislation is consistently becoming more sophisticated. It is possible that new revenue raising measures could be introduced. Although it is unclear how any new measures would operate, the introduction of such measures may affect the Group's overall tax efficiency and may result in significant additional taxes becoming payable. No assurance can be given that no additional tax exposures will arise for the Group.

In addition, Russian tax legislation offers certain tax benefits to Russian airports including no VAT payable on airport services and no property tax payable on certain real estate property and movable property. To the extent Russian tax legislation is amended to terminate or narrow the scope of these benefits, the Group's business, financial condition and results of operations could be adversely affected.

The Russian Federation has joined the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting (the "**Multilateral Instrument**" or "**MLI**"). The implementation of the MLI, which became effective in the Russian Federation on 1 January 2021, means that treaty benefits with certain jurisdictions

will apply only if MLI criteria (including passing the principal purpose test) are satisfied. This new initiative may result in significant changes of tax treaties' provisions and application practice that potentially may result in a higher tax burden for the Group's business. Due to the relative lack of court and administrative practice to date, no assurance can be given as to how these amendments will be applied in practice and their exact nature, their potential interpretation by the tax authorities and the possible impact on the taxpayers.

On 25 March 2020, the President of the Russian Federation announced a number of tax measures intended to support the state budget and private businesses during the COVID-19 pandemic. One of the main President's initiatives relates to taxation of dividends and interest paid from Russia. In relation to dividends, the Russian President announced an increase in the tax rate to 15 per cent., i.e. to the level of the domestic withholding tax rate. As for interest payments, the proposed tax rate was not specified by the President. Currently, the withholding tax rate on interest paid from Russia is 20 per cent. The President has instructed the Russian Government to prepare the respective amendments to Russian double tax treaties. There remains significant uncertainty around this initiative, but based on comments from the Federal Tax Service representatives, that were provided in the media, the measures are expected to primarily target low substance and transit structures put in place purely for tax evasion purposes. It is expected that these changes will not affect interest income paid on Eurobonds, bond loans of Russian companies, and loans provided by foreign banks, however, the full extent and scope of this initiative is yet to be seen.

As of December 2020, Cyprus, Luxembourg, the Netherlands and Malta are included in the list of countries with which the double tax treaties are to be amended. The Russian Ministry of Finance signed a protocol of changes to the double tax treaties with the Ministry of Finance of Cyprus and the Ministry of Finance of Malta. The changes will come into effect from 1 January 2021. The Russian Government has also published a draft protocol of changes to the tax treaty between the Russian Federation and Luxembourg, however, the status of negotiations between the state authorities of the Russian Federation and Luxembourg on this issue remains unclear. The Russian Ministry of Finance recently reported that no compromise was reached in negotiations with the Ministry of Finance of the Netherlands and started denouncing the tax treaty between the Russian Federation and the Netherlands. It follows from the above that there is uncertainty about changes or denunciations of tax treaties. Moreover, it should be noted that the Russian Ministry of Finance may start negotiations on changing tax treaties with other jurisdictions. To the extent the double tax treaties, to which the Russian Federation is party, are amended to terminate or narrow the scope of treaty benefits, the Group's business, financial condition and results of operations could be adversely affected.

All the aforesaid evolving tax conditions create tax risks in the Russian Federation that are greater than the tax risks typically found in countries with more developed taxation, legislative and judicial systems. These tax risks impose additional burdens and costs on the Group's operations, including management's resources. Furthermore, these risks and uncertainties complicate the Group's tax planning and related business decisions, potentially exposing the Group to significant fines, penalties and enforcement measures, and could materially adversely affect the Group's business, results of operations, financial condition and its ability to service its payment obligations under the Loan Agreement, and the Guarantees as a consequence, the Issuer's ability to make payments under, or the trading price, of the Notes.

Russian transfer pricing rules may subject the Group's transfer prices to challenge by the Russian tax authorities

The Russian transfer pricing legislation allows the Russian tax authorities to make transfer pricing adjustments and impose additional tax liabilities with respect to "controlled" transactions. The list of "controlled" transactions under the transfer pricing legislation includes transactions performed with related parties and certain types of cross-border transactions with unrelated parties. This legislation shifts the burden of proving market prices from the Russian tax authorities to the taxpayer. Although this legislation has been modelled on the basis of the transfer pricing principles developed by the OECD, there are some peculiarities as to how the OECD transfer pricing principles are reflected in the Russian rules. Special transfer pricing rules continue to apply to transactions with securities and derivatives. In certain circumstances, the Russian tax authorities may apply the transfer pricing rules and methods in cases where the rules are formally not applicable, claiming additional tax charges calculated using the transfer rules but based on other tax concepts (e.g. unjustified tax benefit or lack of economic justification of expenses).

Accordingly, due to uncertainties in the interpretation of Russian transfer pricing legislation and undeveloped court practice, no assurance can be given that the Russian tax authorities will not challenge the Group's prices and make adjustments which could adversely affect the Group's tax position. The Russian transfer pricing rules could have a material adverse effect on the Group's business, results of operations and financial condition, its ability to service its payment obligations under the Loan Agreement, all of which may affect the trading price of the Notes.

Payments on the Loan may be subject to Russian withholding tax

In general, interest payments on borrowed funds made by a Russian legal entity or a Russian permanent establishment of a foreign organisation to a non-resident legal entity or organisation having no permanent establishment in the Russian Federation are subject to Russian withholding tax at a rate of 20 per cent. and 30 per cent. in respect of non-resident individuals. This tax can be reduced or eliminated pursuant to the terms of an applicable double tax treaty and applicable provisions of the Russian Tax Code (i.e. the "beneficial ownership" concept and the concept of "tax residency").

No Russian withholding tax obligations should arise for Russian companies in Eurobond structures, including the transaction described in these Listing Particulars, by virtue of the release from tax agent obligations envisaged by the Russian Tax Code which provides that Russian borrowers should be fully released from the obligation to withhold Russian income tax from interest payments made on debt obligations provided that:

- (a) interest is paid on debt obligations of Russian entities that arose in connection with the placement by foreign entities of "quoted bonds", defined as bonds or other debt obligations;
- (b) there is a double tax treaty between Russia and the jurisdiction of tax residence of the recipient of interest of the loan (i.e., the Issuer) which can be confirmed by a tax residency certificate issued by the competent authorities of its country of residence for tax purposes and effective as at the time of income payment.

According to the Russian Tax Code, the above exemption established for the interest payments is also applicable to:

- (i) income payable by a Russian legal entity in connection with a guarantee, surety or other security granted by such Russian organisation with respect to a debt obligation to a foreign organisation and/or with respect to quoted bonds; and
- (ii) other income payable by a Russian organisation providing that the payment of such income is established by the provisions of the respective debt obligation or such income is paid due to a change in the terms and conditions of the respective quoted bonds and/or debt obligations including the cases of their early repurchase or redemption.

For the purpose of the above exemption, the term "quoted bonds" means bonds and other debt obligations which (1) passed the listing procedure and/or (2) were admitted to circulation on one or more foreign stock exchanges and/or (3) rights to which are recorded by a foreign depositary-clearing organisation, provided such foreign stock exchanges and depositary-clearing organisations are specified in the list of foreign financial intermediaries approved by the Central Bank of the Russian Federation in its Instruction No. 4393-U of 30 May 2017 (the "**List**"). The List includes Euronext Dublin amongst the recognised foreign stock exchanges, Euroclear Bank S.A./N.V. ("*Евроклир Банк*") and Clearstream Banking S.A. (CBL) ("*Клирстрим Бэнкинг Люксембург*") amongst the recognised foreign depositary-clearing organisations.

Criteria (1) and (2) should be satisfied in this case as the Notes will be listed on Euronext Dublin. The Regulation S Notes should also satisfy criterion (3) because the Regulation S Notes will be cleared through Euroclear and Clearstream, Luxembourg, which for the purposes of the Russian Tax Code essentially should mean that the rights to the Notes are "recorded" with one of the above foreign depositary-clearing organisations. With respect to the Rule 144A Notes, the List does include the Depository Trust and Clearing Company (DTCC) while DTC, which is a subsidiary of DTCC, is not directly and explicitly included in the List. Therefore, there is a risk that the Russian tax authorities could apply a formalistic approach and take a view that DTC is not a qualifying foreign depositary organisation, in which case criterion (3) would not be satisfied for the Rule 144A Notes.

In any case, according to the Russian Tax Code, in order to be treated as "quoted bonds" fulfilment of one of the above criteria is sufficient. Therefore, the Notes should be recognised as "quoted bonds" for purposes of the Russian Tax Code.

A debt obligation is treated as connected with the issuance of quoted bonds by a foreign organisation if this is explicitly stated in the agreement governing the relevant debt obligation, including the terms and conditions, and/or prospectus of issuance of quoted bonds, or if this fact is confirmed by the actual transfer of funds upon the issuance of the quoted bonds.

This exemption is also applicable to foreign organisations, which are either recognized as Russian tax residents, or as those organizations, which activities are leading to recognition of a permanent establishment in Russia.

If the Company's Russian representative office is recognised as a permanent establishment for tax purposes and the payments under the Loan Agreement transferred to and made by this representative office are associated with its activities in the Russian Federation, the above tax exemption should be applicable to the Company.

However, if the Company's representative office is not recognised as a permanent establishment for tax purposes in the Russian Federation, the above tax exemption related to "quoted bonds" could not apply to the Company. In this situation, notwithstanding the fact that foreign organisations, which do not have a permanent establishment in the Russian Federation, should not be obligated to withhold Russian withholding tax from their interest payments on borrowed funds, there is a risk that interest payments made by the Company to the Issuer under the Loan Agreement could be recognised as Russian source income and subject to Russian withholding tax at a rate of 20 per cent. with respect to Non-Resident Noteholders - Legal Entities (or, potentially, 30 per cent. in respect of non-resident individual Noteholders).

The Company, based on professional advice received, believes that its Russian representative office (recognised as a permanent establishment for tax purposes) should not be obligated to withhold Russian withholding tax from interest payments made to the Issuer under the Loan Agreement because (i) the Notes should be considered "quoted bonds" as described above; and (ii) the Loan is financed from the funds received from the issue of the Notes, provided the Issuer duly confirms its Irish tax residence.

If the Rule 144A Notes are delisted from Euronext Dublin, then such notes may potentially not fall within the definition of traded bonds under the Russian Tax Code (as DTC is not explicitly mentioned in the List), and therefore, there is a risk that the Company may be required to withhold Russian withholding tax from interest payments made by the Company to the Issuer. In any case, if the Notes are simultaneously (i) delisted from Euronext Dublin and (ii) exchanged for duly executed and authenticated registered Notes in definitive form in the limited circumstances specified in the Global Note Certificate, the above exemption related to "quoted bonds" could not apply and the Company's permanent establishment in Russia will be required to withhold Russian withholding income tax from interest payments made by such permanent establishment to the Issuer.

Release from the tax agent duty effectively means that, in practice, income tax on interest payments under the Loan should not arise in the Russian Federation, because currently there is no mechanism or requirement for foreign income recipients that are legal entities to self-assess and pay Russian tax (provided that such legal entities are neither Russian tax residents, nor have a permanent establishment in Russia). However, there can be no assurance that such mechanism will not be introduced in the future or that the Russian tax authorities will not attempt to collect the tax from foreign income recipients. See *"Taxation—The Russian Federation"*.

If any payments under the Loan are subject to any Russian or Irish withholding tax, the Company will be obliged to increase the amounts payable as may be necessary to ensure that the Issuer (or other recipient) receives a net amount equal to the amount it would have received in the absence of such withholding taxes. In addition, payments in respect of the Notes will be made without deduction or withholding for or on account of taxes except as required by law or regulation. Subject to certain exceptions (see *"Taxation—Ireland"*), in the event that any deduction or withholding for or on account of Irish taxes is required by law or regulation with respect to payments under the Notes, the Company will be obliged to increase the amount payable under the Loan Agreement to the extent necessary to ensure that the Issuer receives (or the Noteholders receive, as applicable) the amount which would have been received had such deduction or withholding not been required. If withholding in respect of payments pursuant to the Loan Agreement occurs as a result of application of any amendments or clarification to, or change in the Russian/Ireland tax treaty or as a result of

the application of Russian withholding tax, the Company has a right to prepay the loan in accordance with item 5.2 of the Loan Agreement. While the Loan Agreement provides for the Company to pay such corresponding amounts in these circumstances, there are some doubts as to whether a tax gross-up clause such as that contained in the Loan Agreement is enforceable under Russian law. Due to the limited recourse nature of the Notes, if the Company fails to pay any such gross-up amounts, the amount payable by the Issuer under the Notes will be correspondingly reduced. Any failure by the Company to increase such payments would constitute an Event of Default under the Loan Agreement. In certain circumstances (including following enforcement of the security upon the occurrence of a "**Relevant Event**" as defined in the Trust Deed), in the event that the Company is obliged to increase the amounts payable, it may prepay the principal amount of the Loan together with accrued interest and/or additional amounts payable (if any) thereon, and all outstanding Notes would be redeemed by the Issuer (to the extent that it has actually received the relevant funds from the Company).

The Issuer will grant security over certain of its rights in the Loan Agreement to the Trustee in respect of its obligations under the Notes. The security under the Trust Deed will become enforceable upon the occurrence of a Relevant Event, as defined in the Trust Deed. In these circumstances, payments under the Loan Agreement (other than in respect of "Reserved Rights", as described in "Terms and Conditions of the Notes") would be required to be made to, or to the order of, the Trustee. Under Russian tax law, payments of interest and other payments made by the Company's representative office (recognised as a permanent establishment for tax purposes) in Russia to the Trustee will in general be subject to Russian income tax withholding at a rate of 20 per cent. (or, potentially, 30 per cent. in respect of non-resident individual Noteholders). It is not expected that the Trustee will, or will be able to, claim a withholding tax exemption under any double tax treaty. However, pursuant to the Russian Tax Code, it is possible that the Company's permanent establishment in Russia will be exempt from the obligation to withhold Russian withholding tax from interest payments to the Trustee under the exemption established for "quoted bonds" (as described above). However, there is ambiguity as to the applicability of the exemption in this situation. If the exemption does not apply and tax is withheld it may be possible for some Noteholders who may be eligible for an exemption from Russian withholding tax under double tax treaties and the applicable Russian tax law to claim a refund of tax withheld, although there would be considerable practical difficulties in obtaining any such refund.

It is currently unclear whether the provisions obliging the Company to gross-up payments will be enforceable in the Russian Federation. If, in the case of litigation in the Russian Federation, a Russian court does not rule in favour of the Issuer or the Trustee and Noteholders, there is a risk that a gross-up for withholding tax will not take place and that interest payments made by the Company under the Loan Agreement will be reduced by Russian tax withheld by the Company's permanent establishment in Russia at the rate of 20 per cent., or, potentially, with respect to Non-Resident Noteholders-Individuals Russian personal income tax at a rate of 30 per cent. See "*Taxation—The Russian Federation*".

In addition, in the event that the Issuer's interest expenses on the Notes (and on any other "quoted bonds" issued by the Issuer) represent less than 90 per cent. of the total expense of the Issuer in any financial year, there is a risk that tax residence rules established by the Russian Tax Code may be applied to the Issuer and the Issuer may be treated as a tax resident of the Russian Federation for Russian tax law purposes in case the Issuer is recognised as managed from the Russian Federation under applicable Russian tax law. In

that case, payments of interest under the Notes made by the Issuer to the Noteholders could be recognised by Russian tax authorities as subject to Russian withholding tax at a rate of 20 per cent. (or 30 per cent. with respect to Non-Resident Noteholders-Individuals).

However, the Russian Tax Code provides an exemption from the obligation to withhold tax from interest paid by a Russian organisation under "quoted bonds" issued in accordance with the legislation of the foreign jurisdiction (this exemption is also applicable to the foreign organisations, which are either recognised as Russian tax residents, or as those organisations, which activities are leading to creation of a permanent establishment in Russia).

Based on the above, the Issuer should be released from the obligation to withhold Russian withholding tax from interest payments made to the Noteholders under the Notes provided that the Notes continue to be recognised as "quoted bonds" for the purposes of the Russian Tax Code as outlined above.

If the Notes cease to fall within the above definition established for "quoted bonds" and the above assumptions for the Issuer are not fulfilled and the Issuer is recognised as a Russian tax resident under the respective Russian tax law requirements, payments of interest under the Notes made by the Issuer to the Noteholders could be recognised by Russian tax authorities as subject to Russian withholding tax at a rate of 20 per cent. with respect to Non-Resident Noteholders-Legal Entities (or 30 per cent. with respect to Non-Resident Noteholders-Individuals).

Payments under the Guarantee may be subject to Russian withholding tax

Payments following enforcement of the Guarantee to be made by the Initial Guarantors being either Russian legal entities, or Russian permanent establishment of foreign organisations to the non-resident Noteholders relating to interest on the Notes are likely to be characterised as Russian source income. Accordingly, there is a risk that such payments may be subject to withholding tax at a rate of 20 per cent. in the event that a payment under the Guarantee is made to a non-resident Noteholder that is a legal entity or organisation which in each case is not organised under Russian law and which holds the Notes otherwise than through a permanent establishment in Russia. In the event a payment under the Guarantee is made to a non-resident individual, there is a risk that such payment may be subject to withholding tax at a rate of 30 per cent. We cannot offer any assurance that such withholding tax would not be imposed on the full amount of the payment under the Guarantee, including with respect to the principal amount of the Notes. The imposition or possibility of imposition of this withholding tax could adversely affect the value of the Notes. See *"Taxation—The Russian Federation"*.

However, the Initial Guarantors being either Russian legal entities, or Russian permanent establishment of foreign organisations could be exempt from the obligation to withhold Russian withholding tax from such payments following enforcement of the Guarantee under the exemption established for "quoted bonds" (as described above). However, there is ambiguity as to the applicability of the exemption in this situation as the Russian Tax Code could be interpreted in the way exempting only payments made by the Borrower and not third parties (such as the Initial Guarantors). If the exemption does not apply and tax is withheld it may be possible for some Noteholders who may be eligible for an exemption from Russian withholding tax under double tax treaties and the applicable Russian tax law to claim a refund of tax withheld, although there would be considerable practical difficulties in obtaining any such refund.

All payments made by the Initial Guarantors with respect to the Guarantee, except in certain limited circumstances, will be made free and clear of and without withholding or deduction for, or on account of, any present or future taxes unless the withholding or deduction for, or on account of, such taxes is then required by law. In the event of such a deduction or withholding, the Initial Guarantors, as applicable, will pay such additional amounts as may be necessary in order that the net amounts received in respect of such payments after such withholding or deduction will equal the respective amounts that would have been received in respect of such payments in the absence of such withholding or deduction. While the Listing Particulars provide for the Initial Guarantors to pay such corresponding amounts in these circumstances, it is unclear as to whether a tax gross up clause such as that contained in the Listing Particulars is enforceable in the Russian Federation. There is a risk that the tax gross-up for withholding tax will not take place and that the full amount of the payments made by the Initial Guarantors being Russian legal entities or Russian permanent establishment of foreign organisations will be reduced by Russian withholding income tax at a rate of 20 per cent. (or potentially, 30 per cent. in respect of individual Noteholders). See "*Taxation—The Russian Federation*".

Tax might be withheld on disposals of the Notes in the Russian Federation, thereby reducing their value

If a non-resident Noteholder that is a legal entity or organisation, which in each case is not organised under Russian law and which holds and disposes of the Notes otherwise than through a permanent establishment in Russia, sells the Notes and receives proceeds from either a source within the Russian Federation or a Russian tax resident-legal entity, there is a risk that any part of the payment that represents accrued interest may be subject to a 20 per cent. Russian withholding tax (even if a disposal is performed at a loss). The foreign Noteholder may be entitled to a reduction of such Russian withholding tax under an applicable double tax treaty and applicable provisions of the Russian Tax Code (i.e. the "beneficial ownership" concept and the concept of "tax residency").

Where proceeds from a disposal of the Notes are received from either a source within the Russian Federation or a Russian tax resident-legal entity by a non-resident Noteholder that is an individual, there is a risk that Russian withholding tax would be charged at a rate of 30 per cent. (or such other tax rate as could be effective at the time of such sale or other disposal) on gross proceeds from such disposal of the Notes less any available documented costs (including the acquisition cost of the Notes). In this respect, the taxable base may be affected by changes in the exchange rates between the currency of the acquisition of the Notes, the currency of sale of the Notes and Roubles. The imposition or possibility of imposition of this withholding tax could adversely affect the value of the Notes. See "*Taxation - Russian Federation - Taxation of Gains from Disposal of Notes*".

The imposition or possibility of imposition of the withholding tax could adversely affect the value of the Notes. See "*Taxation—The Russian Federation*".

Cyprus

In June 2012, the Cypriot Government applied to the members of the Eurozone for assistance through the European Stability Mechanism. The final agreement between the Cypriot Government and the Troika (International Monetary Fund, European Commission and the European Central Bank) was reached after the decisions of the Eurogroup dated 15 March 2013 and 25 March 2013. The measures which were in the agreement between the

Cypriot Government and the Troika, include new taxes, special contributions, increases of the existing tax rates and reductions in subsidies. Whilst Cyprus is now out of the final agreement, the Troika continues to monitor the Cyprus economy and further structural changes may be implemented. The dangers to the Cyprus economy have not been completely eliminated and as such, there is still a remote risk of some tax increases, although certain taxes have already been reduced.

The payment of any principal amount of the Loan and/or any interest payments to be made by a legal entity which is a Cypriot tax resident are not subject to any taxation and/or withholding tax in Cyprus. It is uncertain whether this will change in the future, but at this stage it seems unlikely that any withholding taxes will be introduced in the near future. Furthermore, any Cypriot tax residents which will receive interest payments in respect of the Notes may be subject to corporate tax or special defence contribution tax in Cyprus (see section entitled "*Taxation*").

The application or interpretation of the Cypriot tax system may change or the Company may become managed and controlled from or otherwise tax resident in a jurisdiction other than Cyprus.

The Company is incorporated in Cyprus. Cyprus became a member of the European Union on 1 May 2004, as a result of which it has harmonised its legislation with European Union directives and guidelines and has reformed its tax system. Moreover, as a result of its accession to the European Union, Cyprus will adhere to decisions of the European Court of Justice and any amendments to, or newly introduced, European Union directives with respect to taxation. Such judicial decisions and legislative changes may adversely affect the tax treatment of and transactions with the Company.

In addition, in accordance with Cypriot income tax laws, a company is tax resident in Cyprus if its management and control is exercised in Cyprus. There is no definition in the Cypriot income tax laws as to what constitutes management and control. Currently the Cyprus tax authorities follow the OECD model convention with respect to taxes on income and capital, which refers to a "place of effective management". The commentary on that model convention states: the place of effective management is the place where key management and commercial decisions that are necessary for the conduct of the entity's business are in substance made. The place of effective management will ordinarily be the place where the most senior person or group of persons (for example a board of directors) makes its decisions, the place where the actions to be taken by the entity as a whole are determined; however, no definitive rule can be given and all relevant facts and circumstances must be examined to determine the place of effective management. An entity may have more than one place of management, but it can have only one place of effective management at any one time. Based on this definition, management and control may be considered to be exercised where the board of directors of a company meets and makes decisions.

In the event the tax residency of a company incorporated in Cyprus is challenged, such Cypriot company would be required to establish that it is managed and controlled from Cyprus. If the tax residency of the Company were to be challenged and it had failed to observe the requirements of, or was unable to establish that it qualified as, a Cypriot tax resident, it would be unable to make use of the Cypriot tax treaty network. If the Company is not tax resident in a member state, any tax benefits under the EU tax directives may be restricted or eliminated. In addition, if management and control of the Company takes place

in another jurisdiction, or strategic or significant operational decisions or other management activities take place in that jurisdiction, it may be subject to tax in that other jurisdiction. Whether this is the case will depend upon the tax laws of that other jurisdiction and, in certain cases, the impact of any tax residence provision in any double tax treaty between Cyprus and that jurisdiction.

Adverse changes in the application or interpretation of Cypriot tax law, or a finding that the Company does not qualify as a Cypriot tax resident or for tax treaty based benefits, or is subject to tax in another jurisdiction, may increase the Group's consolidated tax burden, including its interest expenses and could have a material adverse effect on the Group's business, results of operations, cash flows, financial position.

It is possible that FATCA could operate to impose U.S. withholding tax on certain payments to the Company and the Issuer and may also apply to certain payments from the Issuer to Noteholders.

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a "foreign financial institution" may be required to withhold on certain payments it makes ("**foreign passthru payments**") to persons that fail to meet certain certification, reporting, or related requirements. Pursuant to proposed regulations issued under FATCA, any withholding on foreign passthru payments on the Notes that are not otherwise grandfathered would apply to passthru payments made on or after the date that is two years after the date of publication in the Federal Register of applicable final regulations defining foreign passthru payments. Taxpayers generally may rely on these proposed regulations until final regulations are issued. A number of jurisdictions (including Ireland) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA ("**IGAs**"), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change. Noteholders should consult their own tax advisors regarding how these rules may apply to their investment in the Notes. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Notes, no person would be required to pay additional amounts as a result of the withholding.

EACH HOLDER OF NOTES SHOULD CONSULT ITS OWN TAX ADVISER TO OBTAIN A MORE DETAILED EXPLANATION OF FATCA AND TO LEARN HOW THIS LEGISLATION MIGHT AFFECT EACH HOLDER IN ITS PARTICULAR CIRCUMSTANCE.

OECD Action Plan on Base Erosion and Profit Shifting and EU Anti-Tax Avoidance Directive

Fiscal and taxation policy and practice is constantly evolving and recently the pace of change has increased due to a number of developments. In particular, a number of changes of law and practice are occurring as a result of the OECD Base Erosion and Profit Shifting project ("**BEPS**"). Investors should note that certain action points which form part of the OECD BEPS project (such as Action 4, which can deny deductions for financing costs, see

"—*EU Anti-Tax Avoidance Directive*" below or Action 6 on the prevention of treaty abuse) may be implemented in a manner which affects the tax position of the Issuer.

EU Anti-Tax Avoidance Directive

As part of its anti-tax avoidance package, and to provide a framework for a harmonised implementation of a number of the BEPS conclusions across the EU, the EU Council adopted Council Directive (EU) 2016/1164 (the "**Anti-Tax Avoidance Directive**") on 12 July 2016.

The EU Council adopted Council Directive (EU) 2017/952 (the "**Anti-Tax Avoidance Directive 2**") on 29 May 2017, amending the Anti-Tax Avoidance Directive, to provide for minimum standards for counteracting hybrid mismatches involving EU member states and third countries.

EU member states were required to implement the Anti-Tax Avoidance Directive by 2019 (subject to derogations for EU member states which have equivalent measures in their domestic law) and had until 31 December 2019 to implement the Anti-Tax Avoidance Directive 2 (except for measures relating to reverse hybrid mismatches, which must be implemented by 31 December 2021).

The Directives contain various measures that could, depending on their implementation in Ireland, potentially result in certain payments made by the Issuer ceasing to be fully deductible. This could increase the Issuer's liability to tax and reduce the amounts available for payments on the Notes. There are two measures of particular relevance.

Firstly, the Anti-Tax Avoidance Directive provides for an "interest limitation rule" which restricts the deductible interest of an entity to 30 per cent. of its earnings before interest, tax, depreciation and amortisation. However, the interest limitation only applies to the net borrowing costs of an entity (being the amount by which its borrowing costs exceed its taxable interest revenues and other economically equivalent taxable revenues). This measure has not yet been implemented in Ireland and is expected to be implemented with effect from 1 January 2022. The exact scope of the measure and its impact on the Issuer's tax position will depend on how this is implemented in Ireland.

Secondly, the Anti-Tax Avoidance Directive (as amended by the Anti-Tax Avoidance Directive 2) provides for hybrid mismatch rules. These rules apply in Ireland with effect from 1 January 2020 and are designed to neutralise arrangements where amounts are deductible from the income of one entity but are not taxable for another, or the same amounts are deductible for two entities. These rules could potentially apply to the Issuer where: (i) the interest that it pays under the Notes, and claims deductions from its taxable income for, is not brought into account as taxable income by the relevant Noteholder, either because of the characterisation of the Notes, or the payments made under them, or because of the nature of the Noteholder itself; and (ii) the mismatch arises between associated enterprises, between the Issuer and an associated enterprise or under a structured arrangement. It is not clear if the Issuer will have any associated enterprise, however if the Issuer has an associated enterprise holding Notes, then the measures should not impact payments on the Notes to that enterprise where the amounts of the payment are fully included for tax purposes and brought into account as taxable income by that enterprise.

For the purposes of the hybrid rules, a structured arrangement is one involving a mismatch outcome where the mismatch outcome is priced into the terms of the arrangement or the arrangement was designed to give rise to a mismatch outcome. Absent any specific guidance from the Irish Revenue Commissioners on how they will approach structured arrangements, it is not yet clear if this would apply to the issue of the Notes to bring it within scope of the hybrid rules.

Any adverse change to the Issuer's tax position as a result of these measures could increase the costs payable by the Borrower, or, failing which, result in the Issuer having insufficient funds after payment of applicable tax to fulfil its obligations under the Notes.

RISKS RELATING TO THE ISSUER

Examiners, preferred creditors under Irish law and floating charges may impose additional risks on the Notes.

COMI

The Issuer has its registered office in Ireland. Under Regulation (EU) No. 2015/848 of the European Parliament and of the Council of 20 May 2015 on insolvency proceedings (recast) (the "**Recast EU Insolvency Regulation**"), the Issuer's centre of main interest ("**COMI**") is presumed to be the place of its registered office (i.e. Ireland) in the absence of proof to the contrary and provided that the Issuer did not move its registered office within the 3 months prior to a request to open insolvency proceedings.

As the Issuer's COMI is presumed to be Ireland, any main insolvency proceedings in respect of the Issuer would fall within the jurisdiction of the courts of Ireland. As to what might constitute "proof to the contrary" regarding the location of a company's COMI, the key decision is that in *Re Eurofood IFSC Ltd* ([2004] 4 IR 370 (Irish High Court); [2006] IESC 41 (Irish Supreme Court); [2006] Ch 508; ECJ Case C-341/04 (European Court of Justice)), given in respect of the equivalent provision in the previous EU Insolvency Regulation (Regulation (EC) No. 1346/2000). In that case, on a reference from the Irish Supreme Court, the European Court of Justice concluded that "factors which are both objective and ascertainable by third parties" would be needed to demonstrate that a company's actual situation is different from that which the location of its registered office is deemed to reflect. For instance, if a company with its registered office in Ireland does not carry on any business in Ireland, that could rebut the presumption that the company's COMI is in Ireland. However, if a company with its registered office in Ireland does carry on business in Ireland, the fact that its economic choices are controlled by a parent undertaking in another jurisdiction would not, of itself, be sufficient to rebut the presumption.

As the Issuer has its registered office in Ireland, has the majority of Irish directors, is registered for tax in Ireland and has retained an Irish corporate services provider, the Issuer does not believe that factors exist that would rebut the presumption that its COMI is located in Ireland, although this would ultimately be a matter for the relevant court to decide based on the circumstances existing at the time when it was asked to make that decision. If the Issuer's COMI was found to be in another EU jurisdiction and not in Ireland, its main insolvency proceedings would be opened in that jurisdiction instead.

Examinership

Examinership is a court moratorium/protection procedure which is available under Irish company law to facilitate the survival of Irish companies in financial difficulties. Where a company, which has its COMI in Ireland is, or is likely to be, unable to pay its debts an examiner may be appointed on a petition to the relevant Irish court under Section 509 of the Companies Act 2014.

The Issuer, the directors of the Issuer, a contingent, prospective or actual creditor of the Issuer, or shareholders of the Issuer holding, at the date of presentation of the petition, not less than one-tenth of the voting share capital of the Issuer are each entitled to petition the court for the appointment of an examiner. The examiner, once appointed, has the power to halt, prevent or rectify acts or omissions, by or on behalf of the company after his appointment and, in certain circumstances, negative pledges given by the company prior to his appointment will not be binding on the company. Furthermore, where proposals for a scheme of arrangement are to be formulated, the company may, subject to the approval of the court, affirm or repudiate any contract under which some element of performance other than the payment remains to be rendered both by the company and the other contracting party or parties.

During the period of protection, the examiner will compile proposals for a compromise or scheme of arrangement to assist in the survival of the company or the whole or any part of its undertaking as a going concern. A scheme of arrangement may be approved by the relevant Irish court when a minimum of one class of creditors, whose interests are impaired under the proposals, has voted in favour of the proposals and the relevant Irish court is satisfied that such proposals are fair and equitable in relation to any class of members or creditors who have not accepted the proposals and whose interests would be impaired by implementation of the scheme of arrangement and the proposals are not unfairly prejudicial to any interested party.

The fact that the Issuer is a special purpose entity and that all its liabilities are of a limited recourse nature means that it is unlikely that an examiner would be appointed to the Issuer.

If, however, for any reason, an examiner were appointed while any amounts due by the Issuer under the Notes were unpaid, the primary risks to the holders of Notes would be as follows:

- the Trustee, acting on behalf of Noteholders, would not be able to enforce rights against the Issuer during the period of examinership; and
- a scheme of arrangement may be approved involving the writing down of the debt due by the Issuer to the Noteholders irrespective of the Noteholders' views.

Preferred Creditors

If the Issuer becomes subject to an insolvency proceeding and the Issuer has obligations to creditors that are treated under Irish law as creditors that are senior relative to the Noteholders, the Noteholders may suffer losses as a result of their subordinated status during such insolvency proceedings. In particular:

- under the terms of the Trust Deed, the Notes will be secured in favour of the Trustee for the benefit of itself and the Noteholders by security over the Loan Agreement and

sums held in the related account with the Account Bank. Under Irish law, the claims of creditors holding fixed charges may rank behind other creditors (namely fees, costs and expenses of any examiner appointed and certain capital gains tax liabilities) and, in the case of fixed charges over book debts, may rank behind claims of the Irish Revenue Commissioners for PAYE, local property tax and VAT;

- under Irish law, for a charge to be characterised as a fixed charge, the charge holder is required to exercise the requisite level of control over the assets purported to be charged and the proceeds of such assets including any bank account into which such proceeds are paid. There is a risk therefore that even a charge which purports to be taken as a fixed charge may take effect as a floating charge if a court deems that the requisite level of control was not exercised; and
- in an insolvency of the Issuer, the claims of certain other creditors (including the Irish Revenue Commissioners for certain unpaid taxes), as well as those of the creditors mentioned above, will rank in priority to claims of unsecured creditors and claims of creditors holding a floating charge.

OVERVIEW

This overview highlights certain information concerning the Group's business and the offering of Notes. It does not contain all information that may be important to you and to your investment decision. The Company urges you to carefully read the entire Listing Particulars, including the financial data and related notes and the matters set forth in "Risk Factors" before deciding to invest in the Notes.

Overview of the Group

The Group owns and operates DME, the second largest airport in Russia and Eastern Europe in terms of passenger traffic with an annual passenger traffic of over 25 million in the first half of 2020, according to ACI.

Located 44.6 kilometres southeast of the centre of Moscow (22.7 kilometres away from the Moscow ringway), DME served approximately 28.3 million passengers in 2019 and 12.6 million during the nine months ended 30 September 2020. As of 30 September 2020, DME served 44 airlines, including 32 foreign airlines (including 8 from the CIS states) and 12 Russian airlines. DME has a diversified Russian and international airline customer base, with two major clients, S7 and Ural Airlines, and is the base in Russia for 10 member airlines of Star Alliance and 6 member airlines of the oneworld. As of 30 September 2020, non-stop flights from DME serviced 73 domestic and international destinations, of which 12 destinations were exclusive to DME among MAH airports. As of 31 December 2019, non-stop flights from DME serviced 187 domestic and international destinations, of which 43 destinations were exclusive to DME among MAH airports. The decrease in destinations services as of 30 September 2020 as compared to 31 December 2019 was attributable to air travel restrictions imposed in response to the COVID-19 outbreak.

The Group provides a wide range of airport services, seeking to diversify sources of revenue with a particular focus on high-margin businesses and better serving the needs of its airline and other customers. The Group operates through three business segments:

- aviation services, such as the use of terminal, take-off and landing and aviation security;
- auxiliary aviation services, such as certain passenger-related services, ground handling, fuelling services, in-flight catering and cargo handling; and
- commercial services, such as retail concessions and advertising, leasing of other commercial properties and car parking.

Historically, the auxiliary aviation services segment was the largest contributor to the Group's EBITDA, whereas the commercial services segment accounted for the highest EBITDA margin. See "*Selected Consolidated Financial Information and Operating Data*" for additional information on the Group's EBITDA and EBITDA margin.

The MAH is a major international gateway to Russia and the CIS region. Moscow is one of the largest cities in the world by population and has one of the highest total passenger traffic through its airports in the world. According to the TCH, in 2019, 101.7 million passengers used MAH airports. Annual growth in air traffic in the MAH averaged 9.8 per cent. between 2000 and 2019, according to the TCH, decreasing by 52.8 per cent. in the nine months ended

30 September 2020 year-on-year as a result of the COVID-19 outbreak. According to Rosaviatsia, DME's market share of total passenger traffic in the MAH increased from 16 per cent. in 2000 to 34 per cent. in the nine months ended 30 September 2020.

The Group continues to implement the 2026 Masterplan seeking to expand DME's capacity and upgrade its infrastructure (see "*Business—Airport Development 2026 Masterplan*" for further details). The 2026 Masterplan includes, among other things, the construction of the New Runway 2, reconstruction of existing aprons and construction of new aprons, construction of Segment 2 of the Passenger Terminal and additions to and renovations of existing facilities. The Group estimates that, upon the completion of these plans as currently contemplated, capacity at DME can be increased from approximately 393,077 ATMs in the year ended 31 December 2019 to up to approximately 505,385 ATMs per year with the construction of the New Runway 2. For year ended 31 December 2019 and the nine months ended 30 September 2020, DME handled 207,114 and 104,896 ATMs, respectively. See "*Risk Factors—Risks Relating to the Group, the Group's Business and Industry in which It Operates — The 2026 Masterplan is critical to the Group's business strategy and the Group may not realise all of the expected benefits of the 2026 Masterplan*".

The Company, or the Borrower, was incorporated in Cyprus on 20 January 1995. The Company's registered address is Michalaki Karaoli, 2, office 203, 1095, Nicosia, Cyprus and its registration number is HE 68181.

Impact of COVID-19

The outbreak of COVID-19 in early 2020 and the related travel restrictions introduced by governments around the globe have significantly affected the worldwide aeronautical industry, including the Group. As noted above, notwithstanding the increase in passenger traffic in January and February 2020 by approximately 15 per cent. year-on-year (reflecting general growth as well as the increased travel during January holiday season in Russia), the COVID-19 pandemic caused a significant decrease in the passenger traffic and the number of ATMs at DME in the nine months ended 30 September 2020 as compared to the nine months ended 30 September 2019.

The sharp decrease in passenger traffic has, in turn, negatively affected the Group's results of operations and performance in the nine months ended 30 September 2020 resulting, among other things, in a decrease in revenue across all of its business segments and a drop in the Group's Adjusted EBITDA which led to a significant increase in the Group's Net Debt/Adjusted EBITDA ratio. In addition, the outbreak of COVID-19 has contributed to a sharp Rouble depreciation in the nine months ended 30 September 2020 which resulted in the Group incurring a considerable net foreign exchange loss in the same period.

Promptly upon the impact of COVID-19 becoming apparent, the Group has acted to mitigate the adverse effect of the pandemic, in particular, by:

- implementing strict credit control and day-to-day monitoring of cash collections;
- suspension of substantially all non-essential capital spending (including deferring or cancelling non-critical capital expenditures which resulted in actual capital expenditure in the nine months ended 30 September 2020 being approximately 65 per cent. lower than the ones planned). The reduction in capital expenditures, however,

had limited impact on the Group's development programme due to the Group passing the most active investment stage prior to the COVID-19 outbreak;

- postponing dividend payments which resulted in a 72.1 per cent. decrease in dividends paid in the nine months ended 30 September 2020 as compared to the nine months ended 30 September 2019;
- reducing operating expenses (including by granting voluntary leave and reducing working hours which resulted in a 31.6 per cent. decrease in staff costs) with the primary focus on essential spending only and increased hygiene measures. In particular, in the nine months ended 30 September 2020, the Group decreased its payroll and related charges costs by 31.6 per cent., maintenance costs by 61.6 per cent., cleaning and waste management expenses by 48.4 per cent., and transport expenses by 43.2 per cent.;
- attracting low-interest state-subsidised loans to support the Group's current liquidity (see "*Operating and Financial Review – Liquidity and Capital Resources – Debt Securities and Credit Facilities*"); and
- engaging in negotiations with (i) key suppliers and lessors to modify contractual terms (including, in order to agree deferred repayment schedules); and (ii) lenders to grant waivers in respect of certain financial covenants and agree payment deferrals. See "*Operating and Financial Review–Liquidity and Capital Resources–Amendments and waivers*". In addition, the Group negotiated the deferral of approximately RUB 99 million of rent payments under the 75-year Lease originally due in June-September 2020 to May-December 2021.

In addition to the above measures, as of 30 September 2020, the Group received a non-repayable RUB 1,157 million subsidy received from the Government under the state programme aimed at supporting Russian airports during the COVID-19 outbreak (see "*Industry Regulation–COVID-19 State Support Measures*") and, in October 2020, increased tariffs for Russian airline customers (see "*Business–Business Segments*").

In December 2020, the Group received a Government subsidy in the aggregate amount of RUB 180 million under Russian Government Resolution No. 813 dated 3 June 2020 ("**Resolution No. 813**") as additional compensation of certain employee and other operating expenses incurred in July 2020 (see "*Industry Regulation–COVID-19 State Support Measures*").

Strengths

The Group benefits from the following key strengths:

Large European Market with Strong Growth Potential

The Russian air travel market benefits from a significant population with an increasing propensity to fly and a growing domestic market due to long distances between Russian cities, making air travel an increasingly competitive mode of domestic transport. With a population of approximately 17.1 million people, Moscow and its suburbs constitute the largest metropolitan area in Europe, and the MAH is the third largest European hub with the air traffic of 101.7 million passengers in 2019 (with London, Paris, Amsterdam and Frankfurt

making up the rest of top-5 European hubs, with 179 million passengers, 108 million passengers, 72 million passengers, and 71 million passengers, respectively), according to Rosaviatsia, ACI Europe and the TCH, and accounts for 69 per cent. of passenger traffic in Russia, according to the TCH. The combination of the Moscow region being the major international gateway to Russia and the CIS and it accounting for a higher than average income per capita as compared to the rest of Russia makes the Moscow region well-positioned as a large and growing market for air travel.

The Group's strategy is based on the expectation that an increasing propensity of Russians to fly, the economic pre-eminence of the Moscow area in the CIS and the dominant position of Moscow in trade and travel in Russia is expected to lead to further passenger traffic growth in Russia and the MAH in particular. Whilst the COVID-19 pandemic is having a significant impact on passenger traffic globally, once the benefits of air travel and connectivity have been restored, the Group's management believes that DME will be well-positioned to capture passenger traffic growth for the reasons described in "*Second Largest Airport in Russia and Eastern Europe Operating in an Industry with High Entry Barriers*" below.

Second Largest Airport in Russia and Eastern Europe Operating in an Industry with High Entry Barriers

DME is a key hub and the second largest airport in Russia and Eastern Europe by volume of passenger traffic, handling approximately 12.6 million passengers in the nine months ended 30 September 2020, approximately 28.3 million passengers in 2019 approximately 29.4 million passengers in 2018 and approximately 30.7 million passengers in 2017, according to the TCH. DME's position as the second largest airport in Russia and Eastern Europe, underpins its status as a critical infrastructure asset for the transportation system of the Russian federation as well as the neighbouring regions.

The table below sets out DME's share of air passenger traffic in the MAH (both international and domestic) in 2017, 2018, 2019 and the nine months ended 30 September 2020:

	Year ended 31 December			Nine months ended
	2017	2018	2019	30 September 2020
	%			
DME's share of air passenger traffic in the MAH, including:	34.7	30.6	27.8	34.0
- share in domestic passenger traffic	36.6	31.8	31.4	37.7
- share in international passenger traffic	32.5	29.2	24.0	24.0

Source: TCH.

According to Rosaviatsia data, from 2000-2019, the Group demonstrated the highest CAGR in passenger traffic among the MAH airports of 13.0 per cent. compared to 8.4 per cent. by SVO and 10.7 per cent. by VKO. According to Rosaviatsia data, the Group increased its share in the MAH passenger traffic from 16 per cent. in 2000 to 34 per cent. in the nine months ended 30 September 2020.

The Group also believes that DME is well positioned to capture the expected incremental future growth in some of the most attractive segments of traffic such as transfer and international traffic, taking advantage of the following factors: (i) a single terminal layout, (ii) high runway capacity and further growth potential and (iii) the preferred airport in Moscow for a number of foreign airlines which represent two of the three global airline alliances, namely the oneworld and Star Alliance.

Furthermore, the scale of infrastructure and geographical requirements necessary to develop a competing airport provide for very high barriers to entry. These barriers to entry are even more marked for hub airports such as DME making them less exposed to competition from smaller players.

Attractive Location, Well-Invested Asset Infrastructure and Unmatched Expansion Potential

DME's location outside Moscow provides an attractive location for development, by allowing for limited environmental impact of airport operations and featuring low population density in the immediate surrounding area. DME has a single Passenger Terminal building that is located and configured in a manner that allows phased development. The location of the Passenger Terminal between the runways expedites transfer of passengers, expanding DME's potential as a transit hub. In addition, the design and positioning of the DME terminal allows for modular capacity expansion.

DME is one of the two MAH airports with two parallel runways configured to permit simultaneous, independent operation. According to the Group's management, this, together with high speed taxiways and a sufficient number of parking slots, provides DME the second highest potential runway capacity among MAH airports (expected to return to 90 ATMs per hour following the completion of the construction of the New Runway 2) as compared to SVO (110 ATMs per hour) and VKO (68 ATMs per hour), based on the IATA data. As a result of the implementation of a new flight structure in the Moscow aviation zone in December 2020 (which is intended, among others, to decrease the airborne time at take-off and landing and to increase the maximum number of ATMs) and following the construction of the New Runway 2 at DME, the Group expects DME to regain its position as one of the two leading MAH airports in terms of runway capacity. (see "*Business— Airport Facilities, Real Estate and Infrastructure—Runways*").

Both of DME's runways are certified to meet ICAO Category IIIA specifications, qualifying the airport for landing operations under adverse weather conditions. In addition, unlike VKO, which currently may not service ATMs from 3:00 a.m. to 6:00 a.m., DME does not have restrictions on night flights. In addition, unlike SVO and VKO which are restricted in terms of expanding their runway capacity by limited hinterlands and the immediate proximity of residential areas, DME's location and existing hinterland capacities allow the construction of up to 8 runways (see "*Business—Competition*").

DME benefits from well-invested airport infrastructure which few airports in Russia and CIS can match. From 2000 to 2020, overall investments in the development of DME reached RUB 141 billion, of which the Group's shareholder invested RUB 116 billion with the remaining RUB 25 billion having been invested by the Russian Government. Furthermore, DME has potential for significant expansion and development, both for (i) additional runways, as well as for expansion of the Passenger Terminal and air traffic support capacity and (ii) related property and commercial development. DME's expansion goals include

increasing the Passenger Terminal capacity to approximately 10,500 passengers per hour by 2023, as compared to 7,000 passengers per hour as of 30 September 2020, and the total area of Passenger Terminal to reach approximately 485,000 sq. m. by 2023, as compared to the total Passenger Terminal area under operation of 197,000 sq. m. as of 30 September 2020. See "*Business—Airport Facilities, Real Estate and Infrastructure—Passenger Terminal*".

Unique Integrated Business Model Benefitting from a Variety of Revenue Sources and Consistently Delivering Operational Excellence

The Group has a highly integrated operating model with a diverse product offering for both its airline and non-airline customers. The Group believes that it offers a breadth of services to its airline customers that few other airports in Russia can match. The Group essentially offers a "one-stop-shop" for airlines, covering a wide range of their needs relating to aviation services (terminal, take-off and landing services and security), auxiliary aviation services (including ground handling of passengers and aircraft, in-flight catering, fuelling services and storage, and cargo and mail handling) and other services for its non-airline customers (for example, offering commercial space and parking for passengers) with a particular focus on high-margin business. The Group also strives to offer its airline customers unique tailored solutions through DCS, a centralised contact point for airline customers, a strategy which the Group believes has been instrumental in its ability to retain and attract airline customers.

In addition, DME traditionally earns income from a variety of sources (including aviation services, auxiliary aviation services and commercial services) which allows it to be less exposed to risks inherent in purely monoline businesses. In addition, a significant portion of the Group's customer base originates outside of Russia, therefore reducing the exposure to the local economy.

DME has historically focused on maintaining highest level of services which has been recognised by a number of industry certifications and ratings, including an ISO 9001-2000 certification which was first obtained in 2003 and an award as the "best airport of the CIS countries" from the Airport Association of CIS Civil Aviation in 2008. In 2010, DME was also named "best airport in Eastern Europe" by SKYTRAX and was assigned a "platinum" status from IATA. In June 2010, DME was the first airport in Russia to receive the IATA Safety Audit for Ground Operations Certification (ISAGO), a global audit programme for ground handling companies at an airport. In 2015, DME was named "best airport in Russia and the CIS" at World Airport Awards (Skytrax) and received a special award from passengers as the best airport in the MAH at the "Air Gateway to Russia" awards. In 2017, DME was named "2016 airport of the year" by Wings of Russia and "best airport in 2016" by the Air Gates of Russia. In April 2020, Forbes ranked DME as a top-3 most comfortable airport in Russia and, in November 2020, DME successfully completed a safety audit and its ISAGO certification was reconfirmed.

Diversified and High Quality Airline Customer Mix

The Group has a diversified airline customer base among the MAH airports and hosts a variety of leading Russian (including two out of the four largest airlines in Russia: S7 and Ural Airlines) and international carriers (including British Airways, Eithad Airways, Emirates, Lufthansa, Singapore Airlines, Swiss Air, Qatar Airways and others) with S7 being the Group's major client. The Group services all types of airlines, from budget to full-service airlines with a particular focus on top rated international carriers.

DME serves the largest number of airlines on the second most extensive route network in the MAH. The table below sets out number of airline customers of and routes serviced by DME, SVO and VKO as of 30 September 2020 and 31 December 2019:

	DME	SVO	VKO
<i>As of 30 September 2020</i>			
Airline customers.....	44	37	28
Routes serviced	73	76	66
<i>As of 31 December 2019</i>			
Airline customers.....	45	37	28
Routes serviced	187	221	167

Source: Group data; publicly available data of SVO and VKO.

DME also serves two global airline alliances (10 members of Star Alliance and 6 members of oneworld alliance currently operate at DME), with scope for future migration of alliance partners not currently using DME. Moreover, S7 (which is a member of oneworld) continues to consolidate its strong position in the Russian aviation market and expand internationally through operational agreements with other oneworld airlines.

According to the Group's reports, Rosaviatsia data and publicly available data of SVO and VKO, in 2019, the share of the Group's top-3 clients by passenger traffic volume amounted to 65.4 per cent. compared to 89.5 per cent. by SVO and 70.3 per cent. by VKO. The Group services the highest number of top-20 airlines among MAH airports (9 at DME as compared to 4 at SVO and none at VKO). The Group also believes that it has significantly less airline customer concentration with S7, as compared to SVO and VKO, of total scheduled seats for the same period, based on quarterly reports of the relevant airlines.

Stronger Resilience of Operations During COVID-19 Downturn Compared to Peers

While the Group implemented a number of measures to mitigate the adverse effect of the COVID-19 pandemic on its financial position (see "*Overview of the Group—Impact of COVID-19*"), the Group has sought to limit its operational capacities to the minimum extent.

In addition, the Group has historically benefited from a diversified portfolio of international and domestic routes, which underpins the Group's operations during the COVID-19 outbreak and is expected to support the further recovery and contribute to growth going forward. Greater focus on domestic routes during the period when international travel was banned, allowed DME to:

- maintain greater operational resilience against the backdrop of COVID-19 pandemic as compared to its peers which, according to ACI, as exhibited by DME experiencing, in the first half of 2020, the lowest drop in passenger traffic amongst the airports servicing 25 million passengers per year and DME becoming the busiest European airport in June 2020; and
- increase its share of air passenger traffic in the MAH in the nine months ended 30 September 2020 (from 27.8 per cent. for the year ended 31 December 2019 to 34.0 per cent. for the nine months ended 30 September 2020).

In addition, despite the impact of COVID-19 which resulted in the Group incurring a net loss for the nine months ended 30 September 2020, the Group managed to sustain the profitability of its operations with Adjusted EBITDA margin for the nine months ended 30 September 2020 and 2019 being 37.7 per cent. and 37.3 per cent., respectively.

Furthermore, as the Group passed the most intensive investment phase from 2016-2019, this provides the Group with additional capital flexibility during the COVID-19 pandemic as compared to the peers who are currently undergoing a more active investment phase.

Management Team with a Strong Track Record

The Group has a strong, dynamic and experienced management team with the key members of the Group's senior management team having an average experience in the Russian aviation sector of over 10 years. The management team has overseen the transformation of DME which has led to extensive growth over the past decade, during which they have covered not only day-to-day management of operations but also construction and expansion of airport facilities, enabling DME to strengthen its position as one of the largest airports in Moscow, the CIS and Eastern Europe by volume of passenger traffic.

Solid Financial Position and Conservative Financial Policy

According to the Group's management, the Group has historically maintained a conservative debt policy which enables it to meet its obligations in a timely and comfortable fashion. While the Group has experienced a significant increase in the leverage levels since the onset of the COVID-19 pandemic (which was primarily attributable to the decrease in the Group's revenue due to travel restrictions), prior to 2020, the Group had consistently maintained its ratio of Net Debt to Adjusted EBITDA and Net Debt to LTM Adjusted EBITDA below 4.0, which is the current leverage ratio threshold under 2021 LPNs and 2023 LPNs (which provide for the incurrence-based financial indebtedness covenant) and some of the Group's credit facilities (which provide for the maintenance-based financial indebtedness covenant).

The Group's Net Debt to Adjusted EBITDA (as of 31 December 2017, 2018 and 2019) and Net Debt to LTM Adjusted EBITDA (as of 30 September 2019) were 2.5, 3.8, 3.9 and 3.9 as of 31 December 2017, 2018 and 2019 and 30 September 2019, respectively. The Group had a Total Debt to Equity ratio of 0.9, 1.4 and 1.3 as of 31 December 2017, 2018 and 2019, respectively, supported by strong free cash flow generation and focus on higher-margin services. See "*Selected Consolidated Financial Information and Operating Data – Alternative Performance Measures* " for information on ratios calculation and "*Risk Factors— Risks Relating to the Group, the Group's Business and Industry in which It Operates —The COVID-19 pandemic and measures to reduce the number of cases have had, and will likely continue to have, a material adverse impact on the Group's business, financial condition, results of operations and/or prospects*".

To ensure an adequate liquidity cushion, the Group endeavours to maintain cash and cash equivalents balances in an amount sufficient to cover its contractual payables for the next three to twelve months. In addition, the Group seeks to maintain unutilised credit limits and overdraft credit facilities with reputable banks that can be used in the event of additional unforeseen liquidity requirements.

Strategy

The Group's goal is to maintain DME's position as one of the largest airports in Russia and Eastern Europe and continue business expansion while keeping a prudent capital structure and conservative debt policy, maintaining a strong balance sheet and robust cash flow generation. The Group seeks to achieve this goal by pursuing the following strategies:

Maintain Resilience against the Backdrop of COVID-19

As noted in "*Overview of the Group—Impact of COVID-19*", at the onset of the pandemic, the Group acted early to mitigate the adverse effect of COVID-19. The Group seeks to maintain a flexible business model to ensure resilience and to allow the Group take prompt action to respond to the challenges of the COVID-19 downturn. Currently, the Group's key focus is to maintain the sustainability of its operations despite the continuing travel restrictions and uncertainties caused by COVID-19 and restore passenger confidence in air travel by offering top-quality service with a particular focus on hygiene and health security with a view to achieve future growth.

Increase Operational Capacity

The Group will seek to sustain its leading market positions and increase its operational capacity through continuing development of airport infrastructure, allowing DME to capture the benefits of a potential increase in passenger traffic, maximising convenience of travel to and from DME and continuing its focus on its airline customers' needs.

The Group's 2026 Masterplan envisages the increase of the Passenger Terminal capacity to up to 55.0 million passengers per annum by 2022 following the completion of construction (i) by the Russian Government of the New Runway 2, and (ii) of Segment 2 of the Passenger Terminal (the key construction works in respect of which were completed with the remaining fit out and equipment works expected to be ongoing until the commissioning of the terminal) which is expected to add a total of 235,000 sq. m. of new Passenger Terminal area by the end of 2022, as well as increasing cargo terminal capacity to 292,000 tonnes per year. See "*Business—Airport Development 2026 Masterplan*" below.

The Group will seek to increase transfer traffic by assisting airlines in developing route networks and technologies to service transfer flights, developing airport route networks through marketing and promotion of new routes to airlines, and developing transfer services technology at the airport to reduce passenger connecting times for both domestic and international flights. The Group will seek to enhance convenience of travel to and from DME by working with the relevant parties and implementing required solutions.

Further Develop the Group's Integrated Business Model

The Group intends to enhance its integrated business model and "one-stop-shop" airline services concept by offering flexible service solutions across the entire service spectrum from core aviation-only services to packaged solutions offering a full spectrum of aviation and non-aviation services (including, leasing of office space at DME) to facilitate airline operations and increase customer satisfaction.

The Group strives to secure DME's position as the hub of choice for its customers by working with airline partners to ensure provision of a diversified route network, whilst

maintaining operational flexibility and resilience. The Group is also working with all of its partners to ensure passengers have a safe and seamless experience when flying through DME to maintain confidence.

The Group also plans to continue encouraging partners to develop their own businesses at DME by offering attractive and flexible terms and diversifying its sources of revenue, including by developing non-aviation catering services and online training programmes.

Seek to Realise Revenue Growth Potential from Non-Aeronautical Services

The Group seeks to increase the share of its revenue derived from non-aeronautical services through expanding retail concession areas in Segment 1 of the Passenger Terminal and adding extra capacity of approximately 60,698 sq. m. of concession areas following the completion of construction of Segment 2 of the Passenger Terminal.

In addition, as part of its 2026 Masterplan, the Group intends to provide land plots to private third-party investors to develop the airport complex territory with projects such as "DME Aerotropolis". The first phase of "DME Aerotropolis", which is currently expected to be completed by 2025, includes, among others, construction of (i) an industrial park with a projected area of 244,000 sq. m., (ii) trading and parking units (in Churilkovo and Lovtsovo) with a projected total area of 98,300 sq. m., (iii) a hotel recreational centre with a projected area of 118,000 sq. m., (iv) hotel units (in Churilkovo and Lovtsovo) with a projected total area of 191,000 sq. m., (v) an exposition village with a projected area of 120,000 sq. m., (vi) an agricultural unit with a projected area of 100,000 sq. m., (vii) a multifunctional business unit with a projected area of 115,000 sq. m. and (viii) a distribution centre in Kolychevo with a projected area of 40,000 sq. m.

Enhance Operational Efficiency and Increase the Level of Digitalisation

The Group intends to enhance its operational efficiency by improving its technological processes and generating a more thorough process-based approach to business management. The Group focuses on increasing the overall level of automation across the entire spectrum of business processes and optimisation of various airport operations. In particular, the Group is developing an Airport Operations Control Centre (AOCC) based on the Airport Collaborative Decision Making (A-CDM) concept that will include all its aviation partners in a full-scale continuous joint decision-making process. As the next step, the Group intends to develop the Total Airport Management (TAM) concept by developing an enhanced AOCC extending its control functions to landside operations. In addition, the Group is developing a number of additional automated systems and processes to increase its operational efficiency, including an automatic mechanism for synchronising flight data (Airport-ATC), systems for forecasting and calculating of the variable taxi time (VTT) of flights and the aircraft de-icing process planning systems.

Furthermore, one of the Group's priorities is to strengthen security systems through utilisation of advanced and automated technological systems. The Group also intends to continue focusing on minimising the adverse impact of airport operations on the environment and on the population of the areas near DME. See "*Business— Environmental Matters*".

To ensure higher operational efficiency, the Group intends to focus on further automation and digitalisation of various business processes and services offered which is expected to increase the quality of customer service and allow to replace the redundant positions and optimise the

operational costs. In particular, in December 2017, DME launched a new mobile application with an updated interface which allowed users, among other things, to pay parking fees online. In 2019, DME became the first airport in Russia to start accepting electronic boarding passes. By 2022, the Group expects to introduce DME Marketplace to enhance the online offering of products and services of DME and its partners. The Group also intends to further develop its mobile application interface (including by adding special feedback features, loyalty programmes and trip planning solutions) and introduce chat-bots for parking and other services offered by the Group. In addition, the Group intends to introduce an electronic platform for client interaction and implement a dedicated customer relationship management system to streamline engagement with key customers and standardise contractual conditions to improve transparency in customer relationship.

Focus on Enhancing Sustainability and Building up DME's Brand

The Group seeks to ensure sustainable growth of DME through a combination of infrastructure expansion and upgrade as well as attracting and retaining of qualified and talented personnel (including, through personnel trainings, results-oriented incentivisation schemes and personnel bonus programmes) both of which are expected to contribute to building up DME's brand. The Group's management believes that strong brand would increase trust and customer confidence and would help mitigating the long-term growth risk.

In addition, as part of the overall sustainability strategy, the Group puts particular focus on environmental compliance and reducing the impact of its operations on the environment. To that effect the Group's strategy involves a number of infrastructure upgrades, including the construction of local waste and water treatment facilities, and building de-icing stands and facilities for treatment and disposal of used de-icing fluids. See "*Business— Environmental Matters*".

Risk Factors

An investment in the Notes involves risks, including those relating to or arising from the Group's business and industry, political, social, economic, legislative and legal risks associated with the Russian Federation and risks arising from the nature of the Notes and the markets upon which they are or are expected to be traded. Investors should carefully consider all of the information in these Listing Particulars, including the information included under "*Risk Factors*", prior to making an investment in the Notes.

Overview of the Offering

The following overview of the offering should be read in conjunction with, and is qualified in its entirety by "Terms and Conditions of the Notes", "Clearing and Settlement" and "Form of the Loan Agreement and the Deed of Guarantee".

The Notes

Issuer	DME Airport Designated Activity Company, a designated activity company incorporated under the laws of Ireland. The Issuer is not a subsidiary of the Borrower or any Guarantor, directly or indirectly.
Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers	J.P. Morgan Securities plc, Raiffeisen Bank International AG and Société Générale.
Joint Bookrunners and Joint Lead Managers	AO "ALFA-BANK" (acting jointly with Alfa Capital Markets Ltd), Alfa Capital Markets Ltd (acting jointly with AO "ALFA-BANK"), Renaissance Securities (Cyprus) Limited and Public Joint-Stock Company "Sovcombank".
Notes Offered	U.S.\$453,000,000 5.35 per cent. Loan Participation Notes due 2028.
Issue Price	100 per cent. of the principal amount of the Notes.
Issue Date	8 February 2021
Maturity Date	8 February 2028
Trustee	BNY Mellon Corporate Trustee Services Limited
Principal Paying Agent and Account Bank	The Bank of New York Mellon, London Branch
Registrar and Transfer Agent	The Bank of New York Mellon SA/NV, Luxembourg Branch
Interest	On each interest payment date (being 8 February and 8 August in each year and commencing on 8 August 2021), the Issuer shall account to the Noteholders for an amount equivalent to amounts of interest actually received by or for the account of the Issuer pursuant to the Loan Agreement and/or the Deed of Guarantee, which interest under the Loan accrues at a rate of 5.35 per cent. per annum from and including the Issue Date.

Limited Recourse

The Notes will constitute the obligation of the Issuer to apply an amount equal to the gross proceeds from the issue of the Notes solely for the purpose of financing the Loan to the Borrower pursuant to the terms of the Loan Agreement. The Issuer will only account to the holders of the Notes for all amounts equivalent to those (if any) received from the Borrower in respect of principal, interest or any additional amounts under the Loan Agreement and the Deed of Guarantee less amounts in respect of the Reserved Rights (as defined under "*Terms and Conditions of the Notes*").

Form and Denomination

The Notes will be issued in registered form, in denominations of U.S.\$200,000 and higher integral multiples of U.S.\$1,000. The Regulation S Notes and the Rule 144A Notes will be represented by a Regulation S Global Certificate and a Rule 144A Global Certificate, respectively. The Regulation S Global Certificate and the Rule 144A Global Certificate will be exchangeable for Definitive Certificates in the limited circumstances specified in the Regulation S Global Certificate and the Rule 144A Global Certificate.

Initial Delivery of Notes

On or before the Issue Date, the Regulation S Global Certificate shall be registered in the name of a nominee of, and deposited with a common depository for, Euroclear and Clearstream, Luxembourg and the Rule 144A Global Certificate shall be registered in the name of Cede & Co. as nominee of, and deposited with a custodian for, DTC.

Status of the Notes

The Notes are limited recourse, secured obligations of the Issuer as more fully described in "*Terms and Conditions of the Notes — Status*".

Security

The Notes will be secured by the Charge (as defined in "*Description of the Transaction and the Security*") on:

- all principal, interest and other amounts now or hereafter payable to the Issuer by the Borrower under the Loan or the Guarantors under the Deed of Guarantee;
- the right to receive all sums which may be or become payable by the Borrower or the Guarantors under any claim, award or judgment relating to the Loan Agreement or the Deed of Guarantee, as the case may be; and

- all the rights, title and interest in and to all sums of money now or in the future deposited in the Account (as defined in "*Description of the Transaction and the Security*") and the debts represented thereby (including interest from time to time earned on the Account, if any), pursuant to the Trust Deed,

provided that Reserved Rights and any amounts relating to Reserved Rights are excluded from the Charge.

The Notes will also be secured by an absolute assignment with full title guarantee by the Issuer to the Trustee of its rights under the Loan Agreement and the Deed of Guarantee (save for the Reserved Rights and those rights subject to the Charge) pursuant to the Trust Deed.

Withholding Taxes and Increased Costs

All payments in respect of the Notes by or on behalf of the Issuer will be made free and clear of, and without deduction or withholding for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of Ireland or any political subdivision or any authority thereof or therein having the power to tax, other than as required by law. In the event that any deduction or withholding is required by law, the Issuer will be required, except in certain limited circumstances, to pay increased amounts of principal, interest or any other payment due thereon to the extent that it receives corresponding amounts from the Borrower or a Guarantor under the Loan Agreement or the Deed of Guarantee, as the case may be.

Optional Redemption by the Noteholders upon a Change of Control

Upon the occurrence of a Change of Control (as defined in "*Loan Agreement*") the Notes may be redeemed at the option of a Noteholder at their principal amount together with accrued and unpaid interest, if any, as more fully described in "*Loan Agreement*" and "*Terms and Conditions of the Notes*."

Optional Redemption by the Issuer under Make Whole Call Option

At any time, the Borrower may prepay in whole (but not in part) the Loan at the make whole prepayment amount plus accrued and unpaid interest on the Loan so prepaid to but excluding the relevant prepayment date as more fully described in the Loan Agreement.

Once the Borrower so prepays the Loan, the Notes will thereupon become due and repayable and the Issuer

shall, subject to receipt of the relevant amounts from the Borrower under the Loan, redeem the Notes on the relevant prepayment date.

Optional Redemption by the Issuer under Par Call Option At any time on or after the date falling three months prior to the Repayment Date (as defined in the Loan Agreement), the Borrower may prepay in whole or in part the Loan at its principal amount plus accrued and unpaid interest on the Loan so prepaid to but excluding the relevant repayment date.

In the case of a partial redemption, the Notes to be redeemed shall be selected either: (a) in accordance with the procedures of the relevant Clearing Systems; or (b) if the Notes are not held in a Clearing System or if the relevant Clearing Systems prescribe no method of selection, the Notes will be redeemed on a pro rata basis according to the holding of each Noteholder; subject, in each case, to compliance with any applicable laws and stock exchange or other relevant regulatory requirements. Neither the Trustee nor any Agent shall have any liability for any selection so made.

Optional Redemption for Taxation Reasons The Issuer will be required to redeem in whole, but not in part, the Notes at the principal amount thereof, together with accrued and unpaid interest and additional amounts, if any, to the date of redemption should (1) the Borrower elect to repay the Loan in the event that it is required to pay increased amounts of principal, interest or any other payment due under the Loan Agreement on account of Cypriot, Russian or Irish withholding taxes or as a result of the enforcement of the security provided for in the Trust Deed, or (2) the Borrower elects to repay the Loan in the event it is required to pay additional amounts on account of certain costs incurred by the Issuer pursuant to the Loan Agreement.

Optional Redemption by the Issuer for Illegality In limited circumstances as more fully described in the Terms and Conditions, the Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time upon giving notice to the Trustee and the Noteholders, at the principal amount thereof, together with accrued and unpaid interest and additional amounts, if any, to the date of redemption, in the event that it becomes unlawful for the Issuer to fund the Loan or allow the Loan to remain outstanding under the Loan Agreement or allow the Notes to remain outstanding or for the Issuer to maintain or give effect to any of its obligations in connection with

the Loan Agreement or the Notes and/or to charge or receive or to be paid interest at the rate then applicable to the Loan or the Notes and in such case the Issuer shall require the Loan to be repaid in full.

Relevant Events

Upon the occurrence of a Relevant Event (as defined in "*Description of the Transaction and the Security*"), the Trustee may, subject as provided in the Trust Deed and subject to being indemnified and/or secured and/or prefunded to its satisfaction, enforce the security created in its favour pursuant to the Trust Deed.

Ratings

It is expected that the Notes will be rated:

- BB by Fitch; and
- Ba1 by Moody's.

DME Limited, the holding company of the Group, is rated BB by Fitch, Ba1 by Moody's and A- (RU) by ACRA, a Russian rating agency.

A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation. Similar ratings on different types of notes do not necessarily mean the same thing. The ratings do not address the likelihood that the principal on the Notes will be prepaid or paid on a particular date before the legal final maturity date of the Notes. The ratings do not address the marketability of the Notes or any market price. Any change in the credit ratings of the Notes could adversely affect the price that a subsequent purchaser will be willing to pay for the Notes. The significance of each rating should be analysed independently from any other rating.

Listing

Application has been made to Euronext Dublin for the Notes to be admitted to the Official List and to trading on the Global Exchange Market.

Selling Restrictions

The Notes are subject to selling restrictions in various jurisdictions and, in particular, in the United Kingdom, the United States, Ireland, the Russian Federation, Cyprus and the Isle of Man. See "*Subscription and Sale*".

Governing Law, Jurisdiction and Arbitration

The Notes, the Trust Deed, the Paying Agency Agreement (as defined below) and any non-contractual obligations arising out of or in connection with them shall be governed by and construed in accordance with

English law and contain provisions submitting to the jurisdiction of courts of England or referral to arbitration in London, England, as applicable.

Tender Offers and Consent Solicitation

On 20 January 2021, the Issuer invited holders of the U.S.\$ 350 million 5.875 per cent. loan participation notes due 2021 (the "**2021 LPNs**") issued by the Issuer for the sole purpose of financing a loan to the Borrower (the "**2021 Loan**") to: (i) tender any or all of 2021 LPNs held by them for purchase by the Issuer for cash (the "**2021 Tender Offer**") and (ii) concurrently consent to amend by extraordinary resolution (A) the terms and conditions of the 2021 LPNs to provide for mandatory early redemption of all (but not some only) of the 2021 LPNs remaining (if any) on completion of the 2021 Tender Offer and (B) the loan agreement in relation to the 2021 LPNs to provide for mandatory early repayment of the aggregate principal amount of the 2021 Loan corresponding to all of the 2021 Notes remaining (if any) on completion of the Tender Offer (the "**Mandatory Early Redemption**"). Concurrently with the 2021 Tender Offer, the Issuer invited holders of the U.S.\$ 300 million 5.075 per cent. loan participation notes due 2023 (the "**2023 LPNs**") issued by the Issuer for the sole purpose of financing a loan to the Borrower (the "**2023 Loan**") to tender any or all of 2023 LPNs held by them for purchase by the Issuer for cash subject to a maximum acceptance amount of U.S.\$150,000,000 in the aggregate principal amount of 2023 LPNs (the "**2023 Tender Offer**" and, together with the 2021 Tender Offer, the "**Offers**").

Use of Proceeds

The gross proceeds to the Issuer from the offering of the Notes are expected to be U.S.\$453,000,000, which the Issuer intends to use for the sole purpose of financing the Loan to the Borrower.

Security Codes

Regulation S Notes:

ISIN: XS2278534099

Common Code: 227853409

Rule 144A Notes:

CUSIP: 23291Q AA0

ISIN: US23291QAA04

Common Code: 227860294

Clearing Systems	Euroclear, Clearstream, Luxembourg and DTC
Yield	The annual yield of the Notes when issued is 5.35 per cent.
Risk Factors	An investment in the Notes involves a high degree of risk. See " <i>Risk Factors</i> ".
Certain Covenants	The Issuer has covenanted under the Trust Deed that, as long as any Notes remain outstanding, it will not, without the prior written consent of the Trustee, agree to any amendment or any modification or waiver of, or authorise any breach or proposed breach of, the terms of the Loan Agreement or the Deed of Guarantee, except as otherwise expressly provided in the Trust Deed, the Loan Agreement or the Deed of Guarantee.
The Loan and the Guarantees	
Lender	DME Airport Designated Activity Company, a designated activity company incorporated under the laws of Ireland.
Borrower	Hacienda Investments Limited, a company with limited liability incorporated under the laws of the Republic of Cyprus with registration number HE 68181 having its registered office address at Michalaki Karaoli, 2, Office 203, 1095, Nicosia, Cyprus.
Status of the Loan	The Loan is a direct, unconditional, unsubordinated obligation of the Borrower secured by the Guarantees and obligations under the Loan will rank at least <i>pari passu</i> with all other direct, unconditional, unsubordinated and unsecured indebtedness of the Borrower.
Status of Guarantee	The Guarantee will rank at least <i>pari passu</i> with all other direct, unconditional, unsubordinated and unsecured indebtedness of the Guarantors.
Guarantors	The Loan will be unconditionally and irrevocably guaranteed pursuant to the Guarantees by the Guarantors under the Deed of Guarantee in favour of the Issuer as Lender under the Loan Agreement. In addition, in certain circumstances set out in the Loan Agreement, the Borrower may be obliged to procure certain further guarantees.
Guarantees	The Loan will be unconditionally and irrevocably guaranteed by the Guarantors. The Guarantees will rank at least <i>pari passu</i> with all other direct, unconditional, unsubordinated and unsecured indebtedness of the

Guarantors.

Principal Amount of the Loan U.S.\$453,000,000

Interest on the Loan 5.35 per cent. per annum, payable semi-annually in arrear on 8 February and 8 August in each year starting on 8 August 2021.

Use of Proceeds The Borrower will use the proceeds of the Loan to finance (i) the purchase of 2021 LPNs tendered and accepted for purchase by the Issuer in the 2021 Tender Offer, following which any such 2021 LPNs will be cancelled by the Issuer and the corresponding amounts under the 2021 Loan will be deemed to be repaid by the Borrower, (ii) the early redemption of the 2021 LPNs remaining (if any) on completion of the 2021 Tender Offer through the early repayment of the corresponding amounts under the 2021 Loan, subject to the approval of the Mandatory Early Redemption and (iii) the purchase of 2023 LPNs tendered and accepted for purchase by the Issuer in the 2023 Tender Offer, following which such 2023 LPNs will be cancelled by the Issuer and the corresponding amounts under the 2023 Loan will be deemed to be repaid by the Borrower with the remainder (if any) being used to refinance the Group's existing indebtedness. See "*Use of Proceeds*".

Early Prepayments by the Borrower See "*Optional Redemption for Taxation Reasons*" and "*Optional Redemption by the Issuer for Illegality*"

Withholding Taxes and Increased Costs Payments under the Loan Agreement and the Deed of Guarantee shall, except in certain limited circumstances, be made without deduction or withholding for, or on account of, Russian, Cypriot, Isle of Man or Irish taxes, except as required by law. In the event that any deduction or withholding is required by law with respect to payments under the Notes or the Loan Agreement, the Borrower and the Guarantors will be obliged, except in certain limited circumstances, to increase the amounts payable under the Loan Agreement and the Deed of Guarantee, respectively, by an amount equivalent to the required tax payment.

Certain Covenants As described in "*Form of the Loan Agreement and the Deed of Guarantee*".

Events of Default As described in "*Form of the Loan Agreement and the Deed of Guarantee*".

Governing Law

The Loan Agreement and the Deed of Guarantee and any non-contractual obligations arising out of or in connection with it shall be governed by and construed in accordance with English law.

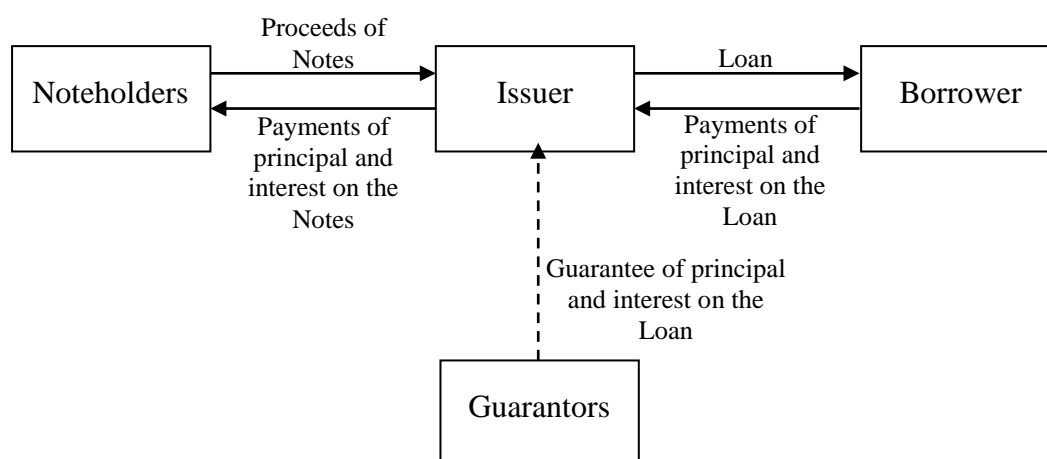
Legal Entity Identifier

The Legal Entity Identifier of the Issuer is 635400OVV3CKEYWLQV14.

The Legal Entity Identifier of the Company is 213800HLA58H1C9UHS43.

DESCRIPTION OF THE TRANSACTION AND THE SECURITY

The following summary description should be read in conjunction with, and is qualified in its entirety by "Terms and Conditions of the Notes", "Clearing and Settlement" and the "Form of the Loan Agreement and the Deed of Guarantee".



The transaction will be structured as a loan to the Borrower by the Issuer. The Issuer will issue the Notes, which will be limited recourse loan participation notes issued for the sole purpose of funding the Loan to the Borrower. The Guarantors will provide the Guarantees in respect of the obligations of the Borrower under the Loan Agreement. The Notes themselves will be the obligations of the Issuer and will not be guaranteed by the Guarantors or any other person.

The Notes will be constituted by, be subject to, and have the benefit of, the Trust Deed. The obligations of the Issuer to make payments under the Notes shall constitute an obligation only to account to the Noteholders for an amount equal to the sums of principal, interest and/or additional amounts (if any) due under the Loan and the Guarantees and actually received by or for the account of the Issuer from the Borrower or the Guarantors pursuant to the Loan Agreement or the Deed of Guarantee, as the case may be, less any amount in respect of the Reserved Rights (as defined in the Trust Deed). In the event that the amount due and payable by the Issuer under such Notes exceeds the sums so received or recovered and retained (net of tax), the right of any person to claim payment of any amount exceeding such sums from the Issuer shall be extinguished, and Noteholders may take no further action against the Issuer to recover such amounts.

As provided in the Trust Deed, the Issuer, with full title guarantee and as continuing security for the payment of all sums under the Trust Deed and the Notes, will charge by way of first fixed charge in favour of the Trustee (the "**Charge**"):

- (a) all its rights to principal, interest and other amounts now or hereafter payable to the Issuer by the Borrower under the Loan Agreement or by the Guarantors under the Deed of Guarantee;
- (b) the right to receive all sums which may be or become payable by the Borrower or the Guarantors under any claim, award or judgment relating to the Loan Agreement or the Deed of Guarantee, as the case may be; and

- (c) all the rights, title and interest in and to all sums of money now or in the future deposited in an account with the Account Bank in the name of the Issuer (the "**Account**") and the debts represented thereby (including interest from time to time earned on the Account, if any),

provided that for the avoidance of doubt, the Issuer shall remain the legal and beneficial owner of the property subject to the Charge following the granting of the Charge and that Reserved Rights and any amounts relating to Reserved Rights are excluded from the Charge.

In addition, the Issuer with full title guarantee will assign absolutely to the Trustee for the benefit of the Trustee and the Noteholders all the rights, interest and benefits, both present and future, which have accrued or may accrue to the Issuer (1) as lender under or pursuant to the Loan Agreement (as amended from time to time) (including, without limitation, all monies payable to the Issuer and any claims, awards and judgments in favour of the Issuer in connection with the Loan Agreement (as amended from time to time) and the right to declare the Loan immediately due and payable and to take proceedings to enforce the obligations of the Borrower thereunder) and (2) as party to the Deed of Guarantee (including, without limitation, the right to declare the obligations of the Guarantors to be immediately due and payable and to take proceedings to enforce the obligations of the Guarantors under the Deed of Guarantee) in each case other than any rights, title, interests and benefits which are subject to the Charge and other than the Reserved Rights and any amounts relating to the Reserved Rights. As a consequence of such assignment, the Trustee will assume the rights of the Issuer under the Loan Agreement and the Deed of Guarantee as set out in the relevant provisions of the Trust Deed. Formal notice of the Charge and assignment will be given to the Borrower and each of the Guarantors, who will each be required to acknowledge the same.

The Issuer will covenant not to agree to any amendments to, or any modification, recession, cancellation, termination or waiver of, or authorise any breach by any counterparty or proposed breach by any counterparty of, the terms of the Loan Agreement or the Deed of Guarantee unless the Trustee has given its prior written consent or unless authorised to do so by an Extraordinary Resolution (as defined in the Trust Deed) or Written Resolution (as defined in the Trust Deed). The Issuer will further agree to act at all times in accordance with any instructions of the Trustee from time to time with respect to the Loan Agreement and the Deed of Guarantee (subject to being indemnified and/or secured to its satisfaction by the Borrower), save as otherwise provided in the Trust Deed, the Loan Agreement or the Deed of Guarantee. Any amendments, modifications, waivers, recession, cancellation, termination or authorisations made with the Trustee's consent shall be notified to the Noteholders in accordance with Condition 14 of the Terms and Conditions relating to the Notes.

USE OF PROCEEDS

The gross proceeds of the Notes will be used by the Issuer for the sole purpose of financing the Loan to the Borrower. The gross proceeds of such Loan, less any commissions or expenses payable by the Borrower, will be used to finance (i) the purchase of 2021 LPNs tendered and accepted for purchase by the Issuer in the 2021 Tender Offer, following which any such 2021 LPNs will be cancelled by the Issuer and the corresponding amounts under the 2021 Loan will be deemed to be repaid by the Borrower, (ii) the early redemption of the 2021 LPNs remaining (if any) on completion of the 2021 Tender Offer through the early repayment of the corresponding amounts under the 2021 Loan, subject to the approval of the Mandatory Early Redemption and (iii) the purchase of 2023 LPNs tendered and accepted for purchase by the Issuer in the 2023 Tender Offer, following which such 2023 LPNs will be cancelled by the Issuer and the corresponding amounts under the 2023 Loan will be deemed to be repaid by the Borrower with the remainder (if any) being used to refinance the Group's existing indebtedness.

Neither the Borrower, nor the Guarantors nor any other member of the Group will, directly or indirectly, use the proceeds of the Notes or lend, contribute or otherwise make available such proceeds to any Subsidiary (as defined in *"Form of the Loan Agreement and the Deed of Guarantee"*), joint venture partner or other person or entity to (i) fund, finance or facilitate, directly or indirectly, any activities of or business with any person that, at the time of such funding or facilitation, is the subject or the target of the Sanctions; (ii) fund, finance or facilitate, directly or indirectly, any activities of or business in any Sanctioned Country, in each case with respect to (i) or (ii) above, if such funding, facilitation, activity or business, as the case may be, would result in violation of Sanctions if it were carried out by an EU, UK or U.S. person or (iii) fund, finance or facilitate any Activity subject to Sanctions.

INCORPORATION BY REFERENCE

The Issuer's Financial Statements together with the audit reports thereon, which have been filed with Euronext Dublin, are incorporated in, and form part of, these Listing Particulars.

Copies of Issuer's Financial Statements may be obtained, free of charge, during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) from the specified offices of the Paying Agents and from the registered office of the Issuer.

CAPITALISATION OF THE GROUP

The following table sets forth the Group's short-term borrowings and debt securities and total capitalisation as of 30 September 2020.

Prospective investors should read this table in conjunction with "*Selected Consolidated Financial Information and Operating Data*", "*Operating and Financial Review*" and the Group's Financial Statements.

	As of 30 September 2020
	(in millions of RUB)
Borrowings and debt securities	
Short-term borrowings and debt securities ⁽¹⁾	4,697
Long-term borrowings and debt securities ⁽²⁾	67,900
Borrowings and debt securities	72,597
Equity	
Share capital	11,877
Retained earnings	25,223
Equity attributable to owners of the Company ⁽³⁾	37,100
Non-controlling interests	(132)
Total equity	36,968
TOTAL CAPITALISATION ⁽⁴⁾	104,868

⁽¹⁾ Short-term borrowings consist of the interest payable presented as current liability under the 2017 local bonds, the 2019 local bonds, the 2021 LPNs and the 2023 LPNs and current portion, including interest payable, of total borrowings.

⁽²⁾ Long-term borrowings include the long-term portion of the 2017 local bonds, the 2019 local bonds, the 2021 LPNs and the 2023 LPNs and the long-term portion of total borrowings.

⁽³⁾ As defined in the Group's Financial Statements.

⁽⁴⁾ Total capitalisation of the Group is calculated as the sum of long-term borrowings and debt securities of the Group and the total equity of the Group.

Other than the events discussed immediately below, there has been no material change in the Group's short-term borrowings and debt securities and total capitalisation since 30 September 2020.

In October 2020, the Group borrowed an additional RUB 81.5 million under the non-revolving credit facility agreement with Rosbank (see "*Operating and Financial Review—Liquidity and Capital Resources—Debt Securities and Credit Facilities*"). This resulted in the consequential increase of the Group's short-term borrowings.

In October 2020, dividends of U.S.\$ 6.5 million (RUB 505.5 million at the CBR exchange rate as at the declaration date) were declared of which U.S.\$ 6.1 million (RUB 477 million at

the CBR exchange rate as at the payment date) were paid to the shareholders of the Group. This resulted in the consequential decrease of the Group's retained earnings.

SELECTED CONSOLIDATED FINANCIAL INFORMATION AND OPERATING DATA

The following selected consolidated financial information should be read in conjunction with "Operating and Financial Review", and the Group's Financial Statements included in these Listing Particulars beginning on page F-2. For a description of the Consolidated Financial Statements, see "Presentation of Financial and Other Information".

The tables below show the selected consolidated financial information and operating information for the years ended 31 December 2017, 2018 and 2019, and for the nine months ended 30 September 2019 and 2020. It has been derived from the Group's Financial Statements.

Certain operating information is set forth below. EBITDA, Adjusted EBITDA, EBITDA margin and Adjusted EBITDA margin are non-IFRS measures and represent APMs.

SELECTED CONSOLIDATED COMPREHENSIVE INCOME DATA

	Year ended 31 December			Nine months ended 30 September	
	2017	2018	2019	2019	2020
	<i>(in millions of RUB)</i>				
Revenue:	40,612	42,880	37,500	28,444	15,503
<i>Service revenue</i>					
Ground handling	9,380	10,145	9,724	7,202	4,699
Airport and other related charges.....	9,035	8,934	8,161	6,171	3,266
Rental income	5,185	5,933	5,836	4,412	2,155
Jet fuelling and storage services	3,027	2,889	3,042	2,315	1,473
Aviation security	2,555	2,469	2,309	1,741	1,089
Parking fees	670	653	683	527	307
Construction revenue.....	123	119	-	-	-
Other revenue	614	657	562	419	358
<i>Revenue from goods sold</i>					
Catering	4,299	4,060	3,596	2,804	1,440
Jet fuel sales.....	5,724	7,021	3,587	2,853	716
Total operating expenses, net:	(29,934)	(32,344)	(28,308)	(21,392)	(14,093)
Wages and salaries	9,354	9,776	8,875	6,455	4,532
Social taxes.....	2,517	2,660	2,619	2,018	1,261
Depreciation and amortisation	3,381	4,070	4,652	3,507	3,889
Materials.....	1,928	2,102	2,063	1,576	1,028
Cost of jet fuel	5,481	6,533	3,597	2,824	845
Maintenance	2,345	2,274	2,017	1,580	607
Public utilities.....	571	629	669	503	372
Cleaning and waste management.....	898	1,000	1,042	791	408
Consulting, audit and other services	329	509	470	378	401
Change in provision for impairment of receivables, advances to suppliers and advances for acquisition of non-current assets ⁽¹⁾	514	(1)	(58)	(72)	457

Rent	347	383	565	471	329
Staff development and training.....	589	441	336	235	74
Transport	458	534	348	292	166
Taxes other than income tax	196	230	106	72	213
Charity donations ⁽²⁾	80	237	145	110	90
Certification and licensing.....	85	114	122	100	41
Communication services expense.....	59	64	48	44	27
Passenger servicing	329	291	135	120	15
Advertising expenses.....	42	55	63	17	1
Government subsidy	-	-	-	-	(1,157)
Change in provision for legal risks	-	-	93	-	-
Other expenses, net.....	431	443	401	371	494
Operating profit.....	10,678	10,536	9,192	7,052	1,410
Interest expense	(1,011)	(2,849)	(2,602)	(1,844)	(2,477)
Interest income	265	442	313	227	214
Foreign exchange (loss)/gain, net	652	(7,079)	4,825	3,361	(10,429)
(Loss) / profit before income tax.....	10,584	1,050	11,728	8,796	(11,282)
Income tax (expense) / benefit.....	(1,229)	(1,883)	(997)	(988)	922
(Loss) / profit and other comprehensive (loss) / income for the reporting period ..	9,355	(833)	10,731	7,808	(10,360)

⁽¹⁾ This line item is titled "Change in allowance for impairment of receivables and advances to suppliers" in the Annual Financial Statements.

⁽²⁾ This line item is titled "Charitable donations" in the Annual Financial Statements.

SELECTED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	As of 31 December			As of 30 September
	2017	2018	2019	2020
	<i>(in millions of RUB)</i>			
ASSETS				
Property, plant and equipment	81,551	98,454	102,635	101,516
Advances for acquisition of non-current assets	2,848	1,325	268	1,074
Investment property	612	589	569	694
Intangible assets	5,079	5,393	1,750	1,303
Right-of-use assets	-	-	232	204
Deferred tax asset	2,237	2,389	2,658	3,991
Loans issued	-	241	324	442
Long-term lease receivable ⁽¹⁾	261	311	254	346
Trade and other receivables	-	-	-	946
Other non-current assets	48	1,935	1,696	2,251
Total non-current assets	92,636	110,637	110,386	112,767
Inventory	1,922	2,362	2,070	1,982
Trade and other receivables	2,682	3,251	3,229	2,347
Prepayments and other current assets	6,077	4,226	3,602	1,869
Prepaid current income tax	1,107	1,168	1,041	375
Short-term finance lease receivable	157	183	156	206
Short-term investments	-	-	1,287	45
Cash and cash equivalents	10,270	4,822	5,003	10,010

Total current assets	22,215	16,012	16,388	16,834
TOTAL ASSETS	114,851	126,649	126,774	129,601
EQUITY AND LIABILITIES				
Share capital	11,877	11,877	11,877	11,877
Retained earnings	37,531	30,188	35,617	25,223
Equity attributable to owners of the Company ⁽²⁾ ..	49,408	42,065	47,494	37,100
Non-controlling interests	(54)	(89)	(166)	(132)
Total equity	49,354	41,976	47,328	36,968
Non-current liabilities				
Borrowings, long-term portion	1,594	3,237	1,672	1,836
Deferred tax liability ⁽³⁾	5,401	6,304	6,550	6,896
Lease liability, long-term portion.....	-	-	166	122
Amounts due to grantor under a concession agreement, long-term portion	3,134	3,133	-	-
Debt securities, long-term portion	29,989	54,836	54,644	66,064
Trade and other payables	-	-	-	1,355
Total non-current liabilities	40,118	67,510	63,032	76,273
Current liabilities				
Trade and other payables	4,441	6,574	6,730	3,762
Current income tax payable	1,282	1,233	1,319	1,329
Taxes other than income tax payable	1,374	1,345	1,134	2,060
Dividends payable	703	2,902	3,169	2,804
Amounts due to grantor under a concession agreement, short-term portion.....	247	247	-	-
Lease liability, short-term portion.....	-	-	77	88
Accrued expenses and other current liabilities.....	2,115	2,344	1,499	1,620
Borrowings, short-term portion	2,201	1,765	1,619	3,249
Provisions	-	-	93	-
Debt securities, short-term portion.....	13,016	753	774	1,448
Total current liabilities	25,379	17,163	16,414	16,360
TOTAL EQUITY AND LIABILITIES	114,851	126,649	126,774	129,601

⁽¹⁾ This line item is titled "Long-term finance lease receivable" in the Annual Financial Statements.

⁽²⁾ As defined in the Group's Financial Statements.

⁽³⁾ This line item is titled "Deferred tax liability, net" in the Annual Financial Statements.

ALTERNATIVE PERFORMANCE MEASURES

	Year ended 31 December			Nine months ended 30 September	
	2017	2018	2019	2019	2020
	<i>(in millions of RUB)</i>				
EBITDA ¹	14,711	7,527	18,669	13,920	(5,130)
Adjusted EBITDA ²	14,653	14,842	14,024	10,597	5,846
EBITDA margin (in percentages) ³	36.2	17.6	49.8	48.9	(33.1)
Adjusted EBITDA margin (in percentages) ⁴	36.1	34.6	37.4	37.3	37.7
Net Debt ⁵ /Adjusted EBITDA ⁷	2.5	3.8	3.9	5.1	10.8
Net Debt ⁵ /LTM Adjusted EBITDA ⁸	-	-	-	3.9	6.8
Total Debt ⁷ /Adjusted EBITDA ⁹	3.2	4.1	4.3	5.9	12.5
Total Debt ⁷ /LTM Adjusted EBITDA ¹⁰	-	-	-	4.5	7.9
Total Debt/Total Equity ¹¹	0.9	1.4	1.3	1.3	2.0

1. This measure is an APM. The Group defines EBITDA for any period as profit or loss for the respective period plus income tax, interest expense, interest income and depreciation and amortisation for the respective period. The definition of EBITDA used in these Listing Particulars may differ from the definition of EBITDA set out in "Form of the Loan Agreement and the Deed of Guarantee".
2. This measure is an APM. The Group defines Adjusted EBITDA as EBITDA for the respective period adjusted for (i) foreign exchange losses/gains, net, (ii) charitable donations, (iii) changes in provision for impairment of receivables and advances to suppliers and (iv) changes in provision for legal risks.
3. This measure is an APM. The Group defines EBITDA margin for any period as EBITDA for the relevant period divided by revenue for the same period expressed as a percentage.
4. This measure is an APM. The Group defines Adjusted EBITDA margin for any period as Adjusted EBITDA for the relevant period divided by revenue for the same period expressed as a percentage.
5. This measure is an APM. The Group defines Net Debt for any period as financial indebtedness of the Group for the relevant period less cash and cash equivalents and less any cash deposits with maturity from three months up to one year, with the maturity for cash and cash equivalents and any cash deposits being calculated from the placement date to the redemption date. The Group defines financial indebtedness for the relevant period as a sum of long-term and short-term borrowings and debt securities, long-term and short-term lease liability and financial liability under letters of credit for the same period.
6. This measure is an APM. The Group defines Total Debt for any period as financial indebtedness of the Group for the relevant period calculated on a consolidated basis. The Group defines financial indebtedness for the relevant period as a sum of long-term and short-term borrowings and debt securities, long-term and short-term lease liability and financial liability under letters of credit for the same period.
7. This measure is an APM. Net Debt/Adjusted EBITDA is calculated, for any period, as Net Debt as at the end of the relevant period divided by Adjusted EBITDA for the relevant period.
8. This measure is an APM. Net Debt/LTM Adjusted EBITDA is calculated as Net Debt as at 30 September 2019 and 2020 divided by LTM Adjusted EBITDA for the last twelve months ended 30 September 2019 and 2020, respectively.
9. This measure is an APM. Total Debt/Adjusted EBITDA is calculated, for any period, as Total Debt as at the end of the relevant period divided by Adjusted EBITDA for the relevant period.
10. This measure is an APM. Total Debt/LTM Adjusted EBITDA is calculated as Total Debt as at 30 September 2019 and 2020 divided by LTM Adjusted EBITDA for the last twelve months ended 30 September 2019 and 2020, respectively.
11. This measure is an APM. Total Debt/Total Equity is calculated as Total Debt divided by Total Equity, in each case as at the end of the relevant period.

The following table sets forth a reconciliation of profit or loss for the period to EBITDA and Adjusted EBITDA for the periods indicated:

	Year ended 31 December			Nine months ended 30 September	
	2017	2018	2019	2019	2020
	<i>(in millions of RUB)</i>				
Profit / (loss) for the respective period	9,355	(833)	10,731	7,808	(10,360)
Income tax	1,229	1,883	997	988	(922)
Interest expense	1,011	2,849	2,602	1,844	2,477
Interest income.....	(265)	(442)	(313)	(227)	(214)
Depreciation and amortisation	3,381	4,070	4,652	3,507	3,889
EBITDA	14,711	7,527	18,669	13,920	(5,130)
Changes in provision for impairment of receivables, advances to suppliers and advances for acquisition of non-current assets...	514	(1)	(58)	(72)	457
Change in provision for legal risks	-	-	93	-	-
Charitable donations	80	237	145	110	90
Foreign exchange (loss) / gain, net	(652)	7,079	(4,825)	(3,361)	10,429
Adjusted EBITDA	14,653	14,842	14,024	10,597	5,846

The following tables set forth the calculation of LTM Adjusted EBITDA for the periods indicated:

	Twelve months ended 30 September 2019
	<i>(in millions of RUB)</i>
Adjusted EBITDA for the year ended 31 December 2018	14,842
<i>minus:</i>	
Adjusted EBITDA for the nine months ended 30 September 2018	11,491
<i>plus:</i>	
Adjusted EBITDA for the nine months ended 30 September 2019	10,597
LTM Adjusted EBITDA	13,948
	Twelve months ended 30 September 2020
	<i>(in millions of RUB)</i>
Adjusted EBITDA for the year ended 31 December 2019	14,024
<i>minus:</i>	
Adjusted EBITDA for the nine months ended 30 September 2019	10,597
<i>plus:</i>	
Adjusted EBITDA for the nine months ended 30 September 2020	5,846
LTM Adjusted EBITDA	9,273

The following table sets forth a reconciliation of Net Debt to Total Debt for the periods indicated:

	Year ended 31 December			Nine months ended 30 September	
	2017	2018	2019	2019	2020
	<i>(in millions of RUB)</i>				
Borrowings, long-term portion	1,594	3,237	1,672	1,952	1,836
Debt securities, long-term portion	29,989	54,836	54,644	56,268	66,064
Borrowings, short-term portion	2,201	1,765	1,619	1,537	3,249
Debt securities, short-term portion.....	13,016	753	774	1,050	1,448
Lease liability, long-term portion ⁽¹⁾	-	-	166	14	122
Lease liability, short-term portion ⁽¹⁾	-	-	77	1	88
Financial liability under letters of credit	-	-	1,679	1,499	302
Total Debt	46,800	60,591	60,631	62,321	73,109
Cash and cash equivalents	10,270	4,822	5,003	7,299	10,010
Cash deposits with maturity from three months up to one year.....	-	-	1,241	1,292	-
Net Debt	36,530	55,769	54,387	53,730	63,099

⁽¹⁾ The lease liability zero balances for the years ended 31 December 2017 and 2018 are attributable to IFRS 16 not being adopted and implemented until 1 January 2019.

OPERATING AND FINANCIAL REVIEW

The following discussion and analysis of the Group's results of operations and financial condition should be read in conjunction with the Group's Financial Statements. Prospective investors should read the following discussion together with the whole of these Listing Particulars, including "Risk Factors", "Presentation of Financial and Other Information", "Selected Consolidated Financial Information and Operating Data" and should not rely solely on the information set out in this section. This section contains forward-looking statements that involve risks and uncertainties. The Group's actual results may differ materially from those discussed in such forward-looking statements as a result of various factors, including those described under "Risk Factors" and "Forward-Looking Statements".

Overview

The Group owns and operates DME, the second largest airport in Russia and Eastern Europe in terms of passenger traffic with an annual passenger traffic of over 25 million in the first half of 2020, according to ACI.

Located 44.6 kilometres southeast of the centre of Moscow (22.7 kilometres away from the Moscow ringway), DME served approximately 28.3 million passengers in 2019 and 12.6 million during the nine months ended 30 September 2020. As of 30 September 2020, DME served 44 airlines, including 32 foreign airlines (including 8 from the CIS states) and 12 Russian airlines. DME has a diversified Russian and international airline customer base, with two major clients, S7 and Ural Airlines, and is the base in Russia for 10 member airlines of Star Alliance and 6 member airlines of the oneworld. As of 30 September 2020, non-stop flights from DME serviced 73 domestic and international destinations, of which 12 destinations were exclusive to DME among MAH airports. As of 31 December 2019, non-stop flights from DME serviced 187 domestic and international destinations, of which 43 destinations were exclusive to DME among MAH airports. The decrease in destinations services as of 30 September 2020 as compared to 31 December 2019 was attributable to air travel restrictions imposed in response to the COVID-19 outbreak.

The Group provides a wide range of airport services, seeking to diversify sources of revenue with a particular focus on high-margin businesses and better serving the needs of its airline and other customers. The Group operates through three business segments:

- aviation services, such as the use of terminal, take-off and landing and aviation security;
- auxiliary aviation services, such as certain passenger-related services, ground handling, fuelling services, in-flight catering and cargo handling; and
- commercial services, such as retail concessions and advertising, leasing of other commercial properties and car parking.

Historically, the auxiliary aviation services segment was the largest contributor to the Group's EBITDA, whereas the commercial services segment accounted for the highest EBITDA margin. See "Selected Consolidated Financial Information and Operating Data" for additional information on the Group's EBITDA and EBITDA margin.

The MAH is a major international gateway to Russia and the CIS region. Moscow is one of the largest cities in the world by population and has one of the highest total passenger traffic through its airports in the world. According to the TCH, in 2019, 101.7 million passengers used MAH airports. Annual growth in air traffic in the MAH averaged 9.8 per cent. between 2000 and 2019, according to the TCH, decreasing by 52.8 per cent. in the nine months ended 30 September 2020 year-on-year as a result of the COVID-19 outbreak. According to Rosaviatsia, DME's market share of total passenger traffic in the MAH increased from 16 per cent. in 2000 to 34 per cent. in the nine months ended 30 September 2020.

The Group continues to implement the 2026 Masterplan seeking to expand DME's capacity and upgrade its infrastructure (see "*Business—Airport Development 2026 Masterplan*" for further details). The 2026 Masterplan includes, among other things, the construction of the New Runway 2, reconstruction of existing aprons and construction of new aprons, construction of Segment 2 of the Passenger Terminal and additions to and renovations of existing facilities. The Group estimates that, upon the completion of these plans as currently contemplated, capacity at DME can be increased from approximately 393,077 ATMs in the year ended 31 December 2019 to up to approximately 505,385 ATMs per year with the construction of the New Runway 2. For year ended 31 December 2019 and the nine months ended 30 September 2020, DME handled 207,114 and 104,896 ATMs, respectively. See "*Risk Factors— Risks Relating to the Group, the Group's Business and Industry in which It Operates — The 2026 Masterplan is critical to the Group's business strategy and the Group may not realise all of the expected benefits of the 2026 Masterplan*".

The Company, or the Borrower, was incorporated in Cyprus on 20 January 1995. The Company's registered address is Michalaki Karaoli, 2, office 203, 1095, Nicosia, Cyprus and its registration number is HE 68181.

Impact of COVID-19

The outbreak of COVID-19 in early 2020 and the related travel restrictions introduced by governments around the globe have significantly affected the worldwide aeronautical industry, including the Group. As noted above, notwithstanding the increase in passenger traffic in January and February 2020 by approximately 15 per cent. year-on-year (reflecting general growth as well as the increased travel during the January holiday season in Russia), the COVID-19 pandemic caused a significant decrease in the passenger traffic and the number of ATMs at DME in the nine months ended 30 September 2020 as compared to the nine months ended 30 September 2019.

The sharp decrease in passenger traffic has, in turn, negatively affected the Group's results of operations and performance in the nine months ended 30 September 2020 resulting, among other things, in a decrease in revenue across all of its business segments and a drop in the Group's Adjusted EBITDA which led to a significant increase in the Group's Net Debt/Adjusted EBITDA ratio. In addition, the outbreak of COVID-19 has contributed to a sharp Rouble depreciation in the nine months ended 30 September 2020 which resulted in the Group incurring a considerable net foreign exchange loss in the same period.

Promptly upon the impact of COVID-19 becoming apparent, the Group has acted to mitigate the adverse effect of the pandemic, in particular, by:

- implementing strict credit control and day-to-day monitoring of cash collections;

- suspension of substantially all non-essential capital spending (including deferring or cancelling non-critical capital expenditures which resulted in actual capital expenditure in the nine months ended 30 September 2020 being approximately 65 per cent. lower than the ones planned). The reduction in capital expenditures, however, had limited impact on the Group's development programme due to the Group passing the most active investment stage prior to the COVID-19 outbreak;
- postponing dividend payments which resulted in a 72.1 per cent. decrease in dividends paid in the nine months ended 30 September 2020 as compared to the nine months ended 30 September 2019;
- reducing operating expenses (including by granting voluntary leave and reducing working hours which resulted in a 31.6 per cent. decrease in staff costs) with the primary focus on essential spending only and increased hygiene measures. In particular, in the nine months ended 30 September 2020, the Group decreased its payroll and related charges costs by 31.6 per cent., maintenance costs by 61.6 per cent., cleaning and waste management expenses by 48.4 per cent., and transport expenses by 43.2 per cent.;
- attracting low-interest state-subsidised loans to support the Group's current liquidity (see "*Liquidity and Capital Resources – Debt Securities and Credit Facilities*"); and
- engaging in negotiations with (i) key suppliers and lessors to modify contractual terms (including, in order to agree deferred repayment schedules); and (ii) lenders to grant waivers in respect of certain financial covenants and agree payment deferrals. See "*Liquidity and Capital Resources—Amendments and waivers*". In addition, the Group negotiated the deferral of approximately RUB 99 million of rent payments under the 75-year Lease originally due in June-September 2020 to May-December 2021.

In addition to the above measures, as of 30 September 2020, the Group received a non-repayable RUB 1,157 million subsidy received from the Government under the state programme aimed at supporting Russian airports during the COVID-19 outbreak (see "*Industry Regulation—COVID-19 State Support Measures*") and, in October 2020, increased tariffs for Russian airline customers (see "*Business—Business Segments*").

In December 2020, the Group received a Government subsidy in the aggregate amount of RUB 180 million under Resolution No. 813 as additional compensation of certain employee and other operating expenses incurred in July 2020 (see "*Industry Regulation—COVID-19 State Support Measures*").

Significant Factors Affecting the Results of Operations

The Group's management believes that the following factors significantly affected the Group's results of operations from 1 January 2017 to 30 September 2020, and may continue to affect its results of operations in the future.

COVID-19 pandemic

As noted in "*Impact of COVID-19*" above, the outbreak of COVID-19 in early 2020 has resulted in a significant contraction in the aeronautical industry and caused a sharp decrease in passenger traffic, which in turn, negatively affected the Group's results of operations and performance.

In particular, as a result of the air travel restrictions implemented in seeking to control the spread of COVID-19, the Group has experienced a sharp decrease in revenue across all of its business segments (see "*Results of Operations for the Nine Months Ended 30 September 2019 and 2020—Revenue*"), namely:

- the Group's revenue from aviation services segment for the nine months ended 30 September 2020 decreased by RUB 3,574 million, or 44.5 per cent., to RUB 4,465 million from RUB 8,039 million for the nine months ended 30 September 2019.
- the Group's revenue from auxiliary aviation services segment for the nine months ended 30 September 2020 decreased by RUB 6,893 million, or 44.8 per cent., to RUB 8,484 million from RUB 15,377 million for the nine months ended 30 September 2019.
- the Group's revenue from commercial services segment for the nine months ended 30 September 2020 decreased by RUB 2,474 million, or 49.2 per cent., to RUB 2,554 million from RUB 5,028 million for the nine months ended 30 September 2019.

Similarly, the Group's Adjusted EBITDA for the nine months ended 30 September 2020 decreased by 44.8 per cent., or RUB 4,751 million, from RUB 10,597 million to RUB 5,846 million for the nine months ended 30 September 2019. Accordingly, the Group's Net Debt/LTM Adjusted EBITDA ratio increased from 3.9 as of 30 September 2019 to 6.8 as of 30 September 2020.

The COVID-19 pandemic also had a direct and indirect impact on the Group's operating expenses for the nine months ended 30 September 2020, including through (i) the decrease in the cost of jet fuel which was primarily attributable to a general decrease in demand for jet fuel from airlines; (ii) the decrease in wages and salaries and a corresponding decrease in social taxes expenses which was primarily attributable to the COVID-19 cost cutting initiatives; and (iii) the receipt of Governmental subsidies under the state programme aimed at supporting Russian airports during the COVID-19 outbreak.

Furthermore, the outbreak of COVID-19 has contributed to a significant Rouble depreciation in the nine months ended 30 September 2020 which resulted in the Group incurring a net foreign exchange loss of RUB 10,429 million in the nine months ended 30 September 2020, as compared to a net foreign exchange gain of RUB 3,361 million in the nine months ended 30 September 2019.

In addition, the decrease in international air travel due to COVID-19 and greater focus on domestic flights resulted in the growth of the share of the Group's revenue denominated in Roubles thus increasing the Group's exposure to the fluctuation of the Rouble. In the nine months ended 30 September 2020, the Group's revenue denominated in Roubles, U.S. dollars and in euro accounted for 68 per cent., 31 per cent. and 1 per cent. of the Group's revenue, respectively, as compared to 52 per cent., 46 per cent. and 2 per cent., respectively, for the

year ended 31 December 2019. The Group's USD-denominated revenue decreased to 31 per cent. in the nine months ended 30 September 2020 as compared to 47 per cent. for the nine months ended 30 September 2019 due to the decrease in foreign airlines passenger traffic by 73 per cent.

In light of the ongoing uncertainty in relation to the COVID-19 pandemic, government response thereto, and the macroeconomic impact on Russia and elsewhere, it is likely that COVID-19 will continue to have a significant impact on the Group's operational and financial performance and results of operation in future periods.

Macroeconomic Conditions

Macroeconomic conditions in Russia and globally have a significant impact on the level of air traffic and DME's performance. Substantially all of the Group's assets are located in, have businesses related to, revenues derived from, and expenses incurred in, the Russian Federation. As of 30 September 2020, 12 out of 44 airlines that operated from DME were Russian airlines and all of the 87 concessionaries that leased commercial space from the Group were Russian companies. As a result, the Group's results of operations are closely linked to macroeconomic conditions in Russia.

The following table sets forth certain Russian economic indicators for the years ended 31 December 2017, 2018 and 2019 and for the nine months ended 30 September 2020.

	For the years ended 31 December			For the nine months ended 30 September	
	2017	2018	2019	2019	2020
Nominal GDP (in RUB billions).....	91,843.2	104,629.6	110,046.1	80,230.5	76,547.2
Real GDP (in RUB billions)	87,179.3	89,390.4	90,589.9	65,435.0	63,223.6
Real GDP growth/(decline) (in percentages)	1.8	2.5	1.3	1.0	(3.4)
Surplus/(deficit) of the federal budget of the Russian Federation (in RUB billions).....	(1,331.4)	2,741.4	1,974.3	3,086.5	(1,777.8)
Official reserves (in USD billions)	432.1	466.9	549.8	531.8	580.7
Inflation ⁽¹⁾ (in percentages)	2.5	4.3	3.0	2.3	2.9

Sources: Rosstat, CBR, the Ministry of Finance. Data from Rosstat's or CBR's websites

⁽¹⁾ Inflation is measured as change in the consumer price index.

The Russian economy is to a significant extent driven by exports of key commodities such as oil, gas, iron ore and other raw materials which makes it particularly vulnerable to global market downturns or slowdowns.

Dramatic decreases in the global prices of these commodities have led and could in the future lead to significant reductions in the Russian Government's GDP and spending programmes as well as result in the decrease in revenues of and levels of capital expenditures by Russian companies operating in the natural resources sector. This, in turn, can have a material adverse impact on the overall Russian economy.

Adverse macroeconomic conditions, including as a result of COVID-19, may also result in a decline in levels of discretionary spending, general business activity and capital expenditure. These factors, in turn, may reduce passenger and cargo traffic levels or affect the passengers' shopping behaviour (which, as a result, would decrease the Group's revenue) and fees for various airport services (such as catering services) as well as rental income from the retail areas within the Passenger Terminal as such income is linked to passenger traffic volumes. Furthermore, a deterioration of the Russian economy may result in financial difficulties or insolvency of airlines using DME as their hub which may require the Group to create additional provisions for expected credit losses or and/or may result in some of the Group's receivables being unrecovered.

State Funding

The Group's results of operations depend, to a significant extent, on the completion of a number of important infrastructure projects, including runways, ramps, air traffic control and transportation infrastructure between Moscow and DME, which are being financed by the Russian Government. See "*Business—Airport Development 2026 Masterplan*". Accordingly, the Group is directly affected by budgetary constraints on the spending power of the Russian Government, including any potential deferral or reduction of state financing or reallocation of the previously budgeted financing to other state-financed projects.

Seasonality

The Group experiences seasonal fluctuations in its operations, such as a significant increase in passenger traffic during summertime and in September (typically peaking in August), and a decrease in passenger traffic in the first quarter of the year (excluding January public holidays in Russia), typically reaching the lowest point in February. However, this seasonal fluctuation was superseded in 2020 by the impact of the COVID-19 pandemic.

Fluctuations in the levels of passenger traffic have a strong correlation with the Group's revenue and profitability. In addition, these fluctuations have an effect on trade and other receivables and cash and cash equivalents, with receivables decreasing in August to September and cash and cash equivalents simultaneously increasing, while the pattern is reversed in January to February when receivables increase, while cash and cash equivalents decrease as airlines often experience shortage of cash to pay for services rendered during these months.

Other Factors Affecting Air Traffic

The Group's revenue is directly impacted by the Group's ability to attract new and retain existing airline customers. From 1 January 2017 to 30 September 2020, the Group attracted 5 airlines to DME, as compared to SVO and VKO, which attracted 7 and 9 airlines, respectively. From 1 January 2017 to 30 September 2020, the Group lost 14 airlines, mainly because of their bankruptcy or suspension of flight certificates (Vim-Avia, Saratov Airlines, Air Manas, Aigle Azur, Atlas Global) or termination of activity in the Russian market (Air Italy, Iberia). A substantial portion of the loss in the air traffic attributable to the cessation of activities by the carriers referred to above was compensated by other DME's airline customers increasing their flights to and from DME, which helped limiting the Group's loss of market share in the MAH.

In addition, the Group's financial performance from 1 January 2017 to 30 September 2020 has also been affected by decreases in passenger traffic levels due to COVID-19 and other events that were beyond the Group's control.

See *"Risk Factors—Risks Relating to the Group, the Group's Business and Industry in which It Operates —The Group is highly dependent on air traffic levels"* and *"—The Group's business depends significantly on the actions and business of airlines and alliances"*.

Regulatory Environment

Regulatory environment also has a significant influence on the Group's activities and results of operations. The Group is subject to the regulatory decisions of Rosaviatsia, which regulates a range of technical aspects related to operations at DME such as aviation security, certification of various airport services, as well as approval of any investment programme involving state-owned infrastructure at DME. Certain decisions and orders from the Government or its agencies (including Rosaviatsia) have resulted in increased expenses for the Group. The Group may incur extra costs, in addition to the ones budgeted, related to enhanced security procedures in the future. Accordingly, any failure by the Group to compensate the relevant costs by increasing the aviation security tariffs would affect the Group's profit margins. In addition, the Group's 2026 Masterplan and the revenue the Group expects to generate following the completion of the relevant expansion projects depend on approvals and support from the Government and the Federal Air Transportation Agency.

The Group leases the runways, taxiways, aprons and other airfield infrastructure at DME from the Federal State Unitary Enterprise "Administration of Civil Airports (Airfields)" under the 75-year Lease. The Group also leases the land beneath the runways, taxiways, aprons and some other components of the airport infrastructure from Rosaviatsia, the State Property Management Agency and the Domodedovo Property Management Committee under a 49-year Lease. See *"Business—Airport Facilities, Real Estate and Infrastructure—Real Estate"*. Accordingly, the levels of the Group's profit depend, among other things, on the decisions of the relevant authorities to increase or reduce the rent amount or otherwise amend the terms of the 75-year Lease or 49-year Lease.

In addition, the FAS may impose limits on charges for certain types of services if it determines that a company holds a dominant position in a market and is raising prices for services without providing sufficient justification. For more information on the regulatory environment in which the Group operates, see *"Regulation of Airports in Russia"*.

Currency fluctuations

Substantially all of the Group's costs are denominated in Roubles, while a significant proportion of the Group's revenue is denominated in foreign currencies, principally U.S. Dollars and Euro. The Group does not use any formal hedging arrangements or derivatives to manage its foreign currency risk exposure and relies on the natural hedge instead. Accordingly, fluctuations in exchange rates have an impact in respect of revenues and debt denominated in currencies other than Roubles.

The movements in foreign exchange rates resulted in a net foreign exchange gain in the amount of RUB 652 million for the year ended 31 December 2017, a net foreign exchange loss in the amount of RUB 7,079 million for the year ended 31 December 2018 and a net foreign exchange gain in the amount of RUB 4,825 million for the year ended 31 December

2019. In 2020, the exchange rates were highly volatile with Rouble significantly depreciating against the U.S. dollar and Euro, which resulted in a net foreign exchange loss in the amount of RUB 10,429 million.

In addition, the presentation currency of the Group's IFRS consolidated financial statements is Rouble. Accordingly, currency fluctuations also affect the translation of the amounts denominated in foreign currencies into Roubles for reporting purposes.

Payroll and Related Charges

Payroll and related charges represent a large proportion of the Group's net operating expenses, accounting for 39.7 per cent., 38.4 per cent. and 40.6 per cent. of net operating expenses for the years ended 31 December 2017, 2018 and 2019, respectively. Payroll and related charges represented 39.6 per cent. and 41.1 per cent. of the Group's net operating expenses in the nine months ended 30 September 2019 and 2020, respectively. Therefore, trends in payroll and related charges have a significant impact on the Group's operating profit.

Recent Developments

In October 2020:

- the Group borrowed an additional RUB 81.5 million under the non-revolving credit facility agreement with Rosbank (see "*Operating and Financial Review—Liquidity and Capital Resources—Debt Securities and Credit Facilities*");
- dividends of U.S.\$ 6.5 million (RUB 505.5 million at the CBR exchange rate as at the declaration date) were declared of which U.S.\$ 6.1 million (RUB 477 million at the CBR exchange rate as at the payment date) were paid to the shareholders of the Group; and
- the Group repaid its indebtedness under the letter of credit relating to the Segment 2 construction works in the aggregate amount of RUB 200 million.

In December 2020, the Group received a Government subsidy in the aggregate amount of RUB 180 million Russian Government Resolution No. 813 dated 3 June 2020 ("**Resolution No. 813**") as additional compensation of certain employee and other operating expenses incurred in July 2020. This amount is expected to be accounted for as "Government subsidy" in the Group's net total operating expenses.

Results of Operations for the Nine Months Ended 30 September 2019 and 2020

The following table sets out the Group's condensed consolidated statement of profit or loss and other comprehensive income for the nine months ended 30 September 2019 and 2020.

	Nine months ended 30 September	
	2019	2020
	<i>(in RUB millions)</i>	
Revenue	28,444	15,503
Operating expenses, net	(21,392)	(14,093)

Operating profit	7,052	1,410
Interest expense	(1,844)	(2,477)
Interest income	227	214
Foreign exchange (loss) / gain, net	3,361	(10,429)
(Loss) / profit before income tax	8,796	(11,282)
Income tax (expense) / benefit	(988)	922
(Loss) / profit and other comprehensive (loss) / income for the reporting period	7,808	(10,360)
(Loss) / profit and other comprehensive (loss) / income attributable to:		
Owners of the Company ⁽¹⁾	7,813	(10,394)
Non-controlling interests	(5)	34
	7,808	(10,360)

⁽¹⁾ As defined in the Group's Financial Statements

Revenue

The Group's revenue is derived from three principal sources each representing a separate reporting segment:

- revenue from aviation services, which includes revenue from airport and other related charges (use of terminal, aviation security, take-off and landing);
- revenue from auxiliary aviation services, which includes revenue from certain passenger related services, in-flight catering, fuelling services, cargo and ground handling; and
- revenue from commercial services, which includes retail concessions and advertising, leasing of other commercial properties and car parking.

The Group's revenue for the nine months ended 30 September 2020 decreased by RUB 12,941 million, or 45.5 per cent., to RUB 15,503 million, from RUB 28,444 million for the nine months ended 30 September 2019.

The following table sets out the Group's revenue for the nine months ended 30 September 2019 and 2020:

	Nine months ended 30 September	
	2019	2020
	<i>(in RUB millions)</i>	
Aviation services:		
Airport and other related charges, including:	7,912	4,356
<i>Use of terminal</i>	2,530	1,114
<i>Aviation security</i>	1,741	1,089
<i>Take-off and landing</i>	2,005	1,136
<i>VIP service areas</i>	286	97
<i>Business service areas</i>	714	256
<i>Other</i>	636	664
Rental income	49	36

Other revenue from aviation services ⁽¹⁾	78	73
Total Aviation services	8,039	4,465
Auxiliary aviation services:		
In-flight catering services	2,804	1,440
Jet fuel-related services, including:	5,168	2,189
<i>Jet fuel sales</i>	2,853	716
<i>Jet fuelling and storage services</i>	2,315	1,473
Ground handling and passenger services	5,165	3,243
Cargo and mail handling	2,037	1,460
Rental income	16	16
Other revenue from auxiliary aviation services ⁽²⁾	187	136
Total Auxiliary aviation services	15,377	8,484
Commercial services:		
Rental income, including:	4,346	2,103
<i>Revenue from leasing of terminal space</i>	3,532	1,497
<i>Advertising revenue</i>	39	11
<i>Other</i>	775	595
Parking fees	527	307
Other revenue from commercial services ⁽²⁾	155	144
Total Commercial services	5,028	2,554
Total revenue	28,444	15,503

(1) Other revenue from aviation services comprises revenue from various transportation services provided to DME's air traffic management centre and fees for providing airside passes.

(2) Other revenue from auxiliary aviation services comprises revenue for maintenance of catering facilities, loading/unloading services, fuel handling and delivery services and chemical testing of petroleum, oil and lubricants.

(3) Other revenue from commercial services comprises medical services and transportation services.

The decrease in the Group's revenue for the nine months ended 30 September 2020 as compared to the nine months ended 30 September 2019 was primarily attributable to a decrease in revenue from auxiliary aviation services and aviation services as described in more detail below.

Aviation Services.

The Group's revenue from aviation services segment for the nine months ended 30 September 2020 decreased by RUB 3,574 million, or 44.5 per cent., to RUB 4,465 million from RUB 8,039 million for the nine months ended 30 September 2019. This decrease was principally attributable to the COVID-19 outbreak and the resulting air travel restrictions which led to a decrease in both passenger traffic and maximum take-off weight serviced by DME by 42 per cent. and 34 per cent., respectively, in the nine months ended 30 September 2020 as compared to the nine months ended 30 September 2019.

Auxiliary Aviation Services.

The Group's revenue from auxiliary aviation services segment for the nine months ended 30 September 2020 decreased by RUB 6,893 million, or 44.8 per cent., to RUB 8,484 million from RUB 15,377 million for the nine months ended 30 September 2019. This decrease was principally attributable to the COVID-19 air travel restrictions which led to a decrease in the volumes of jet fuel sold and the number of departing flights by 74 per cent. and 34 per cent., respectively, in the nine months ended 30 September 2020 as compared to the nine months ended 30 September 2019.

Commercial Services.

The Group's revenue from commercial services segment for the nine months ended 30 September 2020 decreased by RUB 2,474 million, or 49.2 per cent., to RUB 2,554 million from RUB 5,028 million for the nine months ended 30 September 2019. This reduction was principally attributable to a decrease in the passenger traffic by 42 per cent. in the nine months ended 30 September 2020 as compared to the nine months ended 30 September 2019 as a result of the COVID-19 outbreak, which adversely affected the Group's revenue from rent and parking services (both being dependent on the passenger traffic levels).

Net Total Operating Expenses

For the nine months ended 30 September 2020, the Group's net total operating expenses decreased by RUB 7,299 million, or 34.1 per cent., from RUB 21,392 million for the nine months ended 30 September 2019 to RUB 14,093 million. The following table sets out the principal components of the Group's net operating expenses, for the nine months ended 30 September 2019 and 2020.

	Nine months ended 30 September	
	2019	2020
	(in RUB millions)	
Payroll and related charges:		
<i>Wages and salaries</i>	6,455	4,532
<i>Social taxes</i>	2,018	1,261
Depreciation and amortisation	3,507	3,889
Materials	1,576	1,028
Cost of jet fuel	2,824	845
Maintenance	1,580	607
Public utilities	503	372
Cleaning and waste management.....	791	408
Consulting, audit and other services	378	401
Change in provision for impairment of receivables, advances to suppliers and advances for acquisition of non-current assets ⁽¹⁾	(72)	457
Rent	471	329
Staff development and training	235	74
Taxes other than income tax	72	213
Transport	292	166
Charity donations ⁽²⁾	110	90
Certification and licensing	100	41

Communication services expenses	44	27
Passenger servicing	120	15
Advertising expenses	17	1
Government subsidy	-	(1,157)
Other expenses.....	371	494
Total operating expenses, net	21,392	14,093

(1) This line item is titled "Change in allowance for impairment of receivables and advances to suppliers" in the Annual Financial Statements.

(2) This line item is titled "Charitable donations" in the Annual Financial Statements.

The decrease in the Group's net total operating expenses for the nine months ended 30 September 2020 as compared to the nine months ended 30 September 2019 was primarily attributable to:

- a RUB 1,979 million decrease in the cost of jet fuel which was primarily attributable to a general decrease in demand for jet fuel from airlines as a result of the COVID-19 outbreak and the resulting air travel restrictions as well as the decrease in jet fuel price by 5 per cent.;
- a RUB 1,923 million decrease in wages and salaries and a corresponding RUB 757 million decrease in social taxes expenses which was primarily attributable to cost cutting initiatives (including, granting of voluntary leave, reducing working hours and decreasing bonuses) in light of COVID-19. See "*Business–Impact of COVID-19*"; and
- a non-repayable RUB 1,157 million subsidy received from the Government under the state programme aimed at supporting Russian airports during the COVID-19 outbreak and compensating expenses in relation to payroll payments and related social payments, maintenance, management and renovation of buildings, equipment and transport vehicles and other expenses resulting from airport operations. See "*Industry Regulation–COVID-19 State Support Measures*".

Operating Profit

The Group's operating profit for the nine months ended 30 September 2020 decreased by RUB 5,642 million, or 80.0 per cent., to RUB 1,410 million from RUB 7,052 million for the nine months ended 30 September 2019 as a result of the COVID-19 outbreak and the resulting air travel restrictions which led to a decrease in demand for the Group's services as described in more detail above.

Interest Income

The Group's interest income for the nine months ended 30 September 2020 remained largely flat as compared to the nine months ended 30 September 2019 and amounted to RUB 214 million and RUB 227 million, respectively.

Interest Expense

The Group's interest expense for the nine months ended 30 September 2020 increased by RUB 633 million, or 34.3 per cent., to RUB 2,477 million from RUB 1,844 million for the

nine months ended 30 September 2019, mainly as a result of a RUB 221 million increase in interest expense on three-year RUB-denominated debt securities with the aggregate principal amount of RUB 5,000 million issued in 2019 with an interest of 8.65 per cent. (the "**2019 local bonds**"). Given that 2019 local bonds were placed in July 2019, this resulted in lower interest expense during the nine months ended 30 September 2019 as compared to the nine months ended 30 September 2020 due to the interest having accrued for three months only in the nine months ended 30 September 2019 as compared to the full period in the nine months ended 30 September 2020. In addition, the increase in the Group's interest expense for the nine months ended 30 September 2020 was also attributable to a RUB 218 million increase in interest expense on the 2021 LPNs as a result of the depreciation of the Rouble against the U.S. Dollar (the 2023 LPNs were less affected by the depreciation as a result of a portion of interest having accrued prior to the sharp depreciation of the Rouble, which had a consequential effect on the translation of the relevant U.S. Dollar amounts into Rouble) and higher notional amount of the 2021 LPNs as compared to the 2023 LPNs.

Net Foreign Exchange (Loss)/Gain

The Group incurred a net foreign exchange loss of RUB 10,429 million in the nine months ended 30 September 2020, as compared to a net foreign exchange gain of RUB 3,361 million in the nine months ended 30 September 2019. The Group's net foreign exchange loss in the nine months ended 30 September 2020 was mainly attributable to a significant Rouble depreciation during this period (which resulted in a depreciation of the Rouble against the U.S. dollar and euro by approximately 30 per cent. and 35 per cent., respectively, as at 30 September 2020 as compared to 31 December 2019 (see "*Exchange Rate Information*")) and the resulting impact on the Group's indebtedness denominated in foreign currencies.

(Loss) / Profit before Income Tax

For the nine months ended 30 September 2020 the Group recognised a loss before income tax of RUB 11,282 million as compared to a profit before income tax of RUB 8,796 million for the nine months ended 30 September 2019. This change was mainly attributable to a decrease in operating profit and a net foreign exchange loss in the nine months ended 30 September 2020 which are discussed above.

Income Tax

For the nine months ended 30 September 2020, the Group recorded an income tax benefit of RUB 922 million reflecting the loss before income tax for the period as compared to the RUB 988 million income tax expense for the nine months ended 30 September 2019. The income tax benefit for the nine months ended 30 September 2020 was largely attributable to higher deferred income tax benefit (RUB 983 million in the nine months ended 30 September 2020 as compared to RUB 255 million in the nine months ended 30 September 2019), which was attributable to a significant loss before income tax for the nine months ended 30 September 2020 due to COVID-19 and resulted in the recognition of deferred tax assets.

For the nine months ended 30 September 2020, the effective income tax rate was 8.17 per cent. which is lower than the statutory income tax rate of 20 per cent. for the majority of the Group's operating companies and the effective income tax rate of 11.23 per cent. for the nine months ended 30 September 2019. This decrease is mainly attributable to significant non-deductible foreign exchange losses incurred during the nine months ended 30 September

2020 which were lower than non-taxable foreign exchange gains in the nine months ended 30 September 2019.

(Loss)/ Profit and Other Comprehensive (Loss)/ Income for the Period

For the reasons discussed above, the Group recognised a RUB 10,360 million loss and other comprehensive loss for the nine months ended 30 September 2020 as compared to a RUB 7,808 million profit and other comprehensive income for the nine months ended 30 September 2019.

Results of Operations for the Years Ended 31 December 2017, 2018 and 2019

The following table sets out the Group's consolidated statement of profit or loss and total other comprehensive income for the years ended 31 December 2017, 2018 and 2019.

	Year ended 31 December		
	2017	2018	2019
	<i>(in RUB millions)</i>		
Revenue	40,612	42,880	37,500
Operating expenses, net	(29,934)	(32,344)	(28,308)
Operating profit	10,678	10,536	9,192
Interest expense	(1,011)	(2,849)	(2,602)
Interest income	265	442	313
Foreign exchange gain/(loss), net	652	(7,079)	4,825
Profit before income tax	10,584	1,050	11,728
Income tax	(1,229)	(1,883)	(997)
Profit/(loss) and other comprehensive income/(loss) for the year	9,355	(833)	10,731
Profit/(loss) and total other comprehensive income/(loss) for the year attributable to:			
Owners of the Company ⁽¹⁾	9,399	(798)	10,742
Non-controlling interests	(44)	(35)	(11)
	9,355	(833)	10,731

⁽¹⁾ As defined in the Group's Financial Statements

Revenue

The Group's revenue for the year ended 31 December 2019 decreased by RUB 5,380 million, or 12.5 per cent., to RUB 37,500 million from RUB 42,880 million for the year ended 31 December 2018 which in turn represented an increase by RUB 2,268 million, or 5.6 per cent., from RUB 40,612 million for the year ended 31 December 2017. The following table sets out the Group's revenue for the years ended 31 December 2017, 2018 and 2019.

Year ended 31 December			
	2017	2018	2019
(in RUB millions)			
Aviation services:			
Airport and other related charges, including:	11,589	11,402	10,470
<i>Use of terminal</i>	3,956	3,815	3,314
<i>Aviation security</i>	2,555	2,469	2,309
<i>Take-off and landing</i>	2,995	2,939	2,111
<i>VIP service areas</i>	383	407	382
<i>Business service areas</i>	765	954	941
<i>Other</i>	935	818	1,413
Rental income	36	76	64
Construction services	123	119	-
Handling	187	222	231
Other revenue from aviation services	115	116	107
Total Aviation services	12,050	11,935	10,872
Auxiliary aviation services:			
In-flight catering services	4,299	4,060	3,596
Jet fuel-related services, including:	8,751	9,910	6,629
<i>Jet fuel sales</i>	5,724	7,021	3,587
<i>Jet fuelling and storage services</i>	3,027	2,889	3,042
Ground handling and passenger services	6,365	7,138	6,633
Cargo and mail handling	2,830	2,786	2,862
Rental income	19	24	22
Other revenue from auxiliary aviation services	306	346	249
Total Auxiliary aviation services	22,570	24,264	19,991
Commercial services:			
Rental income, including:	5,131	5,834	5,750
<i>Revenue from leasing of terminal space</i>	4,169	4,660	4,673
<i>Advertising revenue</i>	119	65	49
<i>Other</i>	843	1,109	1,028
Parking fees	670	653	683
Other revenue from commercial services	191	194	204
Total Commercial services	5,992	6,681	6,637
Total revenue	40,612	42,880	37,500

The decrease in the Group's revenue for the year ended 31 December 2019 as compared to the year ended 31 December 2018 and the increase in the Group's revenue for the year ended 31 December 2018 as compared to the year ended 31 December 2017 were primarily driven by the movements in the Group's revenue from auxiliary aviation services during these years.

The Group's revenue from auxiliary aviation services decreased to RUB 19,991 million for the year ended 31 December 2019 from RUB 24,264 million for the year ended 31 December 2018 which, in turn, represented an increase from RUB 22,570 million for the year ended 31 December 2017, as described in more detail below.

Aviation Services.

For the year ended 31 December 2019, revenue of the Group's aviation services segment decreased by RUB 1,063 million, or 8.9 per cent., to RUB 10,872 million. This decrease was principally the result of a decrease in airport and other related charges due to the general decrease in passenger traffic by approximately 4 per cent. and ATMs by approximately 7 per cent. for the year ended 31 December 2019 compared to the year ended 31 December 2018 due to the termination of flights to and from DME by certain carriers (namely, Rusline, AZUR air and Uzbekistan Airways).

The Group's revenue from aviation services segment for the year ended 31 December 2018 remained largely flat as compared to the year ended 31 December 2017 and amounted to RUB 11,935 million and RUB 12,050 million, respectively.

Auxiliary Aviation Services.

For the year ended 31 December 2019, revenue of the Group's auxiliary aviation services segment decreased by RUB 4,273 million, or 17.6 per cent., to RUB 19,991 million from RUB 24,264 million for the year ended 31 December 2018. This decrease was principally the result of a decrease in revenue from jet fuel sales by RUB 3,434 million, or 48.9 per cent., to RUB 3,587 million for the year ended 31 December 2019 from RUB 7,021 million for the year ended 31 December 2018 due to a combination of factors including the general decrease in demand for jet fuel (including as a result of some of the airlines shifting towards fuel storage at DME facilities rather than purchasing jet fuel from the Group), termination of flights from DME by certain carriers (namely, Rusline, AZUR air and Uzbekistan Airways) and the decrease in jet fuel prices by 4 per cent.

For the year ended 31 December 2018, revenue of the Group's auxiliary aviation services segment increased by RUB 1,694 million, or 7.5 per cent., from RUB 22,570 million for the year ended 31 December 2017 to RUB 24,264 million. This increase was principally the result of an increase in revenue from jet fuel sales by RUB 1,297 million, or 22.7 per cent., to RUB 7,021 million for the year ended 31 December 2018 from RUB 5,724 million for the year ended 31 December 2017 due to increase in average prices for jet fuel (up to 39 per cent.) as well as an increase in revenue from ground handling and passenger services by RUB 773 million, or 12.1 per cent., to RUB 7,138 million for the year ended 31 December 2018 from RUB 6,365 million for the year ended 31 December 2017 as a result of the increase in volume of, and fees for, de-icing services (the relevant volumes having increased by up to 34 per cent.) and a general increase of fees for ground handling services.

Commercial Services.

The Group's revenue from aviation services segment for the year ended 31 December 2019 remained largely flat as compared to the year ended 31 December 2018 amounting to RUB 6,637 million and RUB 6,681 million, respectively. For the year ended 31 December 2018, revenue of the Group's commercial services segment increased by RUB 689 million, or 11.5 per cent., from RUB 5,992 million for the year ended 31 December 2017 to RUB 6,681 million. The increase was mainly due to the increase in rental income by RUB 703 million, or 13.7 per cent., from RUB 5,131 million for the year ended 31 December 2017 to RUB 5,834 million for the year ended 31 December 2018 which was primarily attributable to the increase in the leased area of Segment 1 as a result of additional space being leased to new lessees (which resulted in the increase in the Group's rental income by RUB 437 million in the year

ended 31 December 2018 as compared to the year ended 31 December 2017) as well as increase in income from advertising services by RUB 275 million in the year ended 31 December 2018 as compared to the year ended 31 December 2017.

Net Total Operating Expenses

For the year ended 31 December 2019, the Group's net total operating expenses decreased by RUB 4,036 million, or 12.5 per cent., from RUB 32,344 million for the year ended 31 December 2018 to RUB 28,308 million. For the year ended 31 December 2018, the Group's net total operating expenses increased by RUB 2,410 million, or 8.1 per cent., from RUB 29,934 million in the years ended 31 December 2017. The following table sets out the principal components of the Group's net operating expenses, for the years ended 31 December 2017, 2018 and 2019.

	Year ended 31 December		
	2017	2018	2019
	<i>(in RUB millions)</i>		
Payroll and related charges:			
<i>Wages and salaries</i>	9,354	9,776	8,875
<i>Social taxes</i>	2,517	2,660	2,619
Depreciation and amortisation	3,381	4,070	4,652
Cost of jet fuel	5,481	6,533	3,597
Materials	1,928	2,102	2,063
Maintenance	2,345	2,274	2,017
Cleaning and waste management	898	1,000	1,042
Public utilities	571	629	669
Rent	347	383	565
Consulting, audit and other services	329	509	470
Transport	458	534	348
Staff development and training	589	441	336
Charitable donations	80	237	145
Passenger servicing	329	291	135
Certification and licensing	85	114	122
Taxes other than income tax	196	230	106
Change in provision for legal risks	-	-	93
Advertising expenses	42	55	63
Communication services expense	59	64	48
Change in allowance for impairment of receivables and advances to suppliers	514	(1)	(58)
Other expenses, net	431	443	401
Total operating expenses, net	29,934	32,344	28,308

The key movements in individual components of net total operating expenses between the years ended 31 December 2019 and 2018 reflected the following:

- a RUB 2,936 million decrease in the cost of jet fuel which was primarily attributable to the decrease in demand for jet fuel from airlines by 47 per cent. as well as decrease in jet fuel price by 3 per cent.;

- a RUB 901 million decrease in wages and salaries which was primarily attributable to the partial termination of the key management incentive programme and the consequential write-off of the accumulated amounts in the aggregate amount of RUB 763 million and the related decrease of compensation; and
- a RUB 582 million increase in depreciation and amortisation which was primarily attributable to the ongoing construction of Segment 2.

The remaining change was the result of a decrease in charity donations and taxes other than income tax (due to the decrease in non-recoverable VAT) which were partially offset by the increase in rent expenses (due to the application of IFRS 16).

The key movements in individual components of net total operating expenses between the years ended 31 December 2018 and 2017 reflected the following:

- a RUB 1,052 million increase in the cost of jet fuel which was due to an increase in the purchase price of jet fuel for resale by 34 per cent., partially offset by a decrease in the volumes of jet fuel purchased by 12 per cent.;
- a RUB 689 million increase in the depreciation and amortisation which was caused primarily by the completion of some of the construction works in respect of Segment 2;
- the change in allowance for impairment of receivables and advances to suppliers in the amount of RUB 515 million for the year ended 31 December 2017 which was primarily attributable to the deterioration of the financial condition of, and subsequent complete termination of flights by, Vim-Avia in October 2017.

Operating Profit

The Group's operating profit decreased by RUB 1,344 million, or 12.8 per cent., to RUB 9,192 million for the year ended 31 December 2019 from RUB 10,536 million for the year ended 31 December 2018 as a result of the decrease in revenue for the year ended 31 December 2019 being more pronounced than the decrease in net operating expenses for the same year.

For the year ended 31 December 2018, the Group's operating profit remained relatively stable decreasing marginally by RUB 142 million, or 1.3 per cent., from RUB 10,678 million for the year ended 31 December 2017.

Interest Income

For the year ended 31 December 2019, the Group's interest income decreased by RUB 129 million, or 29.2 per cent., to RUB 313 million from RUB 442 million for the year ended 31 December 2018 which was primarily attributable to a decrease in bank deposit balances denominated in U.S. dollars.

For the year ended 31 December 2018, the Group's interest income increased by RUB 177 million, or 66.8 per cent., from RUB 265 million for the year ended 31 December 2017 which was primarily attributable to the placement of USD-denominated short-term deposits.

Interest Expense

For the year ended 31 December 2019, the interest expense of the Group decreased by RUB 247 million, or 8.7 per cent., to RUB 2,602 million from RUB 2,849 million for the year ended 31 December 2018 which was primarily attributable to the redemption of the five-year U.S.\$ 300 million 6 per cent. loan participation notes issued in 2013 (the "**2018 LPNs**") in November 2018 which resulted in a decrease of interest expense by RUB 773 million and a decrease of RUB 343 million in interest expense on lease liability as compared to the unwind of the discount of the amounts due to grantor under a concession agreement recognised for the year ended 31 December 2018. These decreases were partially offset by a RUB 216 million interest expense on 2019 local bonds and a RUB 523 million decrease in capitalised interest in 2019 due to a decrease in capital expenditures during the period as a result of the completion of the most active investment cycle related to the reconstruction of Segment 1 and the construction of Segment 2.

For the year ended 31 December 2018, the Group's interest expense increased by RUB 1,838 million, or 181.8 per cent., from RUB 1,011 million for the year ended 31 December 2017. This increase was primarily attributable to RUB 901 million interest paid on the 2023 LPNs issued in February 2018 and a RUB 799 million increase in interest paid on five-year RUB debt securities with the aggregate principal amount of RUB 10,000 million issued in December 2017 with the interest 8.1 per cent. (the "**2017 local bonds**"), in each case, in the year ended 31 December 2018.

Net Foreign Exchange (Loss)/Gain

The Group incurred a net foreign exchange gain of RUB 4,825 million for the year ended 31 December 2019, as compared to a net foreign exchange loss of RUB 7,079 million for the year ended 31 December 2018 and a net foreign exchange gain of RUB 652 million for the year ended 31 December 2017.

The net foreign exchange gain for the year ended 31 December 2019 was largely attributable to the appreciation of the Rouble against the foreign currency denominated debt portfolio.

The net foreign exchange loss for the year ended 31 December 2018 was mainly a result of the depreciation of the Rouble against the foreign currency denominated debt portfolio.

The net foreign exchange gain for the year ended 31 December 2017 resulted from the appreciation of the Rouble against the foreign currency denominated debt portfolio.

Profit before Income Tax

Profit before income tax increased by RUB 10,678 million to RUB 11,728 million for the year ended 31 December 2019 from RUB 1,050 million for the year ended 31 December 2018 which represented a RUB 9,534 million, or 90.1 per cent., decrease from RUB 10,584 million for the year ended 31 December 2017.

The increase in profit before income tax for the year ended 31 December 2019 and the decrease in profit before income tax for the year ended 31 December 2018 were primarily attributable to net foreign exchange gain and loss discussed above.

Income Tax Expense

For the year ended 31 December 2019, income tax expense decreased by RUB 886 million, or 47.1 per cent., to RUB 997 million from RUB 1,883 million for the year ended 31 December 2018, which represented a RUB 654 million, or 53.2 per cent., increase in the Group's income tax expense from RUB 1,229 million for the year ended 31 December 2017.

The decrease in income tax expense for the year ended 31 December 2019 as compared to the year ended 31 December 2018 was primarily attributable to origination and reversal of temporary differences, which resulted in a deferred tax benefit of RUB 41 million for the year ended 31 December 2019 as compared to a RUB 769 million deferred tax expense in the year ended 31 December 2018 due to the completion of the key construction works in relation to Segment 2 in 2018, and higher credit representing adjustments of current tax of prior years recognised in 2019 as compared to 2018 (RUB 190 million in the year ended 31 December 2019 as compared to RUB 22 million in the year ended 31 December 2018).

The increase in income tax expense for the year ended 31 December 2018 as compared to the year ended 31 December 2017 was primarily attributable to origination and reversal of temporary differences of RUB 769 million in 2018 as opposed to RUB 37 million in 2017 and a discrete RUB 857 million credit recorded in 2017 resulting from the recognition of deferred tax asset in respect of operating losses incurred in prior period for which no taxable benefit was originally recognised which was offset by a RUB 1,000 million decrease in current income tax expense (RUB 1,088 million in the year ended 31 December 2018 as compared to RUB 2,088 million in the year ended 31 December 2017).

Profit / (Loss) and Other Comprehensive Income / (Loss) for the Year

For the reasons discussed above, the Group's profit and other comprehensive income for the year ended 31 December 2019 was RUB 10,731 million, the Group's loss and other comprehensive loss for the year ended 31 December 2018 was RUB 833 million and the Group's profit and other comprehensive income for the year ended 31 December 2017 was RUB 9,355 million.

Liquidity and Capital Resources

Historically, the Group has funded its liquidity needs principally with net cash provided by operating activities, issuance of the loan participation notes and local bonds as well as through short- and long-term bank borrowings. During 2020, the Group received additional liquidity support in the form of Government subsidies and entered into non-revolving credit facility agreements with reduced interest rates as part of the state support programme addressed at industries adversely affected by the COVID-19 pandemic as discussed in more detail in "*Business–Impact of COVID-19*", "*–Debt Securities and Credit Facilities*" and "*Industry Regulation–COVID-19 State Support Measures*" below.

The Group's liquidity needs arise principally from (i) the need to finance its working capital, (ii) the need to finance its investment programme intended, among other things, to allow the Group to maintain and expand its facilities and infrastructure according to the 2026 Masterplan, and (iii) payment of dividends to the parent entity in accordance with the Group's dividend policy. The Group current dividend policy envisages a cap on dividend distributions of USD 60 million per year. However, as discussed in "*Business–Impact of COVID-19*",

since the onset of COVID-19, the Group has significantly reduced dividend payments to support the Group's current liquidity.

Cash and Cash Equivalents

The following table sets forth the Group's cash and cash equivalents as of 31 December 2017, 2018 and 2019 and 30 September 2020.

	31 December			30 September 2020
	2017	2018	2019	
USD-denominated short-term bank deposits	-	4,184	3,104	-
USD-denominated current account balances with banks	7,587	212	1,088	7,781
RUB-denominated cash on hand and balances with banks	1,591	425	656	1,985
EUR-denominated balances with banks.....	1,092	3	160	244
Allowance for expected credit losses	-	(2)	(5)	-
Total cash and cash equivalents.....	10,270	4,822	5,003	10,010

The Group generally seeks to maintain cash and cash equivalents balances in the amount sufficient to cover its contractual payables for the next three to twelve months in order to ensure a sufficient liquidity cushion. In addition, the Group seeks to maintain unutilised credit limits and overdraft credit facilities with reputable banks that can be used in the event of additional unforeseen liquidity requirements.

Cash Flows

The following table sets out the Group's summary cash flow information for the nine months ended 30 September 2019 and 2020.

	Nine months ended 30 September	
	2019	2020
	<i>(in RUB millions)</i>	
Net cash provided by operating activities	10,594	8,791
Net cash used in investing activities	(5,558)	(2,256)
Net cash used in financing activities	(2,377)	(2,871)

The following table sets out the Group's summary cash flow information for the years ended 31 December 2017, 2018, 2019.

	Year ended 31 December		
	2017	2018	2019
	<i>(in RUB millions)</i>		
Net cash provided by operating activities	11,668	13,261	12,191
Net cash used in investing activities	(18,610)	(16,494)	(6,706)
Net cash provided by/(used in) financing activities	3,546	(5,541)	(4,898)

For additional detail, see consolidated statements of cash flows in the Group's Financial Statements.

Cash Flows from Operating Activities

Nine Months Ended 30 September 2020 Compared to Nine Months Ended 30 September 2019

For the nine months ended 30 September 2020, net cash provided by operating activities decreased by RUB 1,803 million, or 17.0 per cent., to RUB 8,791 million from RUB 10,594 million for the nine months ended 30 September 2019 which was primarily attributable to RUB 3,906 million decrease in operating profit before changes in working capital and was partially offset by a RUB 1,224 million change in income tax paid (which represented the income tax refund of RUB 580 in the nine months ended 30 September 2020 as compared to the income tax paid of RUB 644 million in the nine months ended 30 September 2019), which was primarily attributable to loss before income tax in the nine months ended 30 September 2020 and profit before income tax in the nine months ended 30 September 2019 which are discussed above.

Year Ended 31 December 2019 Compared to Year Ended 31 December 2018

For the year ended 31 December 2019, net cash provided by operating activities decreased by RUB 1,070 million, or 8.1 per cent., to RUB 12,191 million from RUB 13,261 million for the year ended 31 December 2018. This decrease was primarily attributable to RUB 1,491 million decrease in operating profit before changes in working capital and was partially offset by RUB 352 million decrease in income tax paid resulting therefrom.

Year Ended 31 December 2018 Compared to Year Ended 31 December 2017

For the year ended 31 December 2018, net cash provided by operating activities increased by RUB 1,593 million, or 13.7 per cent., from RUB 11,668 million for the year ended 31 December 2017. This increase largely resulted from (i) RUB 700 million change in working capital; and (ii) RUB 978 million decrease in income tax paid.

Changes in working capital consist of changes in inventory, trade and other receivables, prepayments and other current assets, trade and other payables, taxes other than income tax payable and accrued expenses and other current liabilities.

The most significant differences in the changes in working capital between the years ended 31 December 2018 and 2017 were as follows:

- (i) a RUB 649 million change in trade and other payables (a RUB 605 million increase in the year ended 31 December 2018 as compared to a RUB 44 million decrease in the year ended 31 December 2017) which was primarily due to amounts of rent deposit received for the newly leased areas of Segment 2;
- (ii) a RUB 384 million change in prepayments and other current assets (RUB 95 million decrease in the year ended 31 December 2018 as compared to RUB 289 million increase in the year ended 31 December 2017) due to increase in VAT receivable in 2017 resulting from the acceptance of construction services; and

- (iii) a RUB 315 million change in taxes other than income tax payable (from RUB 29 million decrease in the year ended 31 December 2018 to RUB 286 million increase in the year ended 31 December 2017) as a result of an increase in VAT and unified social tax (UST) payable for the year ended 31 December 2018 compared to the year ended 31 December 2017.

The decrease in income tax paid in the year ended 31 December 2018 as compared to the year ended 31 December 2017 was primarily attributable to a significant increase in USD-denominated interest expense when translated into Roubles as a result of the depreciation of the Rouble.

Cash Flows Used in Investing Activities

For the nine months ended 30 September 2020, net cash used in investing activities was RUB 2,256 million as compared to the net cash used in the investing activities in the amount of RUB 5,558 million for the nine months ended 30 September 2019. The change was primarily attributable to there being no purchase of investments (which represent short-term deposits) during the nine months ended 30 September 2020 compared to the purchase of investments in the amount of RUB 5,121 million during the nine months ended 30 September 2019 as well as the reduction of proceeds from disposal of investments (RUB 1,574 million in the nine months ended 30 September 2020 as compared to RUB 3,160 million in the nine months ended 30 September 2019).

For the year ended 31 December 2019, net cash used in investing activities decreased by RUB 9,788 million, or 59.3 per cent., to RUB 6,706 million from RUB 16,494 million for the year ended 31 December 2018. This decrease was primarily due to a RUB 10,666 million decrease in purchases of property, plant and equipment due to the completion of a number of capital-intensive construction works related to Segment 2. The decrease was partially offset by a RUB 1,404 million net cash outflow from purchases of investments which represents a net amount resulting from RUB 3,869 million of proceeds from disposal of investments and RUB 5,273 million of purchases of investments.

For the year ended 31 December 2018, net cash used in investing activities decreased by RUB 2,116 million, or 11.4 per cent., to RUB 16,494 million from RUB 18,610 million for the year ended 31 December 2017. This reduction was primarily due to a RUB 2,837 million decrease in purchases of property, plant and equipment primarily related to the construction works with respect to Segment 2 which was partially offset by a RUB 556 million increase in purchases of intangible assets and other non-current assets.

Cash used in investing activities was principally used for the expansion of Segment 1 and 2 of the Passenger Terminal (see "*Business — Airport Facilities, Real Estate and Infrastructure — Passenger Terminal*") and other investment projects at DME.

Cash Flows Provided by / Used in Financing Activities

Nine Months Ended 30 September 2020. For the nine months ended 30 September 2020 net cash used in financing activities was RUB 2,871 million. This reflected the repayments of borrowings in the amount of RUB 5,466 million, interest paid in the amount of RUB 2,635 million and payment of dividends in the amount of RUB 1,070 million, which were partially offset by the proceeds from borrowings in the amount of RUB 6,346 million.

Nine Months Ended 30 September 2019. Net cash used in financing activities for the nine-month period ended 30 September 2019 was RUB 2,377 million. This reflected the repayments of borrowings in the amount of RUB 3,950 million, the payment of dividends in the amount of RUB 3,840 million and interest paid in the amount of RUB 2,247 million, which were partially offset by the proceeds from borrowings in the amount of RUB 4,714 million and proceeds from debt securities in the amount of RUB 2,945 million.

Year Ended 31 December 2019. Net cash used in financing activities for the year ended 31 December 2019 was RUB 4,898 million. This reflected the repayments of borrowings in the amount of RUB 6,023 million, the payment of dividends in the amount of RUB 4,951 million and interest paid in the amount of RUB 3,451 million, which were partially offset by the proceeds from borrowings in the amount of RUB 4,813 million and the proceeds from debt securities in the amount of RUB 4,714 million.

Year Ended 31 December 2018. Net cash used in financing activities for the year ended 31 December 2018 was RUB 5,541 million. This reflected the repayment of debt securities in the amount of RUB 14,620 million, payment of dividends in the amount of RUB 4,498 million and interest paid in the amount of RUB 3,997 million which were partially offset by the receipt of proceeds from debt securities in the amount of RUB 17,189 million.

Year Ended 31 December 2017. Net cash provided by financing activities for the year ended 31 December 2017 was RUB 3,546 million. This primarily reflected the proceeds from debt securities in the amount of RUB 9,975 million partially offset by the payment of dividends in the amount of RUB 4,368 million and interest paid in the amount of RUB 2,432 million.

Debt Securities and Credit Facilities

The following table sets out the Group's total liability under the five-year USD loan participation notes (i.e., the 2018 LPNs, 2021 LPNs and the 2023 LPNs) and local bonds (i.e., the 2017 local bonds and the 2019 local bonds), including the long-term portion thereof and interest payable presented as current liability as of 31 December 2017, 2018 and 2019 and as of 30 September 2020.

	Interest rate	As of 31 December			As of 30 September
		2017	2018	2019	2020
	%				
		<i>(in RUB millions)</i>			
2018 LPNs	6.33%	12,819	-	-	-
2021 LPNs.....	6.31%	20,193	24,405	21,674	28,403
2023 LPNs	5.46%	-	21,186	18,749	23,904
2017 local bonds.....	8.32%	9,993	9,998	10,004	10,211
2019 local bonds.....	9.01%		-	4,991	4,994
Total.....		43,005	55,589	55,418	67,512
Less: current portion due within twelve months, including accrued interest, and presented as short-term portion		(13,016)	(753)	(774)	(1,448)
Long-term portion of debt securities		29,989	54,836	54,644	66,064

The following table sets out the Group's total borrowings, including the long-term borrowings and current portion, including interest payable, as of 31 December 2017, 2018 and 2019 and as of 30 September 2020.

	Effective interest rate	As of 31 December			As of 30 September
		2017	2018	2019	2020
	%	(in RUB millions)			
Loan from Raiffeisen bank	8.15-8.60%	-	-	-	1,004
Loan from Raiffeisen Bank International AG.....	5.00-6.12%	2,195	1,642	629	576
Overdraft from Rosbank	7.91%	-	-	296	260
Non-revolving loans from Rosbank.....	8%	-	-	-	471
Loan from ING, N.V.	3.60%	1,600	3,360	2,366	2,774
Total.....		3,795	5,002	3,291	5,085
Less: current portion, including interest payable		(2,201)	(1,765)	(1,619)	(3,249)
Long-term borrowings		1,594	3,237	1,672	1,836

The following tables set out a breakdown of the principal amount payable under the Group's credit facilities and debt securities issued during each of the years indicated.

	2021	2022	2023
	(in U.S.\$ thousands)		
2023 LPNs.....	-	-	300,000
2021 LPNs.....	350,000	-	-
Total outstanding balance	350,000	-	300,000

	2021	2022	2023	2024
	(in EUR thousands)			
Loan from Raiffeisen Bank International AG	5,846	-	-	-
Loan from ING, N.V.	8,408	8,408	8,408	2,765
Total outstanding balance	14,254	8,408	8,408	2,765

	2021	2022
	(in RUB millions)	
Loan from Raiffeisen bank	999	-
Non-revolving loans from Rosbank ⁽¹⁾	-	-

2017 local bonds.....	-	10,000
2019 local bonds.....	-	5,000
Total outstanding balance	999	15,000

(1) Does not include overdraft from Rosbank as each tranche is repayable within 180 days from the disbursement date.

The debt securities and facilities set out in the above tables are further discussed below.

In September 2015, the Group entered into a EUR-denominated five-year loan facility agreement for a total amount of EUR 38 million (RUB 2,914 million at the CBR exchange rate as at the inception date) provided by Raiffeisen Bank International AG to finance design and construction of a parking terminal PM-2.1 ("**2015 Facility Agreement**"). The facility is guaranteed by certain Group companies bears interest at a fixed rate of 5 per cent. per annum and is fully utilised.

In November 2016, the Group issued 2021 LPNs listed on Euronext Dublin. The 2021 LPNs are guaranteed by the Initial Guarantors.

In May 2017, the Group entered into a EUR-denominated eight-year loan facility agreement for the total amount of EUR 59 million (RUB 4,102 million at the CBR exchange rate as at the inception date) provided by ING, N.V. at a variable rate of EURIBOR + 1.2 per cent. to finance the installation of a baggage handling system in Segment 2 of the Passenger Terminal. As of 31 December 2019, the undrawn amount of the facility was EUR 9.85 million.

In December 2017, the Group issued 2017 local bonds on the Moscow Exchange. The annual coupon rate of the debt securities is 8.1 per cent. with interest being paid semi-annually.

In February 2018, the Group issued the 2023 LPNs listed on Euronext Dublin. The 2023 LPNs are guaranteed by the Initial Guarantors.

In February 2019, the Group entered into a multicurrency (EUR, USD or RUB) overdraft agreement with Public Joint-Stock Company ROSBANK ("**Rosbank**") with the total limit of RUB 500 million. The interest under each drawdown is payable on a monthly basis and is determined by Rosbank for each drawdown individually, subject to a cap of 14 per cent. per annum. Each drawdown matures within 180 days from the disbursement date. In February 2020, the total limit was increased to RUB 800 million.

In July 2019, the Group issued 2019 local bonds listed on the Moscow Exchange. Net proceeds from the issuance, after the deduction of related offering costs, were RUB 4,991 million.

In May and August 2020, the Group incurred RUB 499 million and RUB 500 million loans, respectively, from JSC Raiffeisen Bank to refinance its financial liability under a letter of credit arrangement. These loans are repayable in 10 months from the drawdown dates thereof. The loans bear interest at 8.6 per cent. and 8.15 per cent. per annum, respectively.

In July 2020, the Group entered into non-revolving credit facility agreements with Rosbank with the aggregate limit of RUB 591.5 million and an interest rate of 2 per cent. per annum. As of 30 September 2020, the Group received proceeds in the aggregate amount of RUB 485 million and, in October 2020, the Group received additional proceeds in the amount of RUB 81.5 million under these non-revolving credit facility agreements. The loans were

provided under the state programme for supporting companies operating in designated industries which were adversely affected by the COVID-19 outbreak (see "*Industry Regulation–COVID-19 State Support Measures–Russian Government Resolution No. 696 dated 16 May 2020 ("Resolution No. 696")*"). The programme envisages extending loans with the maturity of up to 12 months and the principal amount calculated based on personnel headcount and the salary expenses with the interest rate capped at 2 per cent. per annum. The loans mature in April-June 2021.

The Group's management considers the ratio of Net Debt to Adjusted EBITDA as the principal metric for evaluating the Group's leverage. While the Group has experienced an increase in the leverage levels due to the impact of the COVID-19 pandemic (which was primarily attributable to the decrease in the Group's revenue due to travel restrictions), prior to 2020, the Group had consistently maintained its ratio of Net Debt to Adjusted EBITDA (as of 31 December 2017, 2018 and 2019) and Net Debt to LTM Adjusted EBITDA (as of 30 September 2019) below 4.0 with the relevant ratios being 2.5, 3.8, 3.9 and 3.9 as of 31 December 2017, 2018 and 2019 and 30 September 2019, respectively. The Group's Net Debt to LTM Adjusted EBITDA ratio was 6.8 as of 30 September 2020. The Group endeavours to maintain the Net Debt to LTM Adjusted EBITDA ratio below 4.0, which is the current leverage ratio threshold under 2021 LPNs and 2023 LPNs (which provide for the incurrence-based financial indebtedness covenant) and some of the Group's credit facilities (which provide for the maintenance-based financial indebtedness covenant). See "*Selected Consolidated Financial Information and Operating Data*" for a discussion of the Group's calculation of Adjusted EBITDA.

Amendments and waivers

The Group's credit facilities with Rosbank, JSC Raiffeisen Bank, Raiffeisen Bank International AG and ING, N.V. and lease agreements with Rosbank Leasing contain financial covenants, including maintenance-based net debt to EBITDA, total debt to EBITDA and/or equity to total assets covenants. Following the outbreak of COVID-19 and in advance of the scheduled dates for the relevant covenants to be tested, the Group applied to the relevant lenders and procured the necessary waivers to avoid the relevant covenants from being breached.

In addition, in May 2020, Raiffeisen Bank International AG and the Group agreed to defer the amounts of principal payable under the 2015 Facility Agreement from May and August 2020 to February and May 2021, respectively.

Capital Expenditures

The Group made capital expenditures, which consist of cash purchases of property, plant and equipment, of RUB 18,415 million, RUB 15,578 million and RUB 4,912 million in the years ended 31 December 2017, 2018 and 2019, respectively. The Group made capital expenditures of RUB 3,409 million and RUB 3,941 million in the nine months ended 30 September 2019 and 2020, respectively. In 2020, the Group reduced its investment in non-essential capital expenditures to ensure resilience and sustainability of operations during the COVID-19 pandemic. Capital expenditures from 1 January 2017 to 30 September 2020 included, among other things, expenditures for the expansion of Segments 1 and 2 of the Passenger Terminal (see "*Business — Airport Facilities, Real Estate and Infrastructure — Passenger Terminal*"), airfield area, cargo terminal, auxiliary buildings, baggage-processing systems, aircraft servicing equipment, tow trucks, passenger shuttles and other operating equipment. In

addition, borrowing costs related to qualifying assets were capitalised. The Group funded its capital expenditures in 2017, 2018, 2019 and the nine months ended 30 September 2020 principally through net cash generated from operating activities and, to a lesser extent, from funds raised through the issuance of loan participation notes and local bonds and bank borrowings.

In 2021-2025, the Group's management currently plans to make capital expenditures of approximately RUB 18,248 million for expansion projects. See "*Business—Airport Development Masterplan*". The amount ultimately spent on future capital expenditures will be highly dependent on market conditions, the Group's cash flow from operations and available financing at the time of the proposed expenditures. See "*—Liquidity and Capital Resources*."

Discontinuation of IFRIC 12, Service Concession Arrangements and Adoption of IFRS 16, Leases

On 1 January 2019, the Group adopted IFRS 16, Leases ("**IFRS 16**") following the modified retrospective approach of adopting the new standard which allowed not to restate the comparative information prior to 1 January 2019. Furthermore, on 1 January 2019 the Group reassessed the applicability of International Financial Reporting Interpretations Committee interpretation ("**IFRIC**") 12, Service Concession Arrangements, to its 75-year Lease and concluded that the contract was no longer in scope of such interpretation. Instead, the contract is accounted for as a lease since 1 January 2019.

In making their judgment, the Group considered that the FAS, since the issuance in 2016 of the order to end, the regulation of tariffs for airport services rendered by the Group, had no given indications of re-introducing regulated tariffs neither has objected the increases in the fees independently made by the Group and other airports in Moscow.

The Group are satisfied that the above, together with the change in the payment model by the Group to the lessor under the 75-year Lease for the use of the airport assets, effective since 1 January 2019, are enough factors to discontinue service concession accounting since such date. As a result, on 1 January 2019 the Group derecognised a concession intangible asset of RUB 3,507 million and a corresponding liability for the amounts due to grantor under concession agreement of RUB 3,380 million. Subsequently, as the agreement qualifies as a lease agreement, the Group accounted on 1 January 2019 a right of use asset and a lease liability of RUB 15 million, each, representing the present value of the future fixed lease payments, recognised RUB 217 million of leasehold improvements in property, plant and equipment, a deferred tax liability of RUB 18 million and a net impact to retained earnings of RUB 72 million.

The Group financial information for the years ended 31 December 2018 and 2017 does not reflect the impact from the application of IFRS 16 as such financial information was prepared on the basis of IAS 17, which was the leases accounting standard in effect at the time of those periods. Furthermore, in the years ended 31 December 2018 and 2017, the 75-year Lease was accounted for under IFRIC 12. Therefore, the historical financial information for the year ended 31 December 2019 is not directly comparable with historical financial information for the years ended 31 December 2018 and 2017.

Accounting Policies Applied from 1 January 2019

The Group as a lessee

IFRS 16 changes how the Group accounts for leases previously classified as operating leases under IAS 17, which were off-balance sheet.

In applying IFRS 16, the Group assesses whether a contract is or contains a lease, at the entry into of the contract. The Group recognises a right-of-use assets and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low-value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed. This expense is presented within operating expenses in the consolidated statement of profit and loss.

Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included as 'rent' in the statement of profit or loss.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

The lease liability is presented separately in the consolidated statement of financial position and split into short-term and long-term portions accordingly.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group as a lessor

IFRS 16 does not change substantially how a lessor accounts for leases. Under IFRS 16, a lessor continues to classify leases as either finance leases or operating leases and account for those two types of leases differently. However, IFRS 16 has changed and expanded the disclosures required, in particular regarding how a lessor manages the risks arising from its residual interest in leased assets.

Accounting Policies Applied Prior to 1 January 2019

Leases were classified as finance leases whenever the terms of the lease transfer substantially all of the risks and rewards of ownership to the lessee. All other leases were classified as operating leases.

Group as a lessor

Amounts due from lessees under finance leases were recognised as receivables in the amount of the Group's net investment in the leases. Finance lease income was allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment

outstanding in respect of the leases. Rental income from operating leases was recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease were added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Group as a lessee

Assets under finance leases were recognised as assets at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor was included in the statement of financial position as a finance lease obligation.

Minimum lease payments were apportioned between the finance charge and the reduction of the outstanding liability. The finance charge was allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rentals were recognised as expenses in the periods in which they are incurred.

Payments under operating leases were recognised in the consolidated profit or loss on a straight-line basis over the term of the lease. Lease incentives received were recognised as a liability and a reduction to expense on a straight-line basis. Contingent rentals under operating leases were recognised as an expense in the period in which they were incurred.

For a discussion of the Group's significant accounting policies, see Note 2 of the Interim Financial Statements and Note 3 of the Annual Financial Statements.

Critical Accounting Estimates and Judgements

The Group's management makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial period. Estimates and judgements are continually evaluated and are based on the experience of the Group's management and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group's management also makes certain judgements, apart from those involving estimations, in the process of applying accounting policies. In light of the uncertainties around the effect of COVID-19 on the Group's business, the assumptions underlying the management estimates and judgements (including those made in preparation of the Interim Financial Statements) may need to be changed or reversed, which could result in material change to the reported amounts. Judgements that have the most significant effect on the amounts recognised in the combined financial information and estimates that could cause a significant adjustment to the carrying amount of assets and liabilities within the next financial period include the following:

Depreciable Lives of Property, Plant and Equipment

The Group assesses the remaining useful lives of items of property, plant and equipment at least at each financial year-end. The key judgements inherent to the assessment of the remaining useful lives of the property, plant and equipment are comprised of the following:

- The expected usage of the asset whereby the usage is assessed by considering the expected capacity or output of the asset.

- The expected physical wear and tear, which will depend on the usage of the asset and the repair and maintenance programmes in place for the asset.
- The technical or commercial obsolescence arising from changes or improvements or a change in the market demand for the output of the asset.
- Legal or similar restrictions on the use of the asset.

If expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate in accordance with IAS 8 "Accounting policies, changes in accounting estimates and errors". These estimates may have a material impact on the amount of the carrying values of property, plant and equipment and on depreciation expense for the relevant period.

Impairment of Property, Plant and Equipment and Other Non-Current Assets

The Group reviews the carrying amount of property, plant and equipment and other non-current assets when events or circumstances indicate that the carrying amount may not be recoverable. If any such indication exists, the Group estimates the recoverable amount of the asset to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. The Group determines the recoverable amount as the higher of fair value less costs to sell and value-in-use. If the carrying amount is not recoverable, the Group records an impairment charge for the excess of the carrying amount over the recoverable amount of the asset (cash-generating unit). The Group determines value-in-use by discounting the estimated future cash flows to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. This process requires the use of estimates and assumptions, which are subject to a high degree of judgment.

Impairment of Restricted Cash Balances

Restricted cash represents cash balances held by the Group at a Cyprus branch of Federal Bank of the Middle East Ltd. ("**FBME**"), registered in Tanzania, whose banking license was revoked by the Central Bank of Cyprus on 21 December 2015 after investigation of the U.S. Department of the Treasury's Financial Crimes Enforcement Network into money laundering.

The relevant authorities in Cyprus and Tanzania initiated liquidation process of FBME, however, there remains legal uncertainty as to the appropriate sequence of the liquidation process that affects the timing of expected recovery of the Group's cash balances. The liquidation process, which has not yet started, could take a minimum of one to two years to complete once initiated.

The Group's management assessed a provision for impairment of other non-current assets, represented by restricted cash held with FBME, and created an allowance equal to the current fair value of the restricted cash balance to be recovered by the Group. When evaluating the adequacy of this allowance, the Group's management bases its estimates on the expected timing of the restricted cash balance recovery and estimated charges and losses which could be incurred by the Group when recovering the restricted cash. If the recovery of funds is adversely affected and the expected timing of the recovery is extended or estimated charges

and losses associated with the recovery are higher than expected, the relevant actual losses might be significantly higher than currently estimated.

As at 2017, 2018 and 2019 and 30 September 2020 the Group assessed and recognised a provision for impairment of the blocked cash balances held with FBME in the amount of RUB 471 million, RUB 629 million, RUB 550 million and RUB 735 million, respectively.

Impairment of Financial Assets

The Group is exposed to risks associated with revenue and the collection of the relevant accounts receivable as well as risks of impairment of other financial assets of the Group. The Group assesses the expected credit loss of trade and other receivables on a collective basis where they have shared credit risk characteristics and/or have been grouped based on historical experience or the sector industry global default rates, as adjusted for factors that are specific to the debtors, general and specific economic conditions and forward-looking information.

The accounting estimate related to expected credit loss is a critical accounting estimate because the underlying assumptions could potentially have a material impact on the Group's results of operations.

As at 30 September 2020 and 31 December 2019, the Group's allowance for doubtful accounts was RUB 2,143 million and RUB 1,178 million, respectively. The increase in the allowance for doubtful accounts during the nine months ended 30 September 2020 reflects the continued economic uncertainty resulting from COVID-19.

Recoverability of Deferred Tax Assets

The Group completes a detailed analysis of its deferred income tax valuation allowances on an annual basis or more frequently if the Group identifies that a revision to its estimates is necessary. In evaluating the Group's ability to realise its deferred tax assets, the management considers all available positive and negative evidence on an entity by entity basis, including past operating results and forecasts of future taxable income. In determining future taxable income, management makes assumptions to forecast operating income for each of the Group's entities, the reversal of temporary differences, and the implementation of any available and prudent tax planning strategies. These assumptions require significant judgment regarding the forecasts of the future taxable income in each entity and are consistent with the forecasts used to manage the Group's business.

Taxation Provisions

The Group completes analysis of its uncertain tax items where the liabilities remain to be agreed with tax authority on an annual basis or more frequently, if the Group identifies that a revision to its estimates is necessary. In evaluating the Group's uncertain tax items, management considers all available positive and negative information, including the latest interpretation of tax legislation regarding arrangements entered into by the Group, court practice and assessment of future regulatory developments. These assumptions require significant judgment regarding the approach to the interpretation of tax legislation.

Disclosures about Market Risk

Interest Rate Risk

Interest rate risk is the risk that movement in interest rates for borrowed funds will have an adverse effect on the Group's financial performance. In general, the Group takes a conservative approach to the use of debt leverage and tends to finance its operations and expansion primarily through internally generated funds.

Management carefully monitors changes in interest rates and takes steps to mitigate interest rate risk through careful evaluation of contractual terms for new borrowings, as well as continued improvement of its existing debt portfolio. In assessing the quality of its debt portfolio, the Group aims to maintain an appropriate mix of floating and fixed interest rate instruments, and to ensure that contractual terms for the borrowings provide for minimal or no early repayment fees, an option to negotiate a decrease in interest rates and an inability of a credit institution to unilaterally increase interest rates without prior notification and granting an early repayment option at no additional charges.

The Group is exposed to interest rate risk because entities in the Group borrow funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix of fixed and floating rate borrowings and prioritising the incurrence of fixed rates borrowings over floating rate ones.

Foreign Currency Risk

Foreign currency risk is the risk that the financial results of the Group will be adversely impacted by changes in foreign currency exchange rates to which the Group is exposed. The Group has export revenue, and purchases third-party services, which are denominated in foreign currencies. Certain receivable and payable balances, related primarily to settlements with customers and suppliers, are denominated in currencies other than the Rouble, the functional currency of DME Limited and most of the subsidiaries of the Group.

Foreign currency risk is regularly assessed and managed by the Group's corporate treasury department. The Group's foreign currency position for net current assets is evaluated daily. The consolidated foreign currency position of all of the Group's assets and liabilities is assessed quarterly. The Group mitigates potential negative impact of foreign currency exchange rate movements primarily through aiming to maintain a balanced structure of foreign currency-denominated assets and liabilities. Available cash and cash equivalents are the key instrument used by management to correct an imbalanced foreign currency position. Management also continually monitors market trends in order to appropriately adjust the Group's contractual payment terms to take advantage of favourable changes in foreign currency exchange rates. The Group does not have or use any formal arrangements (such as derivatives) to manage foreign currency risk exposure.

The following table sets out carrying amounts of the Group's foreign currency denominated monetary assets and liabilities as of 30 September 2020.

	As of 30 September 2020	
	U.S.\$	EUR
	<i>(in RUB millions)</i>	
Assets		
Cash and cash equivalents	7,781	244
Trade and other receivables	798	152
Loans issued	432	-
Short-term investments	13	-
Finance lease receivable	-	552
Restricted cash	1	2,179
Total assets	9,025	3,127
Liabilities		
Debt securities and borrowings	52,306	3,350
Trade and other payables	1,262	138
Total liabilities	53,568	3,488

Credit Risk

Credit risk is the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group does not have or use any arrangements to hedge its credit risk.

The Group's exposure to credit risk arises primarily with respect to receivables in connection with aviation, ground handling and real estate activities. Credit exposure is managed by establishing credit terms for the most significant customers, the list of which is reviewed and approved by management, and crediting only to foreign customers and most significant customers located within CIS and the Russian Federation with a proven credit history. Sales to other customers are made on a prepayment basis. According to the Group's management estimates, as of 30 September 2020, with respect to lease and advertising services credit was offered to 2 per cent. customers, while 98 per cent. of customers prepaid the lease and advertising services provided by the Group, whereas with respect to all other services (including services to airline customers) credit was offered to 90 per cent. of customers, while 10 per cent. of customers prepaid for the relevant services.

Liquidity Risk

Liquidity risk is the risk that the Group will not be able to settle all liabilities as they fall due. The Group's liquidity position is monitored and managed by the treasury department. The management of the Group controls current liquidity based on expected cash flows and revenue through establishing and maintaining a cash fund sufficient to cover the Group's contractual obligations for the period from three to twelve upcoming months. Such funds are normally kept as highly liquid short-term bank deposits, and are available on demand.

In addition, the Group is focused on maintenance of a diversified portfolio of open credit lines with reputable banks, which serve to secure for the Group a stable ad hoc borrowing capability. The Group has both interest bearing and non-interest bearing financial liabilities. The interest bearing liabilities consist of lease liability, borrowings and the debt securities.

The non-interest bearing liabilities include trade and other payables, accrued expenses and other current liabilities.

For a discussion of the critical accounting estimates and judgements, see Note 3 of the Interim Financial Statements and Note 5 of the Annual Financial Statements.

BUSINESS

Overview

The Group owns and operates DME, the second largest airport in Russia and Eastern Europe in terms of passenger traffic with an annual passenger traffic of over 25 million in the first half of 2020, according to ACI.

Located 44.6 kilometres southeast of the centre of Moscow (22.7 kilometres away from the Moscow ringway), DME served approximately 28.3 million passengers in 2019 and 12.6 million during the nine months ended 30 September 2020. As of 30 September 2020, DME served 44 airlines, including 32 foreign airlines (including 8 from the CIS states) and 12 Russian airlines. DME has a diversified Russian and international airline customer base, with two major clients, S7 and Ural Airlines, and is the base in Russia for 10 member airlines of Star Alliance and 6 member airlines of the oneworld. As of 30 September 2020, non-stop flights from DME serviced 73 domestic and international destinations, of which 12 destinations were exclusive to DME among MAH airports. As of 31 December 2019, non-stop flights from DME serviced 187 domestic and international destinations, of which 43 destinations were exclusive to DME among MAH airports. The decrease in destinations services as of 30 September 2020 as compared to 31 December 2019 was attributable to air travel restrictions imposed in response to the COVID-19 outbreak.

The Group provides a wide range of airport services, seeking to diversify sources of revenue with a particular focus on high-margin businesses and better serving the needs of its airline and other customers. The Group operates through three business segments:

- aviation services, such as the use of terminal, take-off and landing and aviation security;
- auxiliary aviation services, such as certain passenger-related services, ground handling, fuelling services, in-flight catering and cargo handling; and
- commercial services, such as retail concessions and advertising, leasing of other commercial properties and car parking.

Historically, the auxiliary aviation services segment was the largest contributor to the Group's EBITDA, whereas the commercial services segment accounted for the highest EBITDA margin. See "*Selected Consolidated Financial Information and Operating Data*" for additional information on the Group's EBITDA and EBITDA margin.

The MAH is a major international gateway to Russia and the CIS region. Moscow is one of the largest cities in the world by population and has one of the highest total passenger traffic through its airports in the world. According to the TCH, in 2019, 101.7 million passengers used MAH airports. Annual growth in air traffic in the MAH averaged 9.8 per cent. between 2000 and 2019, according to the TCH, decreasing by 52.8 per cent. in the nine months ended 30 September 2020 year-on-year as a result of the COVID-19 outbreak. According to Rosaviatsia, DME's market share of total passenger traffic in the MAH increased from 16 per cent. in 2000 to 34 per cent. in the nine months ended 30 September 2020.

The Group continues to implement the 2026 Masterplan seeking to expand DME's capacity and upgrade its infrastructure (see "*Airport Development 2026 Masterplan*" for further

details). The 2026 Masterplan includes, among other things, the construction of the New Runway 2, reconstruction of existing aprons and construction of new aprons, construction of Segment 2 of the Passenger Terminal and additions to and renovations of existing facilities. The Group estimates that, upon the completion of these plans as currently contemplated, capacity at DME can be increased from approximately 393,077 ATMs in the year ended 31 December 2019 to up to approximately 505,385 ATMs per year with the construction of the New Runway 2. For year ended 31 December 2019 and the nine months ended 30 September 2020, DME handled 207,114 and 104,896 ATMs, respectively. See *"Risk Factors— Risks Relating to the Group, the Group's Business and Industry in which It Operates — The 2026 Masterplan is critical to the Group's business strategy and the Group may not realise all of the expected benefits of the 2026 Masterplan"*.

The Company, or the Borrower, was incorporated in Cyprus on 20 January 1995. The Company's registered address is Michalaki Karaoli, 2, office 203, 1095, Nicosia, Cyprus and its registration number is HE 68181.

Impact of COVID-19

The outbreak of COVID-19 in early 2020 and the related travel restrictions introduced by governments around the globe have significantly affected the worldwide aeronautical industry, including the Group. As noted above, notwithstanding the increase in passenger traffic in January and February 2020 by approximately 15 per cent. year-on-year (reflecting general growth as well as the increased travel during January holiday season in Russia), the COVID-19 pandemic caused a significant decrease in the passenger traffic and the number of ATMs at DME in the nine months ended 30 September 2020 as compared to the nine months ended 30 September 2019.

The sharp decrease in passenger traffic has, in turn, negatively affected the Group's results of operations and performance in the nine months ended 30 September 2020 resulting, among other things, in a decrease in revenue across all of its business segments and a drop in the Group's Adjusted EBITDA which led to a significant increase in the Group's Net Debt/Adjusted EBITDA ratio. In addition, the outbreak of COVID-19 has contributed to a sharp Rouble depreciation in the nine months ended 30 September 2020 which resulted in the Group incurring a considerable net foreign exchange loss in the same period.

Promptly upon the impact of COVID-19 becoming apparent, the Group has acted to mitigate the adverse effect of the pandemic, in particular, by:

- implementing strict credit control and day-to-day monitoring of cash collections;
- suspension of substantially all non-essential capital spending (including deferring or cancelling non-critical capital expenditures which resulted in actual capital expenditure in the nine months ended 30 September 2020 being approximately 65 per cent. lower than the ones planned). The reduction in capital expenditures, however, had limited impact on the Group's development programme due to the Group passing the most active investment stage prior to the COVID-19 outbreak;
- postponing dividend payments which resulted in a 72.1 per cent. decrease in dividends paid in the nine months ended 30 September 2020 as compared to the nine months ended 30 September 2019;

- reducing operating expenses (including by granting voluntary leave and reducing working hours which resulted in a 31.6 per cent. decrease in staff costs) with the primary focus on essential spending only and increased hygiene measures. In particular, in the nine months ended 30 September 2020, the Group decreased its payroll and related charges costs by 31.6 per cent., maintenance costs by 61.6 per cent., cleaning and waste management expenses by 48.4 per cent., and transport expenses by 43.2 per cent.;
- attracting low-interest state-subsidised loans to support the Group's current liquidity (see "*Operating and Financial Review – Liquidity and Capital Resources – Debt Securities and Credit Facilities*"); and
- engaging in negotiations with (i) key suppliers and lessors to modify contractual terms (including, in order to agree deferred repayment schedules); and (ii) lenders to grant waivers in respect of certain financial covenants and agree payment deferrals. See "*Operating and Financial Review–Liquidity and Capital Resources–Amendments and waivers*". In addition, the Group negotiated the deferral of approximately RUB 99 million of rent payments under the 75-year Lease originally due in June-September 2020 to May-December 2021.

In addition to the above measures, as of 30 September 2020, the Group received a non-repayable RUB 1,157 million subsidy received from the Government under the state programme aimed at supporting Russian airports during the COVID-19 outbreak (see "*Industry Regulation–COVID-19 State Support Measures*") and, in October 2020, increased tariffs for Russian airline customers (see "*–Business Segments*").

In December 2020, the Group received a Government subsidy in the aggregate amount of RUB 180 million under Resolution No. 813 as additional compensation of certain employee and other operating expenses incurred in July 2020 (see "*Industry Regulation–COVID-19 State Support Measures*").

History and Development

The construction of DME was commissioned by resolution of the Council of Ministers of the USSR on 13 November 1954 in response to a need to handle the growth of long-distance domestic traffic in the Soviet Union. Unlike SVO, the development of which was linked to the state's military needs and VKO, which has historically been focused on servicing governmental flights, DME's development has been centred around the growth of civil aviation. Construction of DME began in January 1956. Commercial aircraft began operating at DME on 12 August 1963, and the first cargo flight departed from DME on 5 September of the same year. Passenger services from DME began on 25 March 1964 with a Tupolev Tu-104 departing from DME to Sverdlovsk (now Yekaterinburg). DME officially opened in May 1965.

A second runway, parallel to the first, was put into service in 1968. On 26 December 1975, DME was selected for the inaugural flight of Tupolev Tu-144 to Alma Ata (now Almaty) and DME hosted the first passenger flight of the aircraft on that route on 1 November 1977. DME was recognised as an international airport in 1992 by Government Order No. 1262-r of the Russian Federation and operated an international flight for the first time in 1993 on the DME-Ankara route.

Since 1998, DME has been managed by the Group, with the runways and the land beneath the airport infrastructure remaining in the control of, and the property of, the Russian Federation and a municipal entity of the Moscow Region. See "*—Airport Facilities, Real Estate and Infrastructure— Real Estate*" below. The Group was organised in 1993 as a freight business operating at DME, leasing cargo aircraft from Domodedovo Civil Aviation Enterprise, the state-owned entity then managing DME. At a time where the state did not have adequate funds to invest in DME, in 1997 the Group, through a series of joint ventures, made substantial investments in the reconstruction of DME's infrastructure and acquired the lease under 75-year Lease in 1998. The Group has since been investing heavily in the renovation and expansion of the airport, which the Group believes has been a key contributor to DME's ability to increase its traffic levels over the past two decades. Government financing for the runways and the Government's investment in DME's connecting infrastructure has also contributed to DME's development. In 1995, DME opened its international air cargo facilities and an extensive refurbishment the Passenger Terminal followed from 1999 to 2003. The Aeroexpress rail link opened in 2002, making DME more accessible to passengers travelling from the centre of Moscow. Improvements comprising of the reconstruction of Runway 1 that commenced in 2001 and the installation of new radio navigation and lighting equipment at the Existing Runway 2 in 2002 and 2003 allowed both runways to be certified to meet Category IIIA specifications of the International Civil Aviation Organisation ("**ICAO**") in 2007 and 2005, respectively. These developments and investments contributed to DME surpassing the other airports in the MAH in terms of passenger traffic in 2005. In 2009, DME became the first airport in Russia certified to service the Airbus A380 aircraft, and in 2012, the first airport in Russia to handle regular flights operated by Emirates on the Airbus A380 aircraft, Singapore Airlines on Airbus A350 aircraft and by Japan Airlines (JAL) on the Boeing 787 aircraft.

In 2014, DME commenced reconstruction of the existing part of the Passenger Terminal (Segment 1) in order to expand its total area which, following the completion of the works, reached 186,059 sq. m. In the same year, the Russian Government commenced construction works to build New Runway 2. In 2015, DME commenced construction of the new segment of Passenger Terminal (Segment 2) for purposes of international flights.

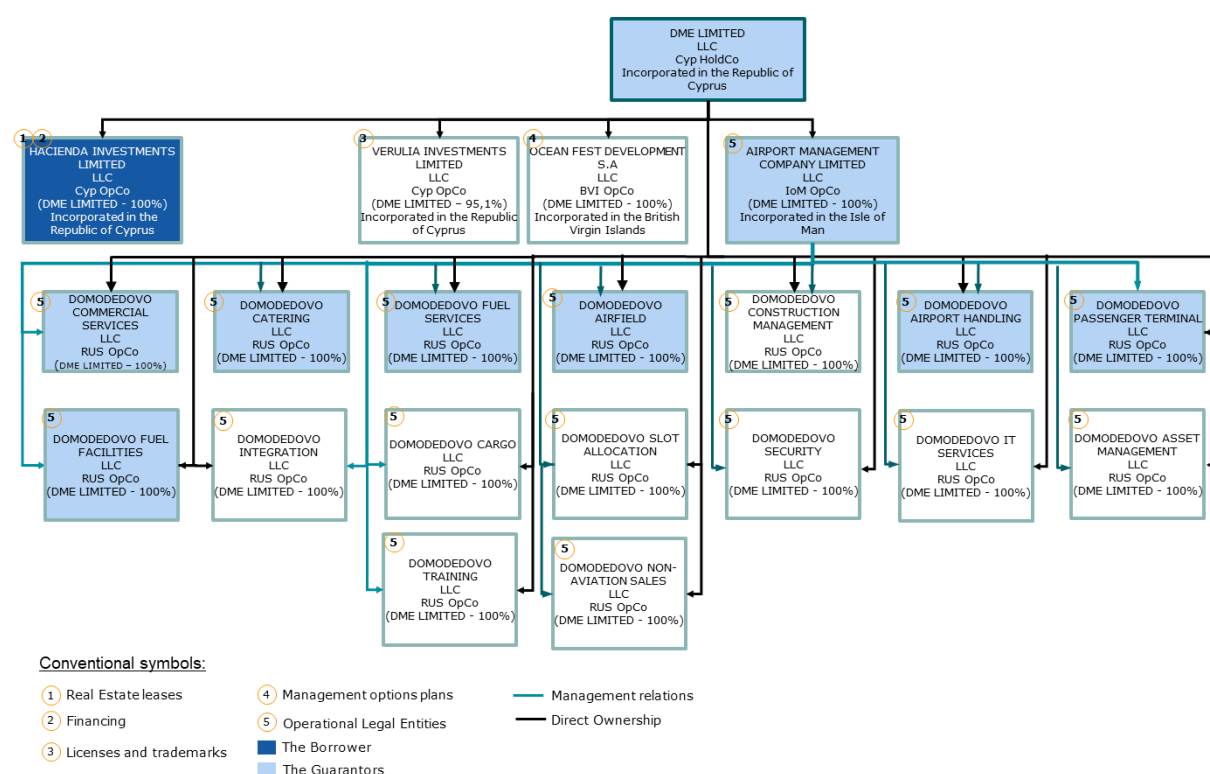
In 2017-2018, in anticipation of the 2018 FIFA World Cup in Russia, further expansion and development works at DME were completed. In 2017, the reconstruction of an Aeroexpress rail platform adapted for double-deck trains was completed and, in 2018, a new multilevel parking with the capacity of approximately 1,500 cars was commissioned. In advance of the FIFA World Cup, which Russia hosted in June-July 2018, the Group completed the key construction works in respect of Segment 2 of the Passenger Terminal. Although the construction of the New Runway 2 has not been completed by then (see "*—Airport Development 2026 Masterplan*"), the Group did operate a portion of Segment 2 of the Passenger Terminal during the 2018 FIFA World Cup to facilitate and expedite the servicing of passengers.

In 2019, opened a drop-off zone in front of the Passenger Terminal with the total capacity of 28 thousand cars per day. DME also became the first airport in Russia to start accepting electronic boarding passes the same year.

Organisational Structure

The Group operates through a number of subsidiaries, which provide certain services for its business and hold licences material to the Group's operations. In February 1999, in

accordance with the decision of the shareholders of the Group's operating companies, Airport Management Company Limited ("AMC"), was designated the sole executive body for the Russian operating companies of the Group. In this capacity, AMC manages the operations of all Russian companies in the Group from its office at DME. Management services agreements were concluded between AMC and each of the Russian operating companies pursuant to which AMC appoints managing directors for each of the Group's principal businesses, who manage their day-to-day operations. AMC is also responsible for financial management, budgeting and management of legal, accounting, IFRS reporting and audit functions. For more information on the Group structure and the Group's subsidiaries, see "Additional Information".



Strengths

The Group benefits from the following key strengths:

Large European Market with Strong Growth Potential

The Russian air travel market benefits from a significant population with an increasing propensity to fly and a growing domestic market due to long distances between Russian cities, making air travel an increasingly competitive mode of domestic transport. With a population of approximately 17.1 million people, Moscow and its suburbs constitute the largest metropolitan area in Europe, and the MAH is the third largest European hub with the air traffic of 101.7 million passengers in 2019 (with London, Paris, Amsterdam and Frankfurt making up the rest of top-5 European hubs, with 179 million passengers, 108 million passengers, 72 million passengers, and 71 million passengers, respectively), according to Rosaviatsia, ACI Europe and the TCH, and accounts for 69 per cent. of passenger traffic in Russia, according to the TCH. The combination of the Moscow region being the major international gateway to Russia and the CIS and it accounting for a higher than average

income per capita as compared to the rest of Russia makes the Moscow region well-positioned as a large and growing market for air travel.

The Group's strategy is based on the expectation that an increasing propensity of Russians to fly, the economic pre-eminence of the Moscow area in the CIS and the dominant position of Moscow in trade and travel in Russia is expected to lead to further passenger traffic growth in Russia and the MAH in particular. Whilst the COVID-19 pandemic is having a significant impact on passenger traffic globally, once the benefits of air travel and connectivity have been restored, the Group's management believes that DME will be well-positioned to capture passenger traffic growth for the reasons described in "*Second Largest Airport in Russia and Eastern Europe Operating in an Industry with High Entry Barriers*" below.

Second Largest Airport in Russia and Eastern Europe Operating in an Industry with High Entry Barriers

DME is a key hub and the second largest airport in Russia and Eastern Europe by volume of passenger traffic, handling approximately 12.6 million passengers in the nine months ended 30 September 2020, approximately 28.3 million passengers in 2019 approximately 29.4 million passengers in 2018 and approximately 30.7 million passengers in 2017, according to the TCH. DME's position as the second largest airport in Russia and Eastern Europe, underpins its status as a critical infrastructure asset for the transportation system of the Russian federation as well as the neighbouring regions.

The table below sets out DME's share of air passenger traffic in the MAH (both international and domestic) in 2017, 2018, 2019 and the nine months ended 30 September 2020:

	Year ended 31 December			Nine months ended
	2017	2018	2019	30 September 2020
	%			
DME's share of air passenger traffic in the MAH, including:	34.7	30.6	27.8	34.0
- share in domestic passenger traffic.	36.6	31.8	31.4	37.7
- share in international passenger traffic	32.5	29.2	24.0	24.0

Source: TCH.

According to Rosaviatsia data, from 2000-2019, the Group demonstrated the highest CAGR in passenger traffic among the MAH airports of 13.0 per cent. compared to 8.4 per cent. by SVO and 10.7 per cent. by VKO. According to Rosaviatsia data, the Group increased its share in the MAH passenger traffic from 16 per cent. in 2000 to 34 per cent. in the nine months ended 30 September 2020.

The Group also believes that DME is well positioned to capture the expected incremental future growth in some of the most attractive segments of traffic such as transfer and international traffic, taking advantage of the following factors: (i) a single terminal layout, (ii) high runway capacity and further growth potential and (iii) the preferred airport in Moscow for a number of foreign airlines which represent two of the three global airline alliances, namely the oneworld and Star Alliance.

Furthermore, the scale of infrastructure and geographical requirements necessary to develop a competing airport provide for very high barriers to entry. These barriers to entry are even more marked for hub airports such as DME making them less exposed to competition from smaller players.

Attractive Location, Well-Invested Asset Infrastructure and Unmatched Expansion Potential

DME's location outside Moscow provides an attractive location for development, by allowing for limited environmental impact of airport operations and featuring low population density in the immediate surrounding area. DME has a single Passenger Terminal building that is located and configured in a manner that allows phased development. The location of the Passenger Terminal between the runways expedites transfer of passengers, expanding DME's potential as a transit hub. In addition, the design and positioning of the DME terminal allows for modular capacity expansion.

DME is one of the two MAH airports with two parallel runways configured to permit simultaneous, independent operation. According to the Group's management, this, together with high speed taxiways and a sufficient number of parking slots, provides DME with the second highest potential runway capacity among MAH airports (expected to return to 90 ATMs per hour following the completion of the construction of the New Runway 2) as compared to SVO (110 ATMs per hour) and VKO (68 ATMs per hour), based on the IATA data. As a result of the implementation of a new flight structure in the Moscow aviation zone in December 2020 (which is intended, among others, to decrease the airborne time at take-off and landing and to increase the maximum number of ATMs) and following the construction of the New Runway 2 at DME, the Group expects DME to regain its position as one of the two leading MAH airports in terms of runway capacity. (see "*— Airport Facilities, Real Estate and Infrastructure—Runways*").

Both of DME's runways are certified to meet ICAO Category IIIA specifications, qualifying the airport for landing operations under adverse weather conditions. In addition, unlike VKO, which currently may not service ATMs from 3:00 a.m. to 6:00 a.m., DME does not have restrictions on night flights. In addition, unlike SVO and VKO which are restricted in terms of expanding their runway capacity by limited hinterlands and the immediate proximity of residential areas, DME's location and existing hinterland capacities allow the construction of up to 8 runways (see "*—Competition*").

DME benefits from well-invested airport infrastructure which few airports in Russia and CIS can match. From 2000 to 2020, overall investments in the development of DME reached RUB 141 billion, of which the Group's shareholder invested RUB 116 billion with the remaining RUB 25 billion having been invested by the Russian Government. Furthermore, DME has potential for significant expansion and development, both for (i) additional runways, as well as for expansion of the Passenger Terminal and air traffic support capacity and (ii) related property and commercial development. DME's expansion goals include increasing the Passenger Terminal capacity to approximately 10,500 passengers per hour by 2023, as compared to 7,000 passengers per hour as of 30 September 2020, and the total area of Passenger Terminal to reach approximately 485,000 sq. m. by 2023, as compared to the total Passenger Terminal area under operation of 197,000 sq. m. as of 30 September 2020. See "*—Airport Facilities, Real Estate and Infrastructure— Passenger Terminal*".

Unique Integrated Business Model Benefitting from a Variety of Revenue Sources and Consistently Delivering Operational Excellence

The Group has a highly integrated operating model with a diverse product offering for both its airline and non-airline customers. The Group believes that it offers a breadth of services to its airline customers that few other airports in Russia can match. The Group essentially offers a "one-stop-shop" for airlines, covering a wide range of their needs relating to aviation services (terminal, take-off and landing services and security), auxiliary aviation services (including ground handling of passengers and aircraft, in-flight catering, fuelling services and storage, and cargo and mail handling) and other services for its non-airline customers (for example, offering commercial space and parking for passengers) with a particular focus on high-margin business. The Group also strives to offer its airline customers unique tailored solutions through DCS, a centralised contact point for airline customers, a strategy which the Group believes has been instrumental in its ability to retain and attract airline customers.

In addition, DME traditionally earns income from a variety of sources (including aviation services, auxiliary aviation services and commercial services) which allows it to be less exposed to risks inherent in purely monoline businesses. In addition, a significant portion of the Group's customer base originates outside of Russia, therefore reducing the exposure to the local economy.

DME has historically focused on maintaining highest level of services which has been recognised by a number of industry certifications and ratings, including an ISO 9001-2000 certification which was first obtained in 2003 and an award as the "best airport of the CIS countries" from the Airport Association of CIS Civil Aviation in 2008. In 2010, DME was also named "best airport in Eastern Europe" by SKYTRAX and was assigned a "platinum" status from IATA. In June 2010, DME was the first airport in Russia to receive the IATA Safety Audit for Ground Operations Certification (ISAGO), a global audit programme for ground handling companies at an airport. In 2015, DME was named "best airport in Russia and the CIS" at World Airport Awards (Skytrax) and received a special award from passengers as the best airport in the MAH at the "Air Gateway to Russia" awards. In 2017, DME was named "2016 airport of the year" by Wings of Russia and "best airport in 2016" by the Air Gates of Russia. In April 2020, Forbes ranked DME as a top-3 most comfortable airport in Russia and, in November 2020, DME successfully completed a safety audit and its ISAGO certification was reconfirmed.

Diversified and High Quality Airline Customer Mix

The Group has a diversified airline customer base among the MAH airports and hosts a variety of leading Russian (including two out of the four largest airlines in Russia: S7 and Ural Airlines) and international carriers (including British Airways, Eithad Airways, Emirates, Lufthansa, Singapore Airlines, Swiss Air, Qatar Airways and others) with S7 being the Group's major client. The Group services all types of airlines, from budget to full-service airlines with a particular focus on top rated international carriers.

DME serves the largest number of airlines on the second most extensive route network in the MAH. The table below sets out number of airline customers of and routes serviced by DME, SVO and VKO as of 30 September 2020 and 31 December 2019:

	DME	SVO	VKO
<i>As of 30 September 2020</i>			
Airline customers.....	44	37	28
Routes serviced	73	76	66
<i>As of 31 December 2019</i>			
Airline customers.....	45	37	28
Routes serviced	187	221	167

Source: Group data; publicly available data of SVO and VKO.

DME also serves two global airline alliances (10 members of Star Alliance and 6 members of oneworld alliance currently operate at DME), with scope for future migration of alliance partners not currently using DME. Moreover, S7 (which is a member of oneworld) continues to consolidate its strong position in the Russian aviation market and expand internationally through operational agreements with other oneworld airlines.

According to the Group's reports, Rosaviatsia data and publicly available data of SVO and VKO, in 2019, the share of the Group's top-3 clients by passenger traffic volume amounted to 65.4 per cent. compared to 89.5 per cent. by SVO and 70.3 per cent. by VKO. The Group services the highest number of top-20 airlines among MAH airports (9 at DME as compared to 4 at SVO and none at VKO). The Group also believes that it has significantly less airline customer concentration with S7, as compared to SVO and VKO, of total scheduled seats for the same period, based on quarterly reports of the relevant airlines.

Stronger Resilience of Operations During COVID-19 Downturn Compared to Peers

While the Group implemented a number of measures to mitigate the adverse effect of the COVID-19 pandemic on its financial position (see "*Impact of COVID-19*"), the Group has sought to limit its operational capacities to the minimum extent. In addition, the Group has historically benefited from a diversified portfolio of international and domestic routes, which underpins the Group's operations during the COVID-19 outbreak and is expected to support the further recovery and contribute to growth going forward. Greater focus on domestic routes during the period when international travel was banned, allowed DME to:

- maintain greater operational resilience against the backdrop of COVID-19 pandemic as compared to its peers which, according to ACI, as exhibited by DME experiencing, in the first half of 2020, the lowest drop in passenger traffic amongst the airports servicing 25 million passengers per year and DME becoming the busiest European airport in June 2020; and
- increase its share of air passenger traffic in the MAH in the nine months ended 30 September 2020 (from 27.8 per cent. for the year ended 31 December 2019 to 34.0 per cent. for the nine months ended 30 September 2020).

In addition, despite the impact of COVID-19 which resulted in the Group incurring a net loss for the nine months ended 30 September 2020, the Group managed to sustain the profitability of its operations with Adjusted EBITDA margin for the nine months ended 30 September 2020 and 2019 being 37.7 per cent. and 37.3 per cent., respectively.

Furthermore, as the Group passed the most intensive investment phase from 2016-2019, this provides the Group with additional capital flexibility during the COVID-19 pandemic as compared to the peers who are currently undergoing a more active investment phase.

Management Team with a Strong Track Record

The Group has a strong, dynamic and experienced management team with the key members of the Group's senior management team having an average experience in the Russian aviation sector of over 10 years. The management team has overseen the transformation of DME which has led to extensive growth over the past decade, during which they have covered not only day-to-day management of operations but also construction and expansion of airport facilities, enabling DME to strengthen its position as one of the largest airports in Moscow, the CIS and Eastern Europe by volume of passenger traffic.

Solid Financial Position and Conservative Financial Policy

According to the Group's management, the Group has historically maintained a conservative debt policy which enables it to meet its obligations in a timely and comfortable fashion. While the Group has experienced a significant increase in the leverage levels since the onset of the COVID-19 pandemic (which was primarily attributable to the decrease in the Group's revenue due to travel restrictions), prior to 2020, the Group had consistently maintained its ratio of Net Debt to Adjusted EBITDA and Net Debt to LTM Adjusted EBITDA below 4.0, which is the current leverage ratio threshold under 2021 LPNs and 2023 LPNs (which provide for the incurrence-based financial indebtedness covenant) and some of the Group's credit facilities (which provide for the maintenance-based financial indebtedness covenant).

The Group's Net Debt to Adjusted EBITDA (as of 31 December 2017, 2018 and 2019) and Net Debt to LTM Adjusted EBITDA (as of 30 September 2019) were 2.5, 3.8, 3.9 and 3.9 as of 31 December 2017, 2018 and 2019 and 30 September 2019, respectively. The Group had a Total Debt to Equity ratio of 0.9, 1.4 and 1.3 as of 31 December 2017, 2018 and 2019, respectively, supported by strong free cash flow generation and focus on higher-margin services. See *"Selected Consolidated Financial Information and Operating Data – Alternative Performance Measures"* for information on ratios calculation and *"Risk Factors—Risks Relating to the Group, the Group's Business and Industry in which It Operates—The COVID-19 pandemic and measures to reduce the number of cases have had, and will likely continue to have, a material adverse impact on the Group's business, financial condition, results of operations and/or prospects"*.

To ensure an adequate liquidity cushion, the Group endeavours to maintain cash and cash equivalents balances in an amount sufficient to cover its contractual payables for the next three to twelve months. In addition, the Group seeks to maintain unutilised credit limits and overdraft credit facilities with reputable banks that can be used in the event of additional unforeseen liquidity requirements.

Strategy

The Group's goal is to maintain DME's position as one of the largest airports in Russia and Eastern Europe and continue business expansion while keeping a prudent capital structure and conservative debt policy, maintaining a strong balance sheet and robust cash flow generation. The Group seeks to achieve this goal by pursuing the following strategies:

Maintain Resilience against the Backdrop of COVID-19

As noted in "*Overview–Impact of COVID-19*", at the onset of the pandemic, the Group acted early to mitigate the adverse effect of COVID-19. The Group seeks to maintain a flexible business model to ensure resilience and to allow the Group take prompt action to respond to the challenges of the COVID-19 downturn. Currently, the Group's key focus is to maintain the sustainability of its operations despite the continuing travel restrictions and uncertainties caused by COVID-19 and restore passenger confidence in air travel by offering top-quality service with a particular focus on hygiene and health security with a view to achieve future growth.

Increase Operational Capacity

The Group will seek to sustain its leading market positions and increase its operational capacity through continuing development of airport infrastructure, allowing DME to capture the benefits of a potential increase in passenger traffic, maximising convenience of travel to and from DME and continuing its focus on its airline customers' needs.

The Group's 2026 Masterplan envisages the increase of the Passenger Terminal capacity to up to 55.0 million passengers per annum by 2022 following the completion of construction (i) by the Russian Government of the New Runway 2, and (ii) of Segment 2 of the Passenger Terminal (the key construction works in respect of which were completed with the remaining fit out and equipment works expected to be ongoing until the commissioning of the terminal) which is expected to add a total of 235,000 sq. m. of new Passenger Terminal area by the end of 2022, as well as increasing cargo terminal capacity to 292,000 tonnes per year. See "*Airport Development 2026 Masterplan*" below.

The Group will seek to increase transfer traffic by assisting airlines in developing route networks and technologies to service transfer flights, developing airport route networks through marketing and promotion of new routes to airlines, and developing transfer services technology at the airport to reduce passenger connecting times for both domestic and international flights. The Group will seek to enhance convenience of travel to and from DME by working with the relevant parties and implementing required solutions.

Further Develop the Group's Integrated Business Model

The Group intends to enhance its integrated business model and "one-stop-shop" airline services concept by offering flexible service solutions across the entire service spectrum from core aviation-only services to packaged solutions offering a full spectrum of aviation and non-aviation services (including, leasing of office space at DME) to facilitate airline operations and increase customer satisfaction.

The Group strives to secure DME's position as the hub of choice for its customers by working with airline partners to ensure provision of a diversified route network, whilst maintaining operational flexibility and resilience. The Group is also working with all of its partners to ensure passengers have a safe and seamless experience when flying through DME to maintain confidence.

The Group also plans to continue encouraging partners to develop their own businesses at DME by offering attractive and flexible terms and diversifying its sources of revenue, including by developing non-aviation catering services and online training programmes.

Seek to Realise Revenue Growth Potential from Non-Aeronautical Services

The Group seeks to increase the share of its revenue derived from non-aeronautical services through expanding retail concession areas in Segment 1 of the Passenger Terminal and adding extra capacity of approximately 60,698 sq. m. of concession areas following the completion of construction of Segment 2 of the Passenger Terminal.

In addition, as part of its 2026 Masterplan, the Group intends to provide land plots to private third-party investors to develop the airport complex territory with projects such as "DME Aerotropolis". The first phase of "DME Aerotropolis", which is currently expected to be completed by 2025, includes, among others, construction of (i) an industrial park with a projected area of 244,000 sq. m., (ii) trading and parking units (in Churilkovo and Lovtsovo) with a projected total area of 98,300 sq. m., (iii) a hotel recreational centre with a projected area of 118,000 sq. m., (iv) hotel units (in Churilkovo and Lovtsovo) with a projected total area of 191,000 sq. m., (v) an exposition village with a projected area of 120,000 sq. m., (vi) an agricultural unit with a projected area of 100,000 sq. m., (vii) a multifunctional business unit with a projected area of 115,000 sq. m. and (viii) a distribution centre in Kolychevo with a projected area of 40,000 sq. m.

Enhance Operational Efficiency and Increase the Level of Digitalisation

The Group intends to enhance its operational efficiency by improving its technological processes and generating a more thorough process-based approach to business management. The Group focuses on increasing the overall level of automation across the entire spectrum of business processes and optimisation of various airport operations. In particular, the Group is developing an Airport Operations Control Centre (AOCC) based on the Airport Collaborative Decision Making (A-CDM) concept that will include all its aviation partners in a full-scale continuous joint decision-making process. As the next step, the Group intends to develop the Total Airport Management (TAM) concept by developing an enhanced AOCC extending its control functions to landside operations. In addition, the Group is developing a number of additional automated systems and processes to increase its operational efficiency, including an automatic mechanism for synchronising flight data (Airport-ATC), systems for forecasting and calculating of the variable taxi time (VTT) of flights and the aircraft de-icing process planning systems.

Furthermore, one of the Group's priorities is to strengthen security systems through utilisation of advanced and automated technological systems. The Group also intends to continue focusing on minimising the adverse impact of airport operations on the environment and on the population of the areas near DME. See "— *Environmental Matters*".

To ensure higher operational efficiency, the Group intends to focus on further automation and digitalisation of various business processes and services offered which is expected to increase the quality of customer service and allow to replace the redundant positions and optimise the operational costs. In particular, in December 2017, DME launched a new mobile application with an updated interface which allowed users, among other things, to pay parking fees online. In 2019, DME became the first airport in Russia to start accepting electronic boarding passes. By 2022, the Group expects to introduce DME Marketplace to enhance the online offering of products and services of DME and its partners. The Group also intends to further develop its mobile application interface (including by adding special feedback features, loyalty programmes and trip planning solutions) and introduce chat-bots for parking and other services offered by the Group. In addition, the Group intends to introduce an electronic

platform for client interaction and implement a dedicated customer relationship management system to streamline engagement with key customers and standardise contractual conditions to improve transparency in customer relationship.

Focus on Enhancing Sustainability and Building up DME's Brand

The Group seeks to ensure sustainable growth of DME through a combination of infrastructure expansion and upgrade as well as attracting and retaining of qualified and talented personnel (including, through personnel trainings, results-oriented incentivisation schemes and personnel bonus programmes) both of which are expected to contribute to building up DME's brand. The Group's management believes that strong brand would increase trust and customer confidence and would help mitigating the long-term growth risk.

In addition, as part of the overall sustainability strategy, the Group puts particular focus on environmental compliance and reducing the impact of its operations on the environment. To that effect the Group's strategy involves a number of infrastructure upgrades, including the construction of local waste and water treatment facilities, and building de-icing stands and facilities for treatment and disposal of used de-icing fluids. See "*— Environmental Matters*".

Airport Facilities, Real Estate and Infrastructure

DME's airport facilities include two independent parallel runways, a single Passenger Terminal building for domestic and international flights designed to minimise connection time for passengers and well-developed connecting infrastructure. DME also operates an extensive 13,400 sq. m. cargo storage facility, a cargo clients building, an aircraft maintenance hangar, fuelling, fuel storage and in-flight catering facilities, office and other buildings, utilities infrastructure and car parking.

Runways

DME's two parallel runways are positioned to allow independent take-off operations on each runway. Prior to the reconstruction of the Existing Runway 2 as part of the construction of the New Runway 2, DME had a runway capacity of 90 ATMs per hour which was the highest among the MAH airports. As a result of the reconstruction of the Existing Runway 2, DME's runway capacity decreased to 70 ATMs per hour pending the commissioning of the New Runway 2. As a result, following the commissioning of the New Runway 2 which is expected to result in DME's runway capacity returning to 90 ATMs per hour, DME's runway capacity would become equivalent to that of SVO and DME would become one of the two MAH airports with the highest ATM capacity. See "*— Competition*" below for more information on SVO's, VKO's and ZIA's respective airfield infrastructure. DME's Runway 1 is 3,500 metres long and the Existing Runway 2 is 2,370 metres long. As mentioned above, the Russian Government is constructing the New Runway 2 which is expected to be 3,800 metres long and is expected to be completed in 2021 together with the front-end taxiways and apron infrastructure with the remainder of taxiways and de-icing stands expected to be completed in 2022.

As a result of the implementation of a new flight structure in the Moscow aviation zone in December 2020 (which is intended, among others, to decrease the airborne time at take-off and landing and to increase the maximum number of ATMs) and following the construction of the New Runway 2 at DME, the Group expects DME to regain its position as one of the two leading MAH airports in terms of runway capacity. See "*Risk Factors— Risks Relating to*

the Group, the Group's Business and Industry in which It Operates —The ability of the Group to increase DME's air traffic capacity and to implement the 2026 Masterplan depends on a number of factors, including the performance of third-party contractors, some of which are beyond the Group's control".

In 2001, the Group started the reconstruction of Runway 1 and the Existing Runway 2 (built in 1962 and 1968, respectively), with more funds invested in the reconstruction of Runway 1. During the first phase of the project, in 2002, new radio navigation and lighting equipment was installed at the Existing Runway 2, and this runway was certified to meet ICAO Category IIIA specifications, qualifying it for landing operations under adverse weather conditions. Although the top pavement layer of the Existing Runway 2 was repaired in 1981 and the Existing Runway 2 was refurbished in 2002- 2003 and certified as a Category IIIA ICAO runway, it has not been reconstructed or repaved since it was built in 1968, which is the main reason for the construction of the New Runway 2. During this period the main taxiway for Runway 1 was also re-equipped and certified as a temporary runway, which allowed DME to maintain the required handling capacity during the later reconstruction of Runway 1. The second phase of the project involved the reconstruction of Runway 1 and upgrading of the taxiways, as a result of which Runway 1 was certified to meet ICAO Category IIIA specifications. The configuration and the technologies used on Runway 1 allow an aircraft after landing to leave the runway and take the exit curve of the taxiway at a speed of up to 93 kilometres per hour on a wet surface. This minimises the time an aircraft remains on the runway, allowing for greater throughput capacity.

These improvements to Runway 1 and the upgrading of its taxiways allowed DME to significantly increase the runway capacity (which was 36 ATMs per hour at peak levels prior to the reconstruction). Over the period of the reconstruction, the Group worked in collaboration with the MATCC and the State Scientific Research Institute of Air Navigation to update and increase the efficiency of organisation of air traffic, navigation equipment at DME and Runway 1 and its high-speed exit and main taxiways. The overall capital expenditure for the reconstruction of the Runway 1 is approximately RUB 13.4 billion, of which the remaining capital expenditure is approximately RUB 0.7 billion. According to the Group's estimates, the reconstruction of Runway 1 is about 95 per cent. completed.

The commissioning of the New Runway 2 was initially scheduled for 2016 but due to a combination of factors (including complex technical terms, geological environment and adverse market conditions in 2014 and 2015 affecting the financial condition of the contractors generally as well as the insolvency of one of the Group's main contractors constructing the new runway) has been postponed and is now expected to be commissioned in 2022. As of the date of these Listing Particulars, the Group believes that the existing runway capacity is sufficient to service the current passenger traffic. Upon commissioning of the new runway, the Existing Runway 2 will be re-equipped into a major taxiway, which DME expects would reduce its operating expenses as the maintenance costs of the new runway will be lower than for the Existing Runway 2.

The Group may also consider the construction of Runway 3 if the passenger traffic at DME reaches 50-55 million passengers per year. As of the date of these Listing Particulars, the construction of Runway 3 and the related capital expenditures are not included in the 2026 Masterplan. DME believes that, if constructed, Runway 3 may increase DME's aggregate runway capacity to 135 ATMs per hour.

Passenger Terminal

The Passenger Terminal is located between DME's two runways. Its single area design allows for efficiency and flexibility in terms of servicing transfer traffic. The peer-finger design of the Passenger Terminal allows for short connection times, a pre-requisite for the development of transfer traffic and throughput, and phased expansion. As of the date of these Listing Particulars, the Passenger Terminal consists of two segments: the existing Segment 1 and Segment 2, in respect of which the key construction works have been completed (with the remaining fit out and equipment works expected to be ongoing until the commissioning of the terminal), but which has not yet been put into operation.

Segment 1 of the Passenger Terminal was built in accordance with IATA Category C classifications and has been certified ISO-9001:2000 since 2003. Segment 1 of the Passenger Terminal benefits from a certification from the Transportation Security Administration enabling check-in of U.S.-bound flights without further screening.

Segment 1 of the Passenger Terminal offers a wide range of services to passengers, including shops, bars and restaurants. Segment 1 of the Passenger Terminal has ten business class departure lounges, five of which are maintained by individual international and domestic airlines and another five are operated by DME, and a VIP lounge, staffed with Group's personnel available to international and domestic airline customers. The lounges typically include such amenities as Wi-Fi Internet access, food and drink, showers, cloakrooms and massage chairs.

As of 30 September 2020, Segment 1 of the Passenger Terminal comprised approximately 197,000 sq. m. of gross floor area and had 156 check-in counters (including 16 self-service check-in counters), 25 jet bridges and 22 contact stands with air-jetty access directly from Segment 1. As of 30 September 2020, the Group estimated Segment 1 capacity to be approximately 7,000 passengers per hour.

Segment 1 of the Passenger Terminal is currently undergoing reconstruction which commenced in 2014 and is scheduled to be completed in 2025 (see "*Airport Development 2026 Masterplan — Key Expansion and Improvement Projects in the 2026 Masterplan — Terminal Expansion*"). It is expected that after the reconstruction is completed, total area of Segment 1 will be increased to 250,000 sq. m. with 154 check-in counters (including 16 self-service check-in counters), 25 jet bridges and 22 contact stands with air-jetty access. Following the completion of the reconstruction of Segment 1, the Group expects its capacity to remain unchanged.

In 2015, DME commenced the construction of a new segment (Segment 2) of the Passenger Terminal to service international flights. Prior to the 2018 FIFA World Cup, the Group temporarily put into operation a portion of Segment 2 infrastructure to take the benefit of additional capacities, however, due to the New Runway 2 still being under construction, Segment 2 of the Passenger Terminal has not been fully commissioned.

As of 30 September 2020, the key construction works in respect of Segment 2 were completed with the remaining fit out and equipment works expected to be ongoing until the commissioning of the terminal. Segment 2 is expected to be commissioned in 2022 which would add approximately 235,000 sq. m. of terminal space and would bring the total area of the Passenger Terminal to 485,000 sq. m. It is expected that, upon commissioning, Segment 2 would comprise 100 check-in counters (including 12 self-service check-in counters), 18 jet

bridges and 12 contact stands. Following the commissioning, the Group intends to continue the upgrade and modernisation works in relation to Segment 2. The scope and timing of such works would depend on a number of factors, including the Group's needs and the state of the air travel market, however, the Group currently endeavours to complete some of these works by 2025.

Airfield

DME serves the majority of types of domestic and international civil aircraft. DME is certified to receive and service more types of aircraft than any other airport in Russia. In addition, DME was the first airport in Russia, which was not only certified to receive and service the world's largest passenger airliner, the Airbus 380, but also to handle regular daily flights operated by Emirates Airlines on aircraft of this type. The airport apron is designed to park various types of aircraft, from Falcone 90 business aircraft to large passenger and cargo jets such as the Airbus A380, Airbus A350, Antonov 124, An-124 Ruslan and Boeing 747. As of 30 September 2020, DME had 124 aircraft parking stands, including 22 contact stands with air-jetty access directly from Segment 1 of the Passenger Terminal, in addition to 102 remote aircraft parking stands where aircraft are served by bus operations from and to Segment 1.

DME maintains the airfield's pavements and lighting facilities, provides ground rescue and firefighting services, as well as ornithological security for the safe take-off and landing of aircraft. Air traffic control is provided by the MATCC, which is responsible for air traffic control in the MAH airports. The air traffic control system is owned by the Russian Federation, and the Group maintains some of the supporting air navigation equipment, including radio equipment, means of airborne communications and aeronautical fixed telecommunications, as well as emergency alert systems.

Real Estate

General

9,712.8 hectares of land adjacent to or close to the airport complex territory have been allocated for airport development by a decree issued by the Moscow Region government. As of 30 September 2020, 2,832.6 hectares of this land were owned by the Group, which according to the Group's management estimates, as of the date of these Listing Particulars, would be sufficient for implementing the 2026 Masterplan. The occupied land plots are located away from major housing areas and industrial zones and are suitable for commercial development. See "*Airport Development 2026 Masterplan*" below for more information on the Group's current expansion plans for DME. In addition to the above 2,832.6 hectares of land, the Group leases approximately 1,273 hectares of land underneath the airport complex as discussed in more detail below.

The Group owns the buildings and facilities in the airport territory complex, which include the Passenger Terminal, cargo terminal, in-flight catering facility, office buildings, as well as warehouse facilities, hangars and garages, parking and aircraft hydrant fuelling system and utilities infrastructure (aircraft fuel storage tanks, boiler units, electricity transformer units, water- pumping stations, etc.).

75-year Lease

The runways, aprons, aircraft parking space, taxi strips, radio beacons and transformer substations belong to the Russian Federation and have been leased to the Group by the Federal State Unitary Enterprise "Administration of Civil Airports (Airfields)" (and its predecessor – Federal State Unitary Enterprise "Administration of Domodedovo Airport") under the 75-year Lease since 13 May 1998. In 2019, the rent amount under the 75-year Lease rent was revised in line with the methodology adopted by the Russian Government in late December 2017 which provides that the rent amount is determined on the basis of a formula which is linked primarily to the passenger traffic and/or the amount of cargo serviced, subject to a minimum annual payment of RUB 1.5 million. Accordingly, as of the date of these Listing Particulars, rent under the 75-year Lease is RUB 307 million (including VAT) per year and is expected to be reduced to RUB 297.5 million (including VAT) per year with effect from March 2021. The terms of the 75-year Lease are subject to an annual review.

49-year Lease

Since 25 May 1998, the Group has also leased under the 49-year Lease from a municipal entity of the Moscow Region the land underneath the runways, aprons, parking space, taxi strips, the Passenger Terminal and other airfield infrastructure facilities, which represents an area of approximately 1,159 hectares. In 2012, the supplementary agreement No. 11 to the 49-year Lease dated 7 March 2012 was signed reflecting the transfer of title to the leased land, whereupon the State Property Management Agency acts as the owner of the federal lands and the Domodedovo Property Management Committee acts as the owner of municipal lands. As of the date of these Listing Particulars, the 49-year Lease comprises two agreements: one with Rosaviatsia and the other one with the State Property Management Agency and the Domodedovo Property Management Committee. The rent amount under the 49-year Lease is set out in respective decrees and is adjusted from time to time. As of the date of these Listing Particulars, the overall rent under the 49-year Lease is RUB 28.5 million per year.

Transportation Links to and from DME

Multiple ground transport links provide access to DME for passengers, cargo transporters and airport personnel:

- The key transportation link between DME and Moscow is A-105 highway that begins on the Moscow ringway and ends at DME and has from two to four lanes in each direction. The junction between Kashirskoe highway and the Moscow ringway has been renovated in 2016 which resulted in new access and exit ways being added. A-105 highway also has a multi-level junction with Kashirskoe highway and M4 Don highway. This junction is traffic-light free, which increases traffic capacity of the highway.
- Aeroexpress offers a one-stop rail service between the Passenger Terminal and the Paveletsky train station, located in the centre of Moscow. Trains leave every 30 minutes for a 45-minute journey to and from DME. Aeroexpress operates 37 trips from Moscow to DME and 36 trips from DME to Moscow per day. In 2017, the adapted Aeroexpress rail platform was completed which allows servicing of more comfortable double-deck trains and increases the rail service capacity.

- A coach service offers regular passenger busses service between DME and Domodedovskaya underground station, located in the southern part of Moscow. The standard journey from DME to Domodedovskaya underground station takes approximately 25 to 30 minutes.

Business Segments

The Group offers a range of services covering virtually all airline customers' needs, including certain services, such as in-flight catering, the sale of fuel and a hydrant fuelling system. The Group's business activities fall within three business segments: aviation services, auxiliary aviation services and commercial services.

Aviation Services	Auxiliary Aviation Services	Commercial Services
Use of Terminal	Ground Handling	Retail Concessions
Take-off and Landing	Fuelling Services	Advertising
Aviation Security	In-flight Catering	Car Parking
	Cargo Handling	

In providing an integrated set of services, the Group essentially offers a "one-stop shop" to its airline customers. The Group's integrated operating model allows it to maximise revenue from its airline and other customers.

Following the deregulation of fees for airport services in the MAH in 2016, the Group has sought to revise the fees for its services annually in line with the inflation rate and market trends. From 2017 to 2020, the CAGR of the relevant fees was between 7 and 11 per cent. depending on the type of service.

Most recently, the Group increased tariffs for Russian airline customers in October 2020. As a result, the Group's fees for take-off and landing were increased by 10 per cent., aviation security fees increased by 8.9 per cent., use of terminal fees (for domestic flights) increased by 20.5 per cent., use of terminal fees (international flights) – by 20.7 per cent., fuel storage – by 4.3 per cent., parking fees – by 12 per cent. and ground handling fees increased on average from 10 to 30 per cent. (depending on the type of service). The Group did not raise tariffs during the most acute stage of COVID-19 to support the airline industry.

Aviation Services

Aviation services represent airport fees and other traffic charges paid by airlines to the Group for the use of terminal, take-off and landing and aviation security services. During the nine months ended 30 September 2020, aviation services comprised 28.9 per cent. of the Group's revenue.

Use of Terminal

Airlines are required to pay the Group fees for the use of terminal facilities by their passengers. The fee is structured on a per passenger basis for both arriving and departing passengers. Different fee levels apply to foreign carriers and Russian carriers, and to Russian carriers depending on whether they operate domestic or international flights. As of 30 September 2020, the maximum fee charged by the Group to Russian carriers was RUB 83, or approximately U.S.\$ 1.0, per passenger for domestic flights and RUB 116, or approximately

U.S.\$ 1.5, per passenger for international flights. The maximum fee for foreign carriers as of the same date was U.S.\$ 9 per passenger.

Take-off and Landing

The Group charges fees for services related to take-off and landing of aircraft, including the maintenance of runways, taxiways, aprons, illumination systems and other visual landing assistance services for aircraft use. These fees are calculated on a per tonne basis and are based on an aircraft's maximum take-off weight. As of 30 September 2020, the maximum rates set by the Group were RUB 288, or approximately U.S.\$ 3.6, per tonne for Russian carriers and U.S.\$ 11.5 per tonne for foreign carriers.

The Group also charges an aircraft parking fee which relates to each aircraft's ground stay at the airport. The fee is charged per hour of parking and is calculated from the time an aircraft lands at DME to the time it takes off, less 15 minutes. No fees are charged for parking times of less than three hours (for passenger flights) or six hours (for cargo flights), or for the time an aircraft is delayed from departing from DME if the delay is attributable to the airport or air traffic control. Russian airlines may enter into an agreement with the Group for preferential rates. Fees for excess parking are linked with the take-off/landing fee. For international carriers the fees for excess parking amount to 10 per cent. of the fees for take-off and landing per day. In relation to Russian carriers (i) if a Russian carrier has not entered into an agreement with DME, the fees for excess parking amount to 5 per cent. of the take-off and landing per each hour of excess parking; (ii) if a Russian carrier has entered into an agreement with DME, the fees are set in the agreement and are generally lower than the fees paid in the absence of such an agreement.

Aviation Security

Aviation security services provided by DME include the pre-flight inspection and screening of passengers, crews, baggage, cargo and in-flight supplies, aircraft security (including guarding of the aircraft while at the airport), access control and security of the areas with restricted access. The Group has introduced advanced security technology and implemented measures and procedures aimed at ensuring the safety of passengers and public. Among other equipment, gas analysers, a millimetre wave scanning system, devices analysing the molecular structure of substances using x-ray diffraction, and stationary and portable equipment to identify explosives are used to ensure effective screening. In addition, the Group uses a multilevel hold baggage sorting and inspection system that automatically identifies objects and substances that are prohibited on board of a civil aircraft. Profiling methods are also widely used in conducting inspection procedures. The Passenger Terminal building is patrolled by employees with dogs specially trained to detect explosives.

Governmental authorities and the Group's own security team work together to ensure security at DME with the division of responsibilities stipulated by various laws and regulations of the Russian Federation. The Group's security teams are responsible for ensuring compliance with security procedures promulgated by the Russian Federation legislation on security and transport. Guarding international airports and their infrastructure is the responsibility of the federal police.

The Russian Federation is responsible for certain aspects of air transport security at DME, such as background checks on persons authorised to enter restricted areas and the supervision and control of security operations carried out by airfield operators airlines and other service

providers outside restricted areas, and for areas located inside and outside of the Passenger Terminal, such as the entrance to the parking lot, the baggage claims area, the international arrivals hall, and other non-restricted areas. Certain restricted areas of DME, however, are the responsibility of the Group's aviation security personnel: (i) the area beyond the security checkpoint and up to the departure gate, where only ticketed passengers may enter once they and their luggage have been screened, and up to the departure gate, (ii) the area designed for free access into the Passenger Terminal building.

The boundaries of the unrestricted areas are defined by the Group's aviation security programme, which is subject to approval by the appropriate governmental authorities. Further, the Group's aviation security teams do not possess the right to conduct law enforcement activities in the Russian Federation, therefore they are not authorised to search individuals or their belongings or check identification or other documents, or detain individuals in nonsecured areas (not included in the aviation security programme). All security equipment in the Passenger Terminal, whether it is used by police authorities or members of the Group, is purchased, installed and maintained by the Group.

Audits are performed regularly by international airlines and governmental and other agencies to help maintain security at all facilities of DME. The latest audits were performed by Rosaviatsia in April 2019 and found DME to be in compliance with current regulations on aviation security. In addition, DME is required to hold and keep current licences and certificates relating to air safety, which are granted by the Government. See "*Industry Regulation*". Furthermore, aviation security employees undergo training in specialised training centres within the Russian Federation and abroad. The Group created an aviation training centre in 2003 and possesses a Certificate of Conformity from the Federal Transport Security Supervision Service. DME also has a rapid response mobile unit, consisting of specially trained staff able to take prompt action in emergency or crisis situations.

Fees paid by airlines to the Group for aviation security services are calculated on a per tonne basis for Russian airlines and foreign freight airlines based on an aircraft's maximum take-off weight, and on a per departing passenger basis for foreign passenger airlines. As of 30 September 2020, the maximum rate charged by the Group to Russian carriers was RUB 225, or approximately U.S.\$ 2.8, per tonne for both passenger and freight carriers, while foreign freight carriers paid a maximum of U.S.\$ 5.4 per tonne and foreign passenger carriers paid U.S.\$ 7.3 per passenger for the Group's security services.

Auxiliary Aviation Services

Auxiliary aviation services include ground handling services, fuelling services, in-flight catering and cargo handling. Auxiliary aviation services constitute the largest segment in terms of revenue, representing 54.7 per cent. of the Group's total revenue in the nine months ended 30 September 2020. See "*Operating and Financial Review*".

Ground Handling

Ground handling services include all the services required by an airline while its aircraft are on the ground at an airport. An airline can either provide these services itself, using its own staff, or use an external service provider. The Group provides a wide range of ground handling services at DME, some of which are typically outsourced at other airports. Ground handling services provided by the Group include (i) passenger services, which include check-in and boarding of passengers, ground transport and shuttle buses for crew and passengers,

incoming passenger welcome and baggage claims, and (ii) aircraft services, which include loading, unloading, catering, cleaning, aircraft towing and push-back, departure control system, load control and communication, production of technical documentation, line maintenance, marshalling, de-icing, ground support equipment repairs and the leasing of equipment. DME uses modern equipment supplied by leading manufacturers with the aim of efficiently providing these services to airlines and maximising aircraft turnover at DME.

The table below sets out the number of passengers and the cargo volumes serviced as well as the ATMs handled by the Group in the nine months ended 30 September 2020 and the years ended 31 December 2019, 2018 and 2017:

	Nine months ended 30 September 2020	Year ended 31 December		
		2019	2018	2017
Inbound passengers (in million)	6.3	14.1	14.7	15.4
Outbound passengers (in million)	6.3	14.1	14.7	15.3
Including transfer passengers (in million)	2.8	5.6	5.4	5.5
Inbound cargo (in thousand tonnes)	30.6	67.3	79.0	80.1
Outbound cargo (in thousand tonnes)	32.6	59.6	63.7	68.3
ATMs.....	104,896	207,114	222,270	234,699

As of 30 September 2020, the maximum fee charged by the Group to Russian airlines was RUB 219, or approximately U.S.\$ 2.8, per passenger for domestic flights and RUB 243, or approximately U.S.\$ 3.1, per passenger for international flights. Fees charged to foreign carriers are generally equal to U.S.\$ 13 per passenger and depend on the auxiliary aviation services requested by the relevant carrier for particular flights.

Fuelling Services

The Group provides three types of services related to fuelling of aircraft at DME: jet fuel sale, jet fuel storage and fuelling services to airlines. DME is one of the few airports in Russia to operate its own hydrant fuelling system to provide supply of aviation fuel to aircraft. The hydrant fuelling system has a capacity of 1,380 cubic metres per hour and a fuelling capacity of 30 aircraft per hour. It has a pumping station that maintains constant pressure. Filtration and water separation equipment installed in the pumping station allows high frequency of fuelling in accordance with American Petroleum Institute standards. The Group refuelled on average 240 aircrafts daily in 2020.

DME has a modern fleet of fuelling vehicles, which includes high performance mobile fuelling units manufactured in accordance with European requirements (some of which are equipped with lifting platforms) and foreign-made fuel tankers with a capacity of 18 to 60 cubic metres, which are able to provide fuel to all types of domestic and foreign aircraft. Low-profile fuel tankers with a capacity of 18 cubic metres serve the wing fuelling of medium-haul Airbus A319 and Airbus A320 aircraft.

In addition, DME owns two warehouses, one for the receipt of fuel (the receiving warehouse) and the other for the storage and preparation of jet fuel before delivery to aircraft (the active warehouse). The receiving warehouse is comprised of three tanks with a total combined capacity of approximately 15,000 cubic metres, and the active warehouse can accommodate up to approximately 34,000 cubic metres of fuel. The receiving warehouse has a discharge jetty for receiving fuel that is delivered by rail, providing a pour-off front to 22 rail tank cars.

Fuel is delivered to DME through pipelines and by railway. The Group performs regular quality control tests of aviation fuels, automotive fuels and special fluids at the entrance, receipt, storage and airfield level using its laboratory facilities. The Group's management believes that the current capacity of the Group's facilities is sufficient to meet the current and growing demand in light of constant increase in traffic. The Group also intends to equip each aircraft parking place with an individual hydrant system by the end of 2022.

Airlines operating at DME can either purchase fuel from the Group or from other fuel suppliers, and airlines that purchase fuel from other suppliers are charged for fuel storage by the Group. Smaller airlines that do not require significant volumes of jet fuel tend to buy jet fuel from the Group as opposed to buying jet fuel from third-party suppliers and then storing it at the Group's facilities at DME. As airline customers require greater levels of fuel, such airlines will tend not to buy jet fuel from the Group but rather store at DME jet fuel purchased from other providers. Furthermore, due to high volatility of jet fuel prices, in recent years, the Group has shifted its focus from jet fuel sales towards fuel storage. As of 30 September 2020, DME sold fuel to 3.1 per cent. of its airline customers (which represented a decrease as compared to 7.7 per cent. in the nine months ended 30 September 2019), but provided storage services for all fuel stored at DME. For more information on the Group's fuel suppliers, see "*Suppliers*" below.

Fees for fuelling services are calculated on a per tonne basis based on consumption of aviation fuel. As of 30 September 2020, the fee paid by Russian airlines for fuelling services was RUB 1,480, or approximately U.S.\$ 18.6, per tonne of aviation fuel. As of 30 September 2020, the fuel storage fee amounted to RUB 1,175, or approximately U.S.\$ 14.8, per tonne.

In-flight Catering

DME provides in-flight catering services to its airline customers. The Group offers a wide choice of hot meals, snacks, desserts and confectionery, including both the standard menu (hot, cold, canned, light meals) and special types of menu (among others, halal, healthy, vegetarian and baby) for passengers and crews. Menus are prepared for each airline according to its specifications. Ready-made food is placed in containers, which are checked by security and sealed before being loaded on board. The Group generates revenue from the sale of in-flight meals to airlines, the sale of goods supplied by third parties such as candy bars and beverages, the delivery of in-flight meals and goods on board an aircraft, and other services such as the renting of containers, storing and the disposal of goods for airlines.

The current catering facility occupies an area of 23,174 sq. m. and has capacity to produce 80,000 meals per day. For the preparation of hot food, cook and chill technology is used (heat treatment and shock cooling). This technology allows for the production of meals with a shelf life of up to 30 days. Cold meals are produced using extended shelf life technology, which allows for a shelf life of up to five days without any preservatives, while preserving the taste and quality of the food products. Regular tests and controls are conducted to ensure food quality and safety using the Hazard Analysis and Critical Control Points system.

In July 2013, the Group commissioned an LSG Sky Chefs in-flight catering facility which operates as a prepaid lease project with a capacity of 3,500 meals per day. Lufthansa Group uses the LSG facility for their in-flight catering needs instead of using the Group's in-flight catering services.

In addition, the Group is diversifying its catering services into non-aviation catering (deliveries to petrol stations, vending machines etc.), offering catering services for passengers through its own e-commerce platforms and trolley-type sales of food and beverages on board.

Cargo Services

DME has an air cargo storage facility that occupies an area of 17,380 sq. m. and has the capacity to handle up to 173,800 tonnes of cargo throughput per year. According to the Group's estimates, DME's freight traffic amounted to 143 tonnes, 127 tonnes and 63 tonnes for the years ended 31 December 2018 and 2019 and for the nine months ended 30 September 2020, respectively. DME's air cargo terminal operates 24 hours a day, and is equipped with modern facilities for cargo ground handling, including container and pallet loaders, electric machines fitted with a video control system, tugs for container dollies, self-propelled conveyor belts, lift tables, storage stands and weighing equipment. Dispatched cargo is received by using a system of dynamic measurement of a cargo's size and weight. Oversized and heavy cargo is stored in DME's large-tonnage loaders. The cargo terminal also has specialised areas for storing explosives and valuables, perishable cargo, fissile and radioactive materials. Registration and maintenance of dangerous cargo at the terminal is performed in accordance with the recommendations of the IATA by trained specialists with category 6 IATA certificates and certificates of training centres awarded by the Ministry of Transport of the Russian Federation. While the Group believes that the existing cargo facility is sufficient to service the current levels of cargo transported through DME, to expand its cargo capacities the Group is constructing a new cargo terminal with an aggregate floor space of approximately 25,900 sq.m., which includes approximately 15,600 sq.m. of warehousing space. The new cargo terminal is expected to be commissioned in 2023.

Airlines are charged for the apron and warehouse handling of cargo, including the storage, processing of hazardous and special cargo and freight forwarding services. Additional sources of revenue for the Group include the leasing of warehouse space and equipment.

The Group facilitates the transfer of goods passing through DME to other Russian and foreign airports. Agencies in the immediate vicinity of the airport cargo terminal also provide freight forwarding and brokerage services. In addition, DME has put in place safety and handling procedures for the transportation of valuable goods, which include priority for the loading and unloading of high-value cargo from the aircraft and transporting such cargo to and from the aircraft by a designated security unit. High-value cargo is also stored in a special fortified storage room that is equipped with video surveillance, alarm and fire suppression system, and temperature and humidity control. The Group offers customers the possibility of visually monitoring cargo handling.

The Group provides a full range of cargo services at DME, except for the loading and unloading of cargo into a client's vehicle, which is handled by a third-party provider. The Group plans to encourage competition from third-party providers for cargo services at warehouse facilities in the near future. The Group believes that involving third-party operators will help to attract more cargo flow by increasing the number of cargo services available to airlines at DME.

Aircraft Servicing and Maintenance

The Group used to offer aircraft operating maintenance services to some of its airline customers, but stopped providing these services in 2014. The Group owns an aircraft

maintenance hangar facility of 39,731 sq. m. with sufficient hangar capacity for heavy aircraft maintenance and repair which it makes available to its customers. DME's maintenance hangar can accommodate up to ten Boeing 737 aircraft or up to four Class E (Boeing 747 and 777) aircraft. In addition, the Group has sufficient free space to offer to third-party concessionaires for the construction of additional hangar facilities, should such business need arise in the future.

Commercial Services

Commercial services include the rental of retail concessions and office space, advertising, car parking facilities and an outsourced airport hotel. For the nine months ended 30 September 2020, commercial services comprised 16.5 per cent. of the Group's third-party revenue.

Retail Concessions, Offices and Advertising

Segment 1 of the Passenger Terminal had approximately 12,743 sq. m. of commercial space as of 30 September 2020, which includes space dedicated to retail shops, bars and restaurants, office space and other commercial space leased by the Group. Third parties operate all bars, restaurants, retail shops, duty free and other paid merchant services at DME under concessions granted by the Group. As of 30 September 2020, the Group leased approximately 7,597 sq. m. of commercial space to bars and restaurants, approximately 1,801 sq. m. to retail shops (excluding duty free shops), approximately 1,318 sq. m. to duty free shops, approximately 1,267 sq. m. to passenger services providers, approximately 200 sq. m. for offices of commercial clients and approximately 559 sq. m. for warehousing facilities.

In addition to the 17,890 sq. m. of office space used by the Group's companies, as of 30 September 2020, the Group leased a further 2,327 sq. m. to third-party lessees, including 2,276 sq. m. to airline customers.

The Group typically enters into concession agreements for a three-month term with automatic extensions, although some agreements are entered into on a month-to-month or annual basis whereas some of the leases with the Group's exclusive long-standing clients are entered into for longer terms. The lease can be terminated by either party with proper notice and generally provides for a security deposit being placed by the lessee in order to secure its rent payment obligation or the payment of break-up fees. Concession holders are typically chosen through competitive tenders based on price, type of concession, brand quality and potential for development. A base rate applicable to a given area for a given number of sq. m. is set as part of the auction process. For concessionaires, other than duty free shops, the rent is determined on the basis of this base rate and is adjusted according to levels of passenger traffic for any given period. Such rental rates do not vary based on the revenue of the concession holder. Since 2018, the Group applies new rental rates with respect to duty free shops which are based on a proportion of concessionaires' revenue (such proportion being differentiated across the range of products sold by concessionaires) and increased by a fixed annual payment. See "*Risk Factors— Risks Relating to the Group, the Group's Business and Industry in which It Operates — The Group is subject to risks associated with the economic environment*".

The Group runs a tender procedure for the selection of concession holders for a significant portion of the leased commercial space. The procedure includes choosing the most appropriate concession holder depending on the type of services it provides, setting requirements in respect of prior work experience, number of existing points-of-sale etc., due

diligence of the existing candidates and a price tender. According to the Company, the implementation of the tender procedure has led to an increase in revenue from leasing commercial space. The Group believes that retail premises are among the most attractive sales locations in Moscow, with rents higher than the average rates for the Moscow city centre. The retailing business division of DME is responsible for planning, constructing, supplying and managing the Passenger Terminal area for retail uses.

In addition, the Group earns income from advertising space at the Passenger Terminal and surrounding areas, including the portion of the highway. In 2019, the Group replaced the previously used advertising boards with electronic screens and switching to a new model of advertising services which envisages leasing of the electronic screens to advertising broker companies which in turn sublease them to end customers. The fees payable by the broker companies to the Group are calculated as a portion of broker company's revenue from subleasing the electronic screen (such portion not being lower than 70 per cent.) plus an agreed fixed fee amount.

Car Parking

DME has eight open air car parks on a single level, representing a total area of approximately 204,257 sq. m. As of 30 September 2020, DME offered 6,451 parking places, including spaces for passengers, businesses, hotel customers and employees. DME provides three different parking products to patrons: long-term parking (capacity of 6,421 cars) and VIP parking (capacity of 30 cars). Parking rates are determined by the managing director of Domodedovo Asset Management. In 2018, a 1,500 space multi-level car park was commissioned in advance of the 2018 FIFA World Cup in Russia.

Hotel

The Group owns a modern 4-star hotel complex, which is located approximately 400 metres from the Passenger Terminal. The hotel offers 299 rooms, including 42 club category rooms, 3 luxury class, and 7 junior class, single and double rooms. It is used by both air crews and passengers. The complex has a business centre, a restaurant, a fitness centre and spa facilities. In October 2012, the Group outsourced the management of its hotel business to a hotel chain operator, which pays a fixed fee in the amount of 41 per cent. of revenues gained, but not less than U.S.\$ 272,437.36 per month (VAT exclusive). In 2017, the Group entered into an agreement on the design works relating to the construction of a new 5-star hotel complex in the immediate vicinity of the Passenger Terminal. While the Group believes that, based on the present passenger traffic level, the capacity of the existing hotel complex is sufficient and the construction of the new hotel facility is not currently contemplated in the mid-term perspective, all design works in relation to the new facility have been completed which allows the Group to commence the construction as soon as the passenger traffic levels and the demand for additional hotel capacity so dictate.

Customers

Airline Customers

As of 30 September 2020, DME served 44 airlines, including 32 foreign airlines (including 8 from the CIS states) and 12 Russian airlines. As at 31 December 2019, Russian, foreign and CIS airlines accounted for 79 per cent., 13 per cent. and 8 per cent. of the total passenger traffic at DME, respectively. The Group deals with a wide range of clients, including

members of two of three largest global world alliances (Star Alliance and oneworld), full-service international airlines, leading Russian airlines, low-fare carriers, national airlines of CIS countries and Russian regional carriers operating small-capacity aircrafts. Non-stop flights from DME as of 30 September 2020 reached 73 domestic and international destinations, 12 of which were exclusive to DME among MAH airports. As of 31 December 2019, non-stop flights from DME serviced 187 domestic and international destinations, of which 43 destinations were exclusive to DME among MAH airports compared to 221 destinations (including 76 exclusive) serviced by SVO and 167 destinations (including 41 exclusive) serviced by VKO. The decrease in destinations services as of 30 September 2020 as compared to 31 December 2019 was attributable to air travel restrictions imposed in response to the COVID-19 outbreak.

The Group has developed strong relationships with two of the three largest airline alliances, Star Alliance and oneworld. This has resulted in DME becoming the largest Star Alliance- and oneworld-utilised airport in Russia and the CIS region by number of carriers, servicing ten members of Star Alliance and six members of oneworld alliance. The Group believes that the importance of alliances in the airline industry will continue to increase due to various factors such as the continuous consolidation of route network between the alliance members allowing for shorter flight connection times, the expected growth of transfer traffic following the resumption of air traffic following COVID-19 restrictions being lifted (including, as a result of increased cooperation between airlines), and higher standards of ground services due to tighter requirements set by airlines. It is becoming more common that alliance members are choosing to base their operations at key hubs along with their partner airlines, often with dedicated terminal areas enabling synergies for landside and airside activities.

For the nine months ended 30 September 2020, S7 and Ural Airlines accounted for 55.0 per cent. and 19.8 per cent., respectively, of the total number of scheduled seats at DME.

The following table shows passenger volumes (by number of scheduled seats) of the Group's 15 largest airline customers at DME for the nine months ended 30 September 2020 and comparative information for the nine months ended 30 September 2019.

Airline Customer	Number of schedule seats for the nine months ended 30 September		Share of scheduled seats at DME for the nine months ended 30 September 2020 (%)
	2019	2020	
S7 Airlines ⁽¹⁾	11,751,077	8,773,546	55.0%
Ural Airlines.....	3,827,692	3,156,389	19.8%
Samrtavia.....	591,271	677,950	4.2%
Red Wings.....	949,510	664,860	4.2%
Nordstar.....	559,788	515,504	3.2%
Belavia Belorussian Airlines.....	511,672	177,262	1.1%
Alrosa.....	217,274	176,036	1.1%
Yamal Airlines.....	374,445	172,947	1.1%
Emirates.....	464,672	154,239	1.0%
Lufthansa ⁽²⁾	618,104	127,182	0.8%
Qatar Airways.....	307,686	115,857	0.7%
Air Moldova.....	357,284	101,888	0.6%

Air Astana	-	91,221	0.6%
Iraero	129,748	83,895	0.5%
Pegasus Airlines	143,049	78,986	0.5%
Other ⁽³⁾	163,930	850,045	5.3%
Total	23,967,202	15,917,807	100%
Members of oneworld (total)	12,385,686	8,982,589	56.3%
S7 Airlines	11,751,077	8,773,546	55.0%
Other members of oneworld	634,609	209,043	1.3%
Members of Star Alliance (total)	1,735,203	394,802	2.5%

(1) Oneworld member

(2) Star Alliance member

(3) Includes a number of airlines such as British Airways, Swiss International Airlines and other.

The following table shows passenger volumes (by number of scheduled seats) of the Group's 15 largest airline customers at DME as of 31 December 2019 and comparative information for the years ended 31 December 2018 and 2017.

Airline Customer	Number of scheduled seats for the year ended 31 December			Share of scheduled seats at DME for the year ended 31 December 2019 (%)
	2017	2018	2019	
S7 Airlines	13,625,545	14,396,838	15,255,251	48.6%
Ural Airlines	5,286,634	5,098,786	5,093,682	16.2%
Red Wings	984,410	1,381,300	1,178,630	3.8%
Smartavia	495,210	380,067	828,160	2.6%
Lufthansa	725,531	765,274	787,119	2.5%
Nordstar	775,484	803,480	737,068	2.3%
Belavia Belorussian Airlines	762,640	691,411	703,704	2.2%
Emirates	661,084	656,804	631,258	2.0%
Yamal Airlines	752,344	644,422	484,695	1.5%
Air Moldova	420,584	438,324	454,816	1.4%
Qatar Airways	302,788	439,460	414,088	1.3%
Swiss	364,502	351,595	336,324	1.1%
Somon Air	175,296	192,770	292,770	0.9%
Alrosa	240,585	294,584	269,464	0.9%
Singapore Airlines	198,858	265,144	265,404	0.8%
Other ⁽¹⁾	8,030,079	5,454,561	3,656,600	11.6%
Total	33,801,574	32,254,820	31,389,033	100%
Members of oneworld (total)	14,548,007	15,420,695	16,098,091	51.3%
S7 Airlines	13,625,545	14,396,838	15,255,251	48.6%
Other members of oneworld	922,462	1,023,857	842,840	2.7%
Members of Star Alliance (total)	2,118,805	2,259,860	2,221,365	7.1%

(1) Number of scheduled seats for the year ended 31 December 2017 includes VIM-Avia, whose flight certificate was suspended with effect from 27 October 2017.

As noted above, transfer passengers comprise a significant portion of the Group's passenger traffic. The Group's transfer traffic amounted to 5.4 million (18.3 per cent. of the total

passenger traffic), 5.6 million (19.7 per cent. of the total passenger traffic) and 2.8 million (22.7 per cent. of the total passenger traffic), in 2018 and 2019 and the nine months ended 30 September 2020, respectively.

As of 30 September 2020, the top six airlines carrying cargo accounted for 78 per cent. of cargo volumes handled at DME, as compared to 68 per cent. and 67 per cent. as of 31 December 2019 and 2018, respectively. Air Bridge Cargo, Emirates and Asiana Cargo are the three largest cargo airlines at DME that specialise in cargo transport, operating regular and charter cargo flights.

S7 began operating flights to and from DME in 2002 as part of a strategy to concentrate operations in a single airport. S7 then transferred domestic flights that it operated from VKO and international flights that it operated from SVO to DME. From 2009 to 2019, S7 (including Globus) experienced an average annual increase in passenger traffic from DME of 9.9 per cent. S7 mainly operates domestic flights at DME, representing 61.3 per cent. of the domestic scheduled seats at DME, and flights to and from the CIS as of 30 September 2020. Similarly, in 2019, 73 per cent. of S7's passenger traffic accounted for domestic flights. S7 joined the oneworld alliance in November 2010 and the Group believes that this helped S7 and DME to capture a larger proportion of the passenger traffic. As of 30 September 2020, S7 based 62 aircraft at DME, including 7 Embraer aircraft for short- and mid-haul flights and 3 Airbus A321-neo aircraft for long haul flights. As of the same date, S7 served 50 destinations from DME.

For the nine months ended 30 September 2020, S7 was the most significant contributor of revenue for the Group, accounting for 31 per cent. of the Group's total revenue for the for the nine months ended 30 September 2020 and 21 per cent. and 16 per cent. of the Group's total revenue for the years ended 31 December 2019 and 2018, respectively. S7 was followed by Ural Airlines which represented 10 per cent. of the Group's total revenue in the nine months ended 30 September 2020.

The following table shows total revenue relating to the Group's ten largest airline customers for the nine months ended 30 September 2020 and such revenue as a percentage of total revenue for the Group for the nine months ended 30 September 2020 and comparative information for the nine months ended 30 September 2019.

Airline Customer	Revenue for the Group for the nine months ended 30 September		Share of total revenue for the Group for the nine months ended 30 September 2020
	2019	2020	
	<i>(in RUB millions)</i>		<i>(%)</i>
S7 (including Globus)	5,879	4,875	31.4
Ural Airlines	2,269	1,584	10.2
Red Wings	417	357	2.3
Nordstar	315	303	2.0
Smartavia	196	274	1.8
Emirates	696	238	1.5
Somon Air	724	231	1.5
Singapore Airlines	864	222	1.4
Asiana Airlines	404	211	1.4
Qatar Airways	471	191	1.2

The following table shows the share of revenue of the Group's top-10 customers for the nine months ended 30 September 2020 and for the year ended 31 December 2019:

Customers	Year ended 31 December 2019 (%)	Nine months ended 30 September 2020 (%)
S7 Airlines.....	20.8	31.4
Ural Airlines.....	8.0	10.2
LUKOIL AERO	7.3	1.4
GAZPROMNEFT AERO.....	4.8	2.5
DUFY EAST	4.6	0.8
Deutsche Lufthansa AG.....	2.0	0.4
Singapore Airlines.....	3.1	1.4
Emirates.....	2.4	1.5
Somon Air	2.3	1.5
Red Wings	1.4	2.3

The following table shows total revenue relating to the Group's ten largest airline customers for 2019 and such revenue as a percentage of total revenue for the Group for 2019 and comparative information for 2018 and 2017.

Airline Customer	Revenue for the Group for the year ended 31 December			Share of total revenue for the Group as of 31 December 2019
	2017	2018	2019	
	<i>(in RUB millions)</i>			<i>(%)</i>
S7 (including Globus)	6,022	6,902	7,799	20.8
Ural Airlines.....	2,600	2,984	3,013	8.0
Singapore Airlines	709	1,124	1,147	3.1
Emirates	1,929	2,339	913	2.4
Somon Air	207	464	856	2.3
Deutsche Lufthansa AG	562	719	757	2.0
Air Moldova	791	906	657	1.8
Qatar Airways	386	566	631	1.7
Asiana Airlines	405	599	548	1.5
Red Wings	396	606	531	1.4

Both network carriers and low-fare carriers operate flights at DME. Network carriers generally provide a full range of services that are included in the price of the airline ticket. Low-fare carriers are a type of budget carriers that, while aiming to minimise costs by offering fares that are significantly lower than those charged by regular carriers, are distinguished from low-cost carriers by not seeking to save on every service but rather only on certain services at the airlines' discretion and by using airports with lower charges. As part of its business strategy with respect to budget airlines, the Group does not target low-cost carriers, which typically demand reduced rates for all airport services, but rather focuses on low-fare carriers, which seek discounts only on certain services.

DME has a dedicated entity, DCS, to coordinate its relationships with airline customers. DCS assigns a dedicated account manager to each airline to address all of the airline's interests and needs, providing a single point of interaction between the airline and various airport services offered. DCS also assists airlines with developing route networks, serves as intermediary for airlines when signing interairline agreements, conducts and shares with airline customers analysis on domestic and international market trends and coordinates the introduction of new services for key airlines according to their needs. The Group charges airlines either on an individual service basis or in the form of service packages, and may offer discounts depending on the volume of services demanded by airlines or for start-up airlines to allow these airlines to make up for their initial costs.

For a description of certain risks relating to the Group's airline customers, see "*Risk Factors— Risks Relating to the Group, the Group's Business and Industry in which It Operates —The Group's business depends significantly on the actions and business of airlines and alliances*" and "*Risk Factors— Risks Relating to the Group, the Group's Business and Industry in which It Operates — A significant share of the Group's business is linked to the business of its largest airline customer, S7 Airlines*".

Retail Customers

As of 30 September 2020, the Group had entered into leases with 88 tenants. The longest standing tenant at DME is the duty-free shop operator, DuFry East, which has occupied space at Segment 1 of the Passenger Terminal since 2000. The following table shows the ten largest retail customers of the Group by space occupied by each customer.

Retail Customer	Type of business activity	Space occupied as of 30 September 2020 <i>(approximately, in sq. m.)</i>
DuFry East LLC	Duty Free, Retail	1,562.03
Vinegret café LLC.....	Catering	917
EstateGroup LLC	Service	914.98
Reststroy.....	Catering	688.2
Rosinter Restaurants LLC	Catering	659.19
Restaurant Group LLC	Catering	609.5
Travel Retail DME	Duty Free, Retail	594.65
Galereya Alex LLC	Catering	451.39
Cofe-Strategiya LLC	Catering	397.4
Rusaeropit	Catering	369.7

Competition

General

DME is the second largest airport in the MAH by volume of passenger traffic. DME competes with SVO on domestic, charter, short-haul and long-haul segments and with VKO on domestic, short-haul and charter segments.

The table below sets forth the Russian air passenger traffic and the share of MAH therein in 2017, 2018, 2019 and the nine months ended 30 September 2019 and 2020:

	Year ended 31 December			Nine months ended 30 September	
	2017	2018	2019	2019	2020
<i>millions of passengers, except percentages</i>					
Total passenger traffic in					
Russia.....	105.1	116.2	128.1	99.1	52.7
- Domestic passenger traffic ..	62.6	68.8	73.1	56.3	41.8
- International passenger traffic	42.5	47.4	55.1	42.9	10.8
MAH share in total passenger traffic in Russia.....	84.1%	82.8%	79.4%	79.1%	70.2%

Source: Rosaviatsia.

According to Rosaviatsia, DME's market share of total passenger traffic in the MAH increased from 16 per cent. in 2000 (compared to 63 per cent. share of SVO and 20 per cent. share of VKO) to 34 per cent. in the nine months ended 30 September 2020 (compared to 42 per cent. share of SVO and 24 per cent. share of VKO). The table below sets forth the MAH air passengers traffic and the number of passengers served by DME in 2017, 2018, 2019 and the nine months ended 30 September 2019 and 2020:

	Year ended 31 December			Nine months ended 30 September	
	2017	2018	2019	2019	2020
<i>millions of passengers</i>					
MAH passenger traffic.....	88.4	96.2	101.7	78.4	37.0
- Domestic passenger traffic ..	46.5	50.6	52.1	38.4	27.0
- International passenger traffic	42.0	45.6	49.6	40.0	9.9
- DME passenger traffic	30.7	29.4	28.3	21.8	12.6
- SVO passenger traffic	39.6	45.3	49.4	38.1	15.4
- VKO passenger traffic.....	18.1	21.4	24.0	18.5	9.0

Source: Rosaviatsia.

The tables below set out DME's, SVO' and VKO's share of air passenger traffic in the MAH (both international and domestic) in 2017, 2018, 2019 and the nine months ended 30 September 2020:

	Year ended			Nine months ended
	2017	2018	2019	30 September 2020
	%			
DME's share of air passenger traffic in the MAH, including:	34.7%	30.6%	27.8%	34.0%
- share in domestic passenger traffic.	36.6%	31.8%	31.4%	37.7%
- share in international passenger traffic	32.5%	29.2%	24.0%	24.0%

Source: TCH.

	Year ended			Nine months ended
	2017	2018	2019	30 September 2020
	%			
SVO's share of air passenger traffic in the MAH, including:	44.8%	47.1%	48.6%	41.8%
- share in domestic passenger traffic.	38.3%	41.3%	44.3%	37.4%
- share in international passenger traffic	52.1%	53.5%	53.1%	53.5%

Source: TCH.

	Year ended			Nine months ended
	2017	2018	2019	30 September 2020
	%			
VKO's share of air passenger traffic in the MAH, including:	20.5%	22.3%	23.6%	24.3%
- share in domestic passenger traffic.	25.1%	26.9%	24.3%	24.9%
- share in international passenger traffic	15.4%	17.3%	22.9%	22.5%

Source: TCH.

SVO

SVO, which is the largest airport in Russia by volume of passenger traffic, is located 29 kilometres northwest of Moscow. In 2019, according to Rosaviatsia data and SVO's reports, SVO handled approximately 49.4 million passengers and 386,370 ATMs and 15.4 million passengers and 143,436 ATMs in the nine months ended 30 September 2020. In February 2016, the Government entered into a sale arrangement to transfer a 66 per cent. stake in SVO to TPS Avia with the latter undertaking to invest US\$ 865 million in upgrading and expanding of SVO's infrastructure. The transfer was reported to have been completed in 2017

following which SVO ceased to be state controlled. SVO has 2 separate terminals (5 segments) located on opposite sides of the airfield (connected by an inter-terminal passage).

SVO is the main hub for Aeroflot and has strong relationships with its SkyTeam partners, which were reinforced by the development of a dedicated terminal for Aeroflot and SkyTeam operations. According to SVO's reports, Aeroflot is SVO's biggest client accounting for the key position of passenger traffic at SVO, which makes SVO's relationship with a single carrier critical for its business and financial condition. SVO has five terminals (B,C,D,E,F) two of which (B,C) are located on the north side and the remaining three (D,E,F) on the south side of SVO's three runways. SVO's runways' lengths are 3,700 metres, 3,200 metres and 3,500 metres, respectively. SVO's runways 1 and 2 cannot be operated independently as they are located less than 300 metres from each other. According to the IATA data, total capacity of the SVO's runways is 110 ATMs per hour which, however, was reduced throughout most of 2020 due to the reconstruction of runway 1. In 2019, SVO completed the construction of a third runway, however, due to low traffic during the COVID-19 pandemic, the third runway was temporarily closed for operation from March to August 2020. The third runway is located at a distance of more than 6 kilometres from the nearest terminals B and C and the taxi time reaches 30 minutes. In addition, the taxiway from runway 3 is one-way only.

In the recent years, SVO has been focusing on further developing its terminals and cargo facilities. In May 2018 and January 2020, new terminals B and C were commissioned which comprise a single 'under-one-roof' integrated complex. In March-April 2020, SVO temporarily closed terminals E, C and D, with all internal flights being transferred to terminal B and all international flights being transferred to terminal F. In July 2020, terminal D was reopened. In 2017, a new cargo facility with the capacity of up to 380,000 tonnes was commissioned and another cargo facility with the same capacity is expected to be commissioned in 2021. Despite the expansion discussed above, due to the landscape limitations and presence of gas pipeline near SVO, it has a very limited portion of land available for any further expansion.

In February 2020, several press reports were published announcing a potential consolidation of TPS Avia's stake in SVO by acquiring through its subsidiary, LLC Sheremetyevo Holding, a 30.46 per cent. stake in SVO from Rosimushchestvo. In February 2021, LLC Sheremetyevo Holding announced that it had decided not to proceed with the acquisition.

VKO

VKO is located 28 kilometres from the centre of Moscow. It is the third largest airport in Russia by volume of passenger traffic. According to Rosaviatsia data and VKO's press releases, VKO handled approximately 24.0 million passengers and 195,200 ATMs and 9.0 million passengers and 89,829 ATMs in 2019 and the nine months ended 30 September 2020, respectively. In March 2016, the Government and a group of private investors entered into a shareholder agreement in respect of VKO which, among other things, is intended to protect the interests of the Government which is expected to retain a 25.1 per cent. stake in VKO, which is the base for government flights. It is also used by smaller Russian and CIS airlines along with domestic and international charter airlines. The key customers for VKO are UTair, Pobeda and Rossiya airlines (with the latter two being part of the Aeroflot group of companies). VKO has three terminals and an airfield with two intersecting runways of 3,500 metres and 3,060 metres that cannot be operated independently. Based on the IATA data, total capacity of the runways was 68 ATM per hour in 2019 and in the nine months ended 30 September 2020. Similar to SVO, VKO is constrained by availability of land. However, its

proximity to residential areas also restricts air traffic movements during the night (from 3 am to 6 am). In addition, VKO runway capacity is further constrained by a large number of private and / or government flights.

In July 2020, the Moscow Mayor announced that Vnukovo metro station, which is expected to be commissioned by 2022, would be fully integrated into VKO passenger terminal infrastructure which would increase VKO's accessibility by reducing travel time to and from VKO due to its integration with the Moscow underground network.

ZIA

In September 2016, a new passenger airport Zhukovsky (ZIA), located 40 km southeast of Moscow, commenced its operations. ZIA, whose airfield is part of the Flight Research Institute named after Gromov, has the world's second longest public-use runway of 5,402 metres and is also used by the Ministry of Emergency Situations and by cargo carriers. ZIA is owned by Rampart Aero, a joint venture between United Airports Management LLC (52.5 per cent.), Russia's state corporation Rostec (25 per cent.) and Mr. Boris Aleshin (22.5 per cent.). In May 2020, ZIA announced its intention to proceed with the construction of the second passenger terminal with the aggregate floor space of approximately 30,000 sq. m. It was also reported that following the completion of the new passenger terminal, ZIA plans to commence the upgrade of the existing passenger terminal. Both expansion projects are intended to increase ZIA's throughput capacity to capture targeted growth in passenger traffic. The development of ZIA is limited by the lack of infrastructure and the low transport accessibility (there is no direct rail link to ZIA and it is only accessible by car or by bus).

Other Competitors

At a regional level, DME faces competition from methods of transportation other than air travel. Railways, in particular, are currently the most popular means of transport for Russian domestic travel and to the CIS. However, the Group believes that capacity issues in rail infrastructure and the limited availability of high speed rail network favour a trend towards air travel for longer journeys. Air travel competes with railways in particular on short distance travel, such as the routes between Moscow and St. Petersburg and between Moscow and Nizhniy Novgorod, where high-speed railways are available. In addition, in late 2019, the Russian Railways announced the planned commissioning of innovative high-speed railways between Moscow and Nizhniy Novgorod and Moscow and St. Petersburg in 2024 and 2026, respectively, which are expected to further reduce the travel time to destination as compared to the existing high-speed railways.

DME competes with other airports outside of the MAH as a hub for transfer traffic to long haul destinations between the United States and Europe, on the one hand, and Asia and the Pacific region, on the other. The Group considers that DME's main competitors in this market are the major Asian hubs of Singapore, Hong Kong, Bangkok and Middle East hubs of Dubai and Doha, and, to a lesser extent, from the European hubs of Frankfurt, Munich, Paris, Amsterdam, Istanbul, London and Helsinki. The Group believes that its success will be influenced by the individual strategies of DME's airline customers, including the strategic route decisions made by Russian and international carriers and airlines aligning their product offering for connecting passengers through alliances and coordinating timetables. The Group also believes that other factors have an impact on its ability to attract transfer traffic for long-haul destinations, such as: changes in regulation and liberalisation by the Russian Federation, including the abolishment of the current policy of charging fees to international airlines for

entering Russian airspace; congestion at some competitor hubs (London Heathrow and Frankfurt); continued growth of Russian domestic air travel market; new routes and increased frequencies on existing routes; and improved efficiencies for connecting passengers as a result of the expansion and improvement plans at DME currently in progress.

The Group also competes with other providers of services at DME. For example, in July 2013, the Group commissioned the Star Alliance LSG Sky Chefs catering facility at DME. Since 2013, Lufthansa Group has used this catering facility which constitutes direct competition for Domodedovo Catering. In addition, several operators offer fuel to airlines at DME, including Lukoil-Aero, Gazpromneft-Aero and Rosneft-Aero, in direct competition with Domodedovo Fuel Service Corporation, though the sale of fuel has been something that DME has been generally decreasing as a service in recent years. The Group further plans to seek to encourage customers and investors to develop their own businesses at DME on the basis of BOT (Build-Operate-Transfer) and BOOT (Build-Own-Operate-Transfer) concession agreements.

Government Services

The Russian Federation is responsible for a number of essential services at DME, notably:

- ***Air traffic control:*** Air traffic control is operated by the MATCC, which provides air traffic control in the MAH airports and operates the unified air traffic control system. The MATCC works closely with the Group and airlines in determining the declaration of scheduling capacity having regard to the physical configuration of DME.
- ***Security operations and public order:*** The Russian Federation is responsible for certain aspects of air transport security at DME, such as background checks on persons authorised to enter restricted areas and the supervision and control of security operations carried out by airfield operators airlines and other service providers outside restricted areas, and for areas located inside and outside of the Passenger Terminal, such as the entrance to the parking lot, the baggage claims area, the international arrivals hall, and other non-restricted areas. The personnel of the state agencies, including state police, are authorised to take actions that may restrict the rights and freedoms of citizens at DME in order to ensure public safety and secure operation of the airport, including identity and documentation verification, inspection of personal items and temporary detention. See also "*—Business Segments—Aviation Services—Aviation Security*" above and "*Risk Factors—Risks Relating to the Group, the Group's Business and Industry in which It Operates —The Group has been and may in the future be affected by acts of terrorism.*"
- ***Custom and border controls:*** Border control in the Russian Federation is provided by the Federal Border Service, a division of the Federal Security Service of the Russian Federation. The Federal Migration Service of the Russian Federation is responsible for the control of persons, mainly as part of immigration controls, while the Federal Customs Service is responsible for the control of goods.

In specific areas, the Group cooperates closely with Russian Federation authorities with responsibilities being split between the relevant state agencies and the Group. In particular, aviation security is maintained by both the police and the DME aviation security department, with the former being primarily responsible for maintaining public safety and order in the unrestricted territory of the Passenger Terminal and the latter being responsible for safety within the restricted area.

Suppliers

The Group works with numerous external suppliers for the delivery of services relating to the day-to-day operation of DME, as well as for the construction of capital projects.

Mosenergosbyt JSC provides all of the electrical power distribution for DME. The Group has purchase and transmission agreements with Mosenergosbyt JSC. Electricity is distributed through the electric power substations Yakovlevo and Vzlyotnaya of MOESK PJSC. See *"Risk Factors— Risks Relating to the Group, the Group's Business and Industry in which It Operates —The Group's operations may be impacted by accidents, adverse weather conditions, natural disasters, pandemics, war, civil unrest, political or other events outside of its control, which could have a material adverse effect on the Group's business, financial condition, results of operations and prospects—Adverse weather conditions and natural disasters."*

The Group has its own backup power supply facilities to ensure smooth operation of equipment involved in flight support (radio-technical support and lighting facilities) and other facilities of primary importance. The total number of diesel generator units (the "DGUs") is 36 with the total capacity of 11,770 kW. By 2022, the Group also intends to install 11 DGUs with the aggregate capacity of 17,600 kW to ensure reliable and smooth power supply for the facilities of primary importance in emergency situations.

The Group uses third-party providers for the supply of aviation fuel and de-icing liquid. The aggregate volume of fuel supplied to DME in the nine months ended 30 September 2020 was 506,451 tonnes. Lukoil-Aero was the largest supplier of aviation fuel to DME as of 30 September 2020 supplying 294,570 tonnes of aviation fuel, or 58 per cent. of all fuel supplied to DME. Other suppliers for the same period included Gazpromneft-Aero (23 per cent. of fuel supplied) and Rosneft-Aero (10 per cent. of fuel supplied). The remaining 9 per cent. of fuel was supplied by multiple suppliers, the portion of the fuel supplied by such other suppliers is not material for the Group. Fuel supplied to DME is transported either by railway or pipeline. The Group's main de-icing liquid supplier is Aviafluid International Ltd.

The Group uses multiple suppliers for data transmission services, information technology services for its networks, international traffic, technical resources and maintenance of equipment. Due to the large number of providers servicing the Group, the Group believes that the loss of a particular supplier would not cause significant disruption to the Group's operations.

The Group does not rely on third-party suppliers for water supply and has its own water pumping stations, which provide drinking water for the entire complex. For a description of the risks related to third-party suppliers, see *"Risk Factors— Risks Relating to the Group, the Group's Business and Industry in which It Operates —The Group relies on third parties for the supply of certain services and products at DME"*.

Airport Development 2026 Masterplan

The Group's business plan through 2026 contains an extensive expansion plan for DME. In particular, it envisages (i) the commissioning of Segment 2 of the Passenger Terminal, (ii) the completion of the construction of the New Runway 2 and (iii) the re-equipment of the Existing Runway 2 into a major taxiway, (iv) the construction of other key infrastructure and additional transportation links to DME. The total amount of forecasted capital expenditure

required to carry out the 2026 Masterplan in its current form is approximately RUB 172.2 billion consisting of approximately RUB 18.2 billion from the Group's own funds, approximately RUB 153.9 billion from federal and Moscow Region budget funds as well as third-party funds, including roads and other public amenities.

All descriptions of the 2026 Masterplan contained herein are based solely on the Group's internal assessments, are inherently speculative and are subject to change without notice. With respect to the projects listed below, as the timeframes for expected completion move further into the future, the less likely such projects are to be completed as and when planned. In particular, due to the later than anticipated completion dates, any reductions in planned capital expenditures (due to COVID-19 or otherwise) and the level of dependency of completion of earlier portions of the 2026 Masterplan, the projects identified for 2023-2026 are far less certain than earlier projects to be completed in the forms currently contemplated, on the dates currently anticipated, or at all. Furthermore, the capital expenditure estimates set out in these Listing Particulars are based on certain assumptions and costs estimates and may be substantially higher than the estimates set out herein. Investors are cautioned not to place undue reliance on the information contained herein relating to the 2026 Masterplan. For more information on the risks associated with the 2026 Masterplan, see *"Risk Factors— Risks Relating to the Group, the Group's Business and Industry in which It Operates - The 2026 Masterplan is critical to the Group's business strategy and the Group may not realise all of the expected benefits of the 2026 Masterplan"*, *"—The 2026 Masterplan and DME's future development depends on the availability of certain land plots, permits and approvals that the Group does not currently own or have, and the Group's growth and success depends on obtaining these land plots on commercially reasonable terms or their being transferred to the Government in a timely manner"*, *"— The ability of the Group to increase DME's air traffic capacity and to implement the 2026 Masterplan depends on a number of factors, including the performance of third-party contractors, some of which are beyond the Group's control"* and *"— The Group is exposed to certain risks inherent to the real estate development and rental business and this exposure is expected to increase in the future"*.

The table below describes key development projects (from 2021 to 2026) of the 2026 Masterplan and the planned capital expenditure therefor which is remaining as of the date of these Listing Particulars:

**Airport Development 2026 Masterplan
Key Development Projects (2021-2026)**

Action	Total (RUB million)	Source of funds	Completion date	Description
Passenger Terminal Expansion, total, including:	18,248.0	DME	2025	
1. Construction of the Passenger Terminal (Phase 1)	8,400.0	DME	2025	Phase 1 – reconstruction of Segment 1 of the Passenger Terminal taking its total area in the Passenger Terminal to 250,000 sq.m. (including all equipment and Aeroexpress passageway) See <i>"— Airport Facilities, Real Estate and Infrastructure — Passenger</i>

				<i>Terminal".</i>
2. Construction of the Passenger Terminal (Phase 2)	5,300.0	DME	2025	Phase 2 – construction of Segment 2 of the Passenger Terminal for international flights taking the total area in the Passenger Terminal to 485,000 sq.m. (including all equipment and overpass by the terminal). Commissioning expected in 2022. See "— Airport Facilities, Real Estate and Infrastructure — Passenger Terminal".
Design and construction of power supply unit	320.0	DME	2022	Several electricity supply and engineering networks projects, including electricity supply for Segment 2 of the Passenger Terminal, constructing heating facilities and DGUs
Construction of automated baggage processing systems (Segments 1 and 2)	1,066.0	DME	2022	Includes construction and commissioning of the automated baggage processing systems in Segments 1 and 2.
Construction of centralised fuelling centre	540.0	DME	2022	The construction and commissioning of the centralised fuelling centre
IT Developments	1,122.0	DME	2022	Includes various projects aimed at the upgrade and development of the existing IT infrastructure
Equipment and Special Transport	700.0	DME	2022	Includes equipment and special vehicles to ensure aviation security, catering, cargo services and maintenance of the airport infrastructure.
Other construction works	400.0	DME	2022	Includes several construction projects aimed at expanding the existing airport infrastructure at DME.
Other	400.0	DME	2022	Other expansion and development projects.
Airfield infrastructure, total, including:	15,006.2	Federal budget⁽¹⁾		
3. New Runway 2	11,428.2	Federal budget, State Air Traffic Management Corporation of the Russian Federation	2023	Construction of a new runway (3,800 metres long, 60 metres wide) to replace the Existing Runway 2. Commissioning expected in 2022 with some additional

				works to take place in 2023.
4. Terminal aprons	904.0	Federal budget	2023	Construction of aprons near Segment 2 and taxiway between Runway 1 and the Existing Runway 2
5. Reconstruction of Runway 1, including construction of waste and water treatment facilities	674.0	Federal budget	2023	Construction of waste and water treatment facilities for Runway 1. Expected to be substantially completed in 2022 with some additional works to take place in 2023.
6. Control tower	2,000.0	State Air Traffic Management Corporation of the Russian Federation	2023	Air traffic management centre building with control tower
Access roads, total, including:	138,935.0	Federal budget		
7. Access road from Moscow Automobile Ring Road to Domodedovo Airport	15,540.0	Federal budget	2025	Expansion of the highway A-105 to 6 lanes
8. Construction of a section of the Central Ring Road	85,374.0	State Corporation Avtodor 2010-2020 Programme; Federal Target Programme for Development of the Transport System in Russia 2010-2020	2023	Construction of a section of the road (4 lanes, 36.6 km)
9. Construction and renovation of the road "Central Ring Road – DME" (via Lyamtsino)	1,700.0	—	2024	Construction of a section of the road (4 lanes, 6 km)
10. Renovation and construction of the road "Podolsk-Domodedovo-detour Ramenskoye - the road P-105	33,500.0 (1 stage: Podolsk-Domodedovo, 2 stage Domodedovo - DME)	—	2024	Construction of a section of the road (6 lanes, 58.55 km)
11. Access road from M4-Don to Domodedovo Airport	2,426.0	State Corporation Avtodor	2024	Construction of a section of the road (4 lanes, 6.9 km)
12. Other projects	395.0	—	2024	Construction of other access roads and infrastructure
Total:	172,189.2			

⁽¹⁾ Under State Programme "Development of the Transport System" the Russian Government allocated RUB 2,539,149.3 thousand for reconstruction and development of DME (Phase 1 and Phase 2), RUB 2,336,768.0 thousand for reconstruction and development of DME (Phase 1 and Phase 2), RUB 900,492.4 thousand for reconstruction of the second airside and RUB 722,079 thousand for reconstruction of runways of DME, taxiways and parking areas.

The following table sets forth the Group's capital expenditures for the years ended 31 December 2017, 2018 and 2019 and for the nine months ended 30 September 2020, as well as planned capital expenditures for 2021 and 2022:

	Year ended 31 December			Nine months ended 30 September		
	2017	2018	2019	2020	2021	2022
	<i>(RUB billion)</i>					
Reconstruction of Segment 1.....	1.9	1.7	0.9	0.9	1.0	1.1
Construction of Segment 2.....	10.6	9.4	3.2	1.8	1.8	1.4
Overpass road.....	0.3	2.5	1.1	0.2	-	-
Other projects.....	6.3	3.2	0.3	1.2	1.8	2.7
Total.....	19.1	16.8	5.6	4.1	4.6	5.2

The Group estimates total capital expenditures made in 2020 to be approximately RUB 4.8 billion.

The key developments in the 2026 Masterplan which took place from 2018 to 2020 were as follows:

- partial completion of the reconstruction of Segment 1 of the Passenger Terminal;
- reconstruction of the area nearby the railway terminal and the left overpass;
- construction of the second main railroad from Aviastionniy station to DME; and
- construction of Aeroexpress platform and completion of the major construction works with respect to the connecting bridge from the railway station to the Passenger Terminal;

Assuming that the implementation of the 2026 Masterplan proceeds as currently planned, subject to any delays or adjustments due to COVID-19 or otherwise, the Group expects that:

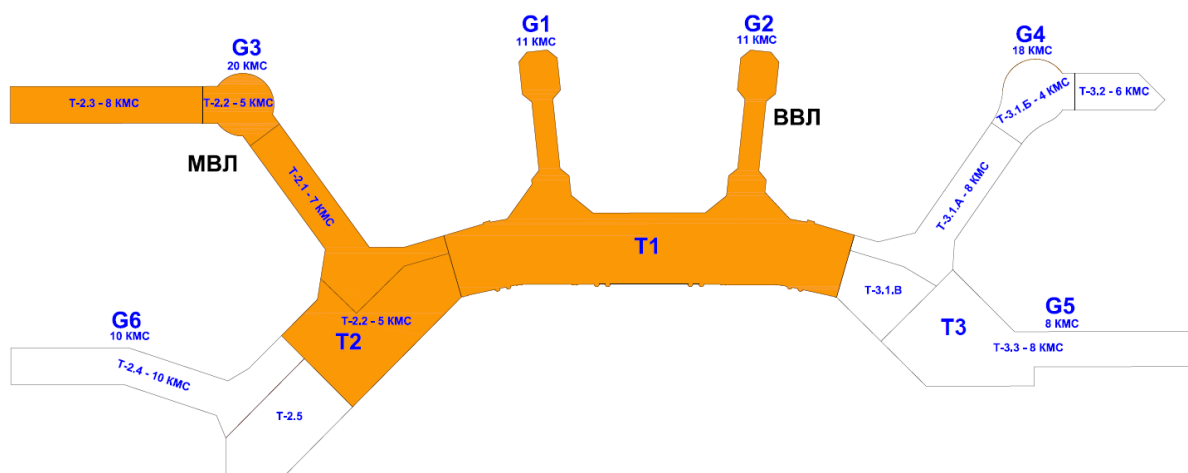
- the Passenger Terminal area would reach approximately 485,000 sq. m. in 2023 (as compared to the total Passenger Terminal area under operation of 197,000 sq. m. as of 30 September 2020);
- the commercial space at the Passenger Terminal would reach approximately 47,000 sq.m. in 2023 (as compared to 12,743 sq.m. as at 30 September 2020);
- the DME cargo complex capacity would reach approximately 292,000 tonnes in 2023 (as compared to 136,000 tonnes as at 30 September 2020).

To finance its capital expenditures, the Group's management plans to rely on cash generated from the Group's operations and external debt financing, both of which have been negatively affected by COVID-19 and the current operating environment. During 2020, the Group received additional liquidity support in the form of Government subsidies and entered into non-revolving credit facility agreements with reduced interest rates as part of the state support programme addressed at industries adversely affected by the COVID-19 pandemic. However, there can be no assurance that the Group will receive the state support, to generate sufficient

Key Expansion and Improvement Projects in the 2026 Masterplan

The Group expects that the Russian Government will have built the New Runway 2 by 2022. The overall capital expenditure for the construction of the New Runway 2 is approximately RUB 20.7 billion, of which the remaining capital expenditure is approximately RUB 11.4 billion. The commissioning of the New Runway 2 was initially scheduled for 2016 and was subsequently delayed until 2018. However, due to a combination of factors (including complex technical terms, geological environment and adverse market conditions in 2014 and 2015 affecting the financial condition of the contractors generally as well as the insolvency of one of the Group's main contractors constructing the New Runway 2) the commissioning of the New Runway 2 was not completed in 2018 and has been postponed until 2021 (with some of the taxiways and de-icing stands expected to be completed in 2022) following which the Existing Runway 2 will be re-equipped into a major taxiway. In 2020, JSC Tsentrordstroist was engaged by the Russian state authorities as a contractor to complete the works relating to the New Runway 2. The subcontractor to finalise the construction of taxiways and de-icing stations is expected to be engaged in March-April 2021. According to the Group's estimates, the construction of the New Runway 2 is about 45 per cent. completed.

Passenger Terminal Expansion



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flights with the majority of the passenger traffic being attributable to domestic flights. According to Rosaviatsia, the passenger traffic at DME was 12.6 million passengers (including 2.4 million international flights passengers and 10.2 million domestic flights passengers) in the nine months ended 30 September 2020.

In conjunction with, and dependent upon, the increase in the number of passengers who are able to fly to and from DME as a result of the new and reconstructed runways as described above, the Group has been in the process of expanding the Passenger Terminal capacity through (i) the reconstruction of Segment 1 of the Passenger Terminal since 2014 and (ii) the construction of Segment 2 (referred to as T2 on the map above) of the Passenger Terminal since 2015.

DME's Passenger Terminal expansion plan includes 2 different phases: (i) Phase 1 involves reconstruction and expansion of Segment 1 of the Passenger Terminal and (ii) Phase 2 involves construction of the new Segment 2 of the Passenger Terminal, a major addition to the north-east side of Segment 1 of the Passenger Terminal to be used for international flights, and have been designed to meet the high standards of major international airlines. Following the commissioning of Segment 2 of the Passenger Terminal, the total capacity of the Passenger Terminal is expected to increase to 55.0 million compared to the current Segment 1 capacity of 37.5 million passengers.

The overall capital expenditure for the reconstruction of Segment 1 of the Passenger Terminal is approximately RUB 20.6 billion, of which the remaining capital expenditure is approximately RUB 8.4 billion. According to the Group's estimates, the reconstruction of Segment 1 is approximately 59 per cent. completed. The overall capital expenditure for the construction of Segment 2 of the Passenger Terminal is approximately RUB 38.2 billion, of which the remaining capital expenditure is approximately RUB 5.3 billion. According to the Group's estimates, the construction of Segment 2 is about 86 per cent. completed. All phases of the planned Passenger Terminal expansion and improvement are planned to be financed by the Group using its own funds. See "*— Airport Facilities, Real Estate and Infrastructure — Passenger Terminal*".

The overall capital expenditure for the construction of Segment 2 aprons and other airfield infrastructure is approximately RUB 3.6 billion, of which the remaining capital expenditure is approximately RUB 1.5 billion. According to the Group's estimates, construction of Segment 2 aprons and other airfield infrastructure is about 65 per cent. completed.

As of 30 September 2020, the Passenger Terminal had 22 contact stands. It is expected that in 2022, the aggregate number of contact stands will reach 34. In addition, following the completion of both Phase 1 and Phase 2 of the Passenger Terminal expansion plan in full, the aggregate maximum passenger capacity of the Passenger Terminal is expected to reach 55.0 million passengers per annum.

Connecting Infrastructure

There are several improvements planned for the existing connecting infrastructure at and around DME, such as movement of the existing railway track to facilitate the planned Passenger Terminal expansion and the improvement of the DME federal access road. The Russian Government is expected to finance the repavement and expansion of the DME federal access road to six lanes (from the current four lanes) by 2025, a federal highway connecting DME to central Moscow, with the goal of easing traffic congestion. In addition, a

new four-lane road connecting DME to the Moscow Small Ring and the M4 Don Federal Highway is expected to be constructed by 2024.

Information Technology

The Group's information technology system is integrated with the information technology systems of the airlines that operate at DME, as well as with the governmental agencies that perform functions such as air traffic control and security at DME. The Group's information technology systems are centralised, implemented in a disaster-resistant scheme with territorial diversity for two data processing centres and two routing centres. Some of the Group's critical information technology systems include flight information processing and display systems, departure control systems, a ground aircraft servicing management system and an automated fuel and lubricants management system. The Group's information technology systems are subject to periodic maintenance and updates. See *"Risk Factors—Risks Relating to the Group, the Group's Business and Industry in which It Operates — The Group's day-to-day operations could be adversely affected by interruptions to, or the improper functioning of, its information technology systems."*

Intellectual Property

The Group holds 31 domain names and nine trademarks that differentiate the various business activities of the Group. The main trademarks for DME are "Moscow Domodedovo Airport" and "ДОМОДЕДОВО МОСКОВСКИЙ АЭРОПОРТ". Other trademarks, such as IL, EL, МАД, MDA and ИСТ ЛАЙН have also been registered to promote the commercial services of the Group. The right to use a trademark in Russia is protected under Russian law upon the trademark's registration with the Federal Service on Intellectual Property, Patents and Trademarks. In addition, the Group owns licenses for use of third-party property rights for certain software. The Group closely monitors the validity of its intellectual property.

Insurance

The Group maintains insurance policies covering liability arising out of certain operations at DME including property damage, third-party liability, hazardous materials and operational risk. Insurances are maintained with reputable Russian insurance companies. As of 31 December 2019 and 30 September 2020, the Group's third-party liability was insured to a total aggregate value of U.S.\$ 500 million. However, in part due to the relative underdevelopment of the Russian insurance market, the Group does not carry all of the types of customary insurance coverage that are available in certain other countries for a business of DME's size and nature. Many forms of insurance protection available in more economically developed countries are not yet available in the Russian Federation on comparable terms to those available in Western Europe or the United States or at all.

In addition, the Group is not insured against consequential damages, environmental damage, aeronautical communications, loss of key management personnel and war-related events. See *"Risk Factors—Risks Relating to the Group, the Group's Business and Industry in which It Operates —The Group does not carry all of the types of insurance coverage customary in other countries for a business of DME's size and nature, and the Group's insurance policies may not cover all risks associated with the operation of the Group's business."*

Employees

As of 30 September 2020, the Group had 12,596 employees. The Passenger Terminal functions that require the greatest number of personnel are security, cleaning and maintenance. The Group has no unionised employees.

The following table sets forth the number of persons employed by the Group as of the dates indicated.

	As of 31 December			As of 30 September	
	2017	2018	2019	2019	2020
Aviation Production.....	6,827	6,649	6,427	5,938	5,878
Security.....	308	308	309	313	305
Auxiliary Production.....	1,014	798	741	678	653
Production Support	331	355	340	370	362
Marketing.....	472	486	511	529	467
Personnel	913	908	803	856	722
Finance	527	638	624	651	589
Legal	150	148	143	151	149
Other	4,181	4,061	4,065	3,874	3,471
Total	14,723	14,350	13,963	13,361	12,596

The Group takes certain measures in order to attract and retain qualified personnel, including bonus payment arrangements, continuous training programmes and health and medical programmes to its personnel. See "*Strategy—Focus on Enhancing Sustainability and Building Up DME's Brand*". In addition, the Group provides educational programmes to students of chosen institutions with the view of offering subsequent employment. The Group does not maintain key-person life insurance on any of its executive officers.

As of 30 September 2020, the Group did not have any employee-related incentive plans except for the incentive plan for senior management and members of the board of directors. See "*Directors and Senior Management—Service Contracts and Compensation of Directors and Senior Managers*."

The Group assesses the sufficiency of its headcount on a regular basis with a view to increase the staff as the passenger traffic at DME grows. The Group has not implemented and does not currently envisage any large-scale headcount reductions as a result of the COVID-19 pandemic.

Environmental Matters

The Group is subject to, and is in all material respects in compliance with, environmental standards under Russian law and regulations. The Group also complies with the regulations set out by the ICAO regarding the International Standards and Recommended Practices for Environmental Protection.

DME's operations expose the Group to environmental risks, including, in particular, the operation of a hydrant fuelling system, fuel storage and the use of de-icing fluids. See "*Risk*

Factors—Risks Relating to the Group, the Group's Business and Industry in which It Operates —The Group is subject to environmental and health and safety laws, and changes in these laws could require the Group to modify its existing business practices, incur increased costs and subject it to potential liabilities." In addition, DME's operations generate various types of waste, which are removed by third-party waste disposal contractors.

The Group regularly monitors DME for the treatment of wastewater, air quality, noise, waste disposal, insects and animals carrying diseases, food sanitation and drinking water. It also conducts, or engages third parties to conduct, environmental quality inspections and examinations of DME and engages third parties to recommend preventive and corrective measures with regard to environmental impacts during construction and operation of airport infrastructure to ensure compliance with applicable environmental standards. In 2017, in pursuit of decreasing the risk of water contamination, the Group put into operation two oil separators and, in 2019, the Group implemented the environmental risk management system.

In addition, as part of its environmental protection programme, the Group:

- commissioned a bio-degradation system on every water outflow;
- conducts neutralisation of the de-icing fluids and monitors the quality of water in nearby basins on a regular basis; and
- has engaged an emergency and safety service task force to take prompt action in case of an emergency hazardous substances spillages.

The Group monitors environmental compliance on a regular basis. In particular, the Group has installed a fully automatic noise monitoring system to analyse the impact of airport noise on nearby residential areas. Oil traps and bacterial filters are used by the Group in order to prevent pollution of water with waste. In the first quarter of 2017, the Group equipped its electric baggage tugs with new Li-ion batteries and acquired ramps with electric engines. The Group has also installed energy-efficient lamps in the Passenger Terminal, which reduce energy consumption. In addition, such lamps are environment friendly as they do not contain any hazardous substances when the lamps cease to function.

Going forward, the Group plans to implement additional measures to reduce the impact of its operations on the environment, such as building local waste and water treatment facilities nearby Runway 1 (by the end of 2021) and New Runway 2 (by the end of 2022), commissioning the noise monitoring system with respect to New Runway 2 similar to the one which is under operation with respect to Runway 1 as noted above (by the end of 2022), building de-icing stands and facilities for treatment and disposal of used de-icing fluids.

Save as described in "*Risk Factors— Risks Relating to the Group, the Group's Business and Industry in which It Operates —The Group is subject to environmental and health and safety laws, and changes in these laws could require the Group to modify its existing business practices, incur increased costs and subject it to potential liabilities*", the Group has not been involved in any material legal proceedings that are, or have been in the 12 months preceding the date of these Listing Particulars, related to environmental protection issues. The Group also believes that it is in compliance with all relevant environmental requirements.

Legal Proceedings

The Group has been, and will continue to be, subject to legal proceedings (both as plaintiff and defendant) from time to time and in the ordinary course of business.

Save as described in "*Risk Factors— Risks Relating to the Group, the Group's Business and Industry in which It Operates – Some of the Group's former and current senior officers and its ultimate beneficial owner Mr. Kamenshchik, have been the subject of criminal investigations in Russia*", "*Risk Factors— Risks Relating to the Group, the Group's Business and Industry in which It Operates – The performance of obligations by the employees of the Federal State Unitary Enterprise "Administration of Domodedovo Airport" in the context of the construction of a new runway is the subject of the ongoing criminal investigation in Russia*" and "*Risk Factors— Risks Relating to the Group, the Group's Business and Industry in which It Operates – The Group is subject to the risk of claims, lawsuits and other proceedings*", there are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened or of which the Company, any Initial Guarantor or the Group is aware), during the previous 12 months which may have, or have had in the recent past, significant effects on the Company, any Initial Guarantor and/or the Group's financial position or profitability.

DIRECTORS AND SENIOR MANAGEMENT

Board of Directors of the Company

As of the date of these Listing Particulars, the Board of Directors of the Company comprises the 2 members as listed below.

Name	Year of birth	Current position	Since
Chrystalla Pitsilli-Dekatris	1962	Director	1995
Anastasios Stylianou	1960	Director	2012

The business address of Chrystalla Pitsilli-Dekatris is 1 Lampousas Street, Nicosia 1095, Cyprus. The business address of Anastasios Stylianou is 9 Grammou Street, Nicosia 2408, Cyprus. The biographies of each of the directors of the Company, as of the date of these Listing Particulars, are set out below:

Chrystalla Pitsilli-Dekatris is a director of the Company and has served in this capacity since January 1995. Ms. Pitsilli-Dekatris is a qualified lawyer and is a co-managing partner at a law firm in Cyprus. Ms. Pitsilli-Dekatris is a member of The Honourable Society of the Middle Temple, London, and the Senate of the Inns of Court and the Bar and Cyprus Bar Association as well as the International Bar Association (IBA) and the Young Lawyers' International Association (AIJA). Ms. Pitsilli-Dekatris graduated from University of Kent at Canterbury with a degree in law.

Anastasios Stylianou is a director of the Company and has served in this capacity since July 2012. Mr. Stylianou is a qualified lawyer and is a senior associate at a law firm in Cyprus. Mr. Stylianou is a member of Cyprus Bar Association. He graduated from University of Salonica, Law School with a degree in law.

Senior Management

The day-to-day management of the Group is conducted by the following senior managers ("**Senior Managers**").

Name	Year of birth	Position(s)	Since	Year Joined the Group
Mr. Viktor Ponomarenko	1975	Chief Executive Officer	2019	1999
Ms. Elena Leonova	1980	Chief Financial Officer	2017	2016
Mr. Igor Borisov	1966	Director of the Domodedovo Airport Complex	2010	2004
Mr. Alexander Maksakov	1954	Chief Strategist	2007	1997
Mr. Dmitry Makhnev	1972	Director of Commercial Services	2020	1999

The biographies of the senior management of the Group, as of the date of these Listing Particulars, are set out below:

Viktor Ponomarenko is the chief executive officer and served in this capacity since 2019. Mr. Ponomarenko joined the Group in 1999 as the head of the operation of radio equipment and communications division at DOMODEDOVO AIRFIELD Limited Liability Company. From 2004 to 2006, Mr. Ponomarenko was an expert in radio equipment at AMC and, from

2006 to 2010, the head of the Group's automation division at AMC. From 2010 to 2015, Mr. Ponomarenko held the position of the Chief IT Officer of the Group and from 2015 to 2019 he was the director for methodic management of the Group. Mr. Ponomarenko obtained a degree in Radio Engineering from Moscow Aviation Institute in 1999. The business address of Mr. Ponomarenko is bldg. 3/1 Territory of Moscow Domodedovo Airport, Domodedovo District, Moscow Region, 142015, the Russian Federation.

Elena Leonova is the chief financial officer and the head of the Finance Group and has served in this capacity since September 2017. Prior to joining the Group in 2016, Ms. Leonova was Senior Manager in Deloitte & Touche CIS. Ms. Leonova obtained a degree in Economics from Moscow State University in 2003. The business address of Ms. Leonova is bldg. 3/1 Territory of Moscow Domodedovo Airport, Domodedovo District, Moscow Region, 142015, the Russian Federation.

Igor Borisov is the director of the Domodedovo Airport Complex and has served in this capacity since December 2010. Mr. Borisov joined the Group in 2004 as the head of the building operation department at Domodedovo Airport Terminal Complex. Mr. Borisov held the positions of the head of the Business and Engineering Service from January 2005 to October 2007 and director of the Corporate Property Department from October 2007 to October 2009, when he was appointed managing director of the Domodedovo Airport Terminal Complex. Prior to joining the Group, Mr. Borisov held various positions at companies such as CJSC Avtoimpex and CJSC Concern IceRoss. He obtained a degree in Radio Electronic Devices from Voronezh High School for Military Engineering in 1988. The business address of Mr. Borisov is bldg. 3/1 Territory of Moscow Domodedovo Airport, Domodedovo District, Moscow Region, 142015, the Russian Federation.

Alexander Maksakov serves as the Head of Strategy Unit since 2005 and the Chief Strategist of the Group since December 2010. Mr. Maksakov joined the Group in 1997 as an expert in the technological development department and has since held various supervisory positions. From 1994 to 1997, Mr. Maksakov was the head engineer at Domodedovsky Civil Aviation Enterprise. He obtained a degree in Computer Science and Technology from the Kiev Institute of Civil Aviation Engineers in 1976. The business address of Mr. Maksakov is bldg. 3/1 Territory of Moscow Domodedovo Airport, Domodedovo District, Moscow Region, 142015, the Russian Federation.

Dmitry Makhnev is the Managing Director of Domodedovo Commercial Services and has served in this capacity since July 2020. From September 2019 to July 2020 Mr. Makhnev served as the Deputy Director of Domodedovo Commercial Services. Mr. Makhnev joined the Group in August 1999 as the chief physician of the medical unit of the production service. From 1999 to 2004, Mr. Makhnev held various managerial positions at AMC. From 2004 to 2017, Mr. Makhnev held various managerial positions at the Medical Center of the CBR, Limited Liability Company "Center for Medical Logistics Medstatus", National Medical and Surgical Center named after N.I. Pirogov, including chief physician, Director for Extrabudgetary Activities and Information Technologies Director for Commercial Activities and Advisor for Commercial Issues. From 2017 to 2018, he held the position of the commercial director at Limited Liability Company "GVM International". From 2018 to 2019, Mr. Makhnev the director general of Federal Medical Center of the Federal Property Management Agency. Mr. Makhnev obtained a degree from the S. M. Kirov Military Medical Academy in 1996. The business address of Mr. Makhnev is bldg. 3/1 Territory of Moscow Domodedovo Airport, Domodedovo District, Moscow Region, 142015, the Russian Federation.

Conflicts of Interest

There are no actual or potential conflicts of interest between any duties owed by members of the Company's Board of Directors or Senior Managers and their private interests and/or other duties.

None of the members of the Company's Board of Directors or Senior Managers is related to one another.

Litigation Statement about Members of the Board of Directors and the Senior Managers

At the date of these Listing Particulars, none of the members of the Company's Board of Directors and the Senior Managers has in the previous five years:

1. had any convictions in relation to fraud offences; or
2. been subject to official public incrimination or sanction by a statutory or regulatory authority (including a professional body) nor has ever been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of a company or from acting in the management or conduct of the affairs of a company.

Service Contracts and Compensation of Key Management Personnel

The Group's key management personnel comprised seven persons as of 30 September 2020, 31 December 2019 and 31 December 2018 and eight persons as of 31 December 2017. Total gross compensation (including mandatory pension and other payroll related contributions to state funds and before withholding of personal income tax) to those individuals included in payroll and related charges in the consolidated profit or loss amounted to RUB 85 million (including social insurance taxes of RUB 12 million), RUB 118 million (including social insurance taxes of RUB 16 million), RUB 120 million (including social insurance taxes of RUB 17 million), RUB 484 million (including social insurance taxes of RUB 65 million) and RUB 471 million (including social insurance taxes of RUB 63 million) for the nine month-periods ended 30 September 2020 and 2019 and the years ended 31 December 2019, 2018 and 2017, respectively.

No director or senior manager of the Group is a party to any service contract with the Group where such contract provides for benefits upon termination of employment.

As of 30 September 2020, the Group did not have employee-related incentive plans except for the incentive plan for senior management and members of the board of directors. The respective expenses and liabilities are recorded in the financial statements and included into key management remuneration specified in the previous paragraph.

SHAREHOLDER

As of the date of these Listing Particulars, the Company's authorised and issued share capital was EUR 17,100, comprised of 10,000 ordinary shares with a nominal value of EUR 1.71 each. DME Limited holds 100 per cent. of the Company's share capital. As of the date of these Listing Particulars, the Ultimate Beneficial Owner is the person ultimately controlling the Company.

The Company is a private limited liability company incorporated under Cypriot law. There are no special provisions in its articles of association which would restrict the control exercised by DME Limited on the Company. DME Limited is the sole shareholder and has the ability, subject to adhering to the procedural rules of Cyprus Companies Law Cap.113 and the Company's articles of association, to remove and appoint the members of the board of directors of the Company. There are no special provisions or measures adopted which could limit the power of DME Limited over the Company.

RELATED PARTY TRANSACTIONS

The Group is required to report all related party transactions, as defined in IAS 24 "Related Party Disclosures" in accordance with IFRS. In addition, Russian companies of the Group are required to comply with applicable Russian law with respect to related party transactions. All related parties with whom the Group entered into significant transactions during the nine months ended 30 September 2019 and 2020 and the years ended 31 December 2017, 2018 and 2019 or had significant balances outstanding as of 30 September 2019 and 2020, 31 December 2017, 2018 and 2019, are considered to be entities under common control. Such transactions were entered into in the ordinary course of business.

The following tables provide the total amount of transactions entered into with related parties during the nine months ended 30 September 2019 and 2020 and the years ended 31 December 2017, 2018 and 2019 as well as period-end and year-end balances.

	Entities under common control	
	31 December 2019	30 September 2020
	<i>(in RUB millions)</i>	
Advances for acquisition of non-current assets	124	959
Loans issued	324	442
Trade receivables	-	569
Other receivables	-	377
Total non-current assets	448	2,347
Trade receivables	399	-
Other receivables	524	105
Total current assets	923	105
Trade payables	1	25
Other payables	8	16
Total current liabilities	9	41

	31 December					
	2017		2018		2019	
	(in RUB millions)					
	Amounts owed by related parties	Amounts owed to related parties	Amounts owed by related parties	Amounts owed to related parties	Amounts owed by related parties	Amounts owed to related parties
Entities under common control	907	33	1,157	26	1,371	9

	Nine months ended 30 September					
	<i>(in RUB millions)</i>					
	2019			2020		
	Sales to related parties	Purchases from related parties	Interest income	Sales to related parties	Purchases from related parties	Interest income
Entities under common control	65	132	17	83	70	26

	Year ended 31 December								
	(in RUB millions)								
	2017			2018			2019		
	Sales to related parties	Purchases from related parties	Interest income	Sales to related parties	Purchases from related parties	Interest income	Sales to related parties	Purchases from related parties	Interest income
Entities under common control...	65	125	15	73	183	2	107	125	35

Compensation of key management personnel

Total gross compensation (including mandatory pension and other payroll related contributions to state funds and before withholding of personal income tax) to key management personnel included in payroll and related charges in the consolidated profit or loss as set out in the Group's Financial Statements amounted to RUB 85 million (including social insurance taxes of RUB 12 million) and RUB 118 million (including social insurance taxes of RUB 16 million) for the nine months ended 30 September 2020 and 2019, respectively. The outstanding balances due to key management personnel amounted to RUB 13 million and RUB 11 million as at 30 September 2020 and 2019, respectively, and comprised accrued salaries, bonuses, accrual for unused vacation and other monetary benefits.

Total gross compensation (including mandatory pension and other payroll related contributions to state funds and before withholding of personal income tax) to key management personnel included in payroll and related charges in the consolidated profit or loss as set out in the Group's Financial Statements amounted to RUB 120 million (including social insurance tax of RUB 17 million), RUB 484 million (including social insurance tax of RUB 65 million) and RUB 471 million (including social insurance tax of RUB 63 million) for the years ended 31 December 2019, 2018 and 2017, respectively. The outstanding balances due to key management personnel amounted to RUB 11 million, RUB 903 million and RUB 794 million as at 31 December 2019, 2018 and 2017, respectively, and comprised accrued salaries, bonuses, accrual for unused vacation and other monetary benefit.

THE ISSUER

The Issuer was incorporated in Ireland as a private limited company on 16 October 2013, registered number 534175, with the name DME Airport Limited, under the Companies Acts 1963-2012 (as amended) of Ireland (the "**Companies Acts 1963-2012**"). The Issuer was subsequently re-registered as a designated activity company under the Companies Act 2014, as amended (the "**Companies Act**") on 13 July 2016 where its name changed to DME Airport Designated Activity Company. The registered office of the Issuer is 2nd Floor, Palmerston House, Fenian Street, Dublin 2, Ireland, and its telephone number +353 1 905 8020.

The authorised share capital of the Issuer is EUR 100 divided into 1 ordinary shares of par value EUR 1 each (the "**Shares**"). The Issuer has issued one Share, which is fully paid and is held on trust by Cafico Trust Company Limited (the "**Share Trustee**") under the terms of a declaration of trust (the "**Declaration of Trust**") dated 18 October 2013, under which the Share Trustee holds the Shares on trust for charity. The Share Trustee has no beneficial interest in and derives no benefit (other than any fees for acting as Share Trustee) from its holding of the Shares. The Share Trustee will apply any income derived from the Issuer solely for the above purposes.

Cafico Corporate Services Limited (the "**Corporate Services Provider**"), an Irish company, acts as the corporate services provider for the Issuer. The office of the Corporate Services Provider serves as the general business office of the Issuer. Through the office and pursuant to the terms of the corporate services agreement entered into on 21 November 2013 between the Issuer and the Corporate Services Provider (the "**Corporate Services Agreement**"), the Corporate Services Provider performs various management functions on behalf of the Issuer, including the provision of certain clerical, reporting, accounting, administrative and other services until termination of the Corporate Services Agreement. In consideration of the foregoing, the Corporate Services Provider receives various fees and other charges payable by the Issuer at rates agreed upon from time to time plus expenses. The terms of the Corporate Services Agreement provide that either party may terminate the Corporate Services Agreement upon the occurrence of certain stated events, including any material breach by the other party of its obligations under the Corporate Services Agreement which is either incapable of remedy or which is not cured within 30 days from the date on which it was notified of such breach. In addition, either party may terminate the Corporate Services Agreement at any time by giving at least 90 days written notice to the other party.

The Corporate Services Provider's principal office is Palmerston House, Denzille Lane, Dublin 2, Ireland.

Business

The principal objects of the Issuer are set forth in clause 3 of its Constitution (as currently in effect) and permit the Issuer, inter alia, to lend money and give credit, secured or unsecured, to issue debentures, enter into derivatives and otherwise to borrow or raise money and to grant security over its property for the performance of its obligations or the payment of money.

The Issuer is organised as a special purpose company. The Issuer was established to raise capital by the issue of debt securities and to use an amount equal to the proceeds of each such issuance to advance a loan to the Borrower.

Since its incorporation the Issuer has not engaged in material activities other than those incidental to its registration as a private limited company under the Companies Acts 1963-2012, its re-registration as a designated activity company under the Companies Act, the issue of previous loan participation notes for the sole purpose of funding loans to the Borrower, tendering and cancelling a portion of previously issued loan participation notes and activities related to the issue of the Notes. The Issuer has no employees.

Directors and Company Secretary

The Issuer's Articles of Association provide that the Board of Directors of the Issuer will consist of at least two Directors.

The Directors of the Issuer and their business addresses are as follows:

Lester Almojuela	2nd Floor, Palmerston House, Fenian Street, Dublin 2, Ireland
Yolanda Kelly	2nd Floor, Palmerston House, Fenian Street, Dublin 2, Ireland
George Mountis	2 Michalaki Karaoli Street, 1095 Nicosia, Cyprus

The Company Secretary is Cafico Secretaries Limited.

The Directors do not hold any direct, indirect, beneficial or economic interest in any of the Shares.

The directorship of Lester Almojuela and Yolanda Kelly are provided as part of the Corporate Services Provider's overall corporate administration services provided to the Issuer pursuant to the Corporate Services Agreement.

The Directors of the Issuer may engage in other activities and have other interests which may conflict with the interests of the Issuer.

Save as disclosed herein, there has been no material adverse change in the financial position or prospects of the Issuer since the date of its incorporation. Save for the prior issues of loan participation notes, activities related to the issue of the Notes and arrangements related thereto, the Issuer has no borrowings or indebtedness in the nature of borrowings (including loan capital issued or created but unissued), term loans, liabilities under acceptances or acceptance credits, mortgages, charges or guarantees or other contingent liabilities.

Financial Statements

The financial year of the Issuer ends on 31 December in each year. The Issuer has prepared financial statements for the years ended on 31 December 2018 and 2019. The Issuer will not prepare interim financial statements.

The profit and loss account and balance sheet can be obtained free of charge from the registered office of the Issuer.

The financial statements of the Issuer for the years ended 31 December 2018 and 2019 have been audited by Ernst & Young, Chartered Accountants and Statutory Audit Firm of Harcourt Centre, Harcourt Street, Saint Kevin's, Dublin 2, Ireland, who are chartered accountants and

are members of the Institute of Chartered Accountants and registered auditors qualified to practise in Ireland.

THE BORROWER

Incorporation and Status

The Borrower was incorporated on 20 January 1995 as a private company limited by shares under the laws of the Republic of Cyprus. The registered office of the Borrower is Michalaki Karaoli 2, office 203, 1095 Nicosia, Cyprus and its telephone number is +357 22 777 000. The registration number of the Borrower is HE 68181.

Objects

The Borrower owns substantially all of the Group's real estate assets.

Share Capital

The authorised share capital of the Borrower is EUR 17,100 divided into 10,000 ordinary shares of nominal value EUR 1.71 each. There are 10,000 ordinary shares of EUR 1.71 each in issue at the date hereof.

Organisational Structure

The Borrower is a wholly owned subsidiary of DME Limited. The Borrower has no subsidiaries.

Management

The Borrower is managed by its board of directors. The directors of the Borrower and their business addresses are set out in the table below:

Name		Business address	Current position	Since
Chrystalla	Pitstilli	1 Lampousas Street, Nicosia 1095, Cyprus	Director	1995
Dekatris				
Anastasios Stylianou		9 Grammou Street, Nicosia 2408, Cyprus	Director	2012

The directors are responsible for the day-to-day management of the Borrower. To the best of the knowledge and belief of each of the Borrower and Initial Guarantors, there are no potential or existing conflicts of interests between any of the duties of the directors of the Borrower and their private interests.

Save as disclosed in "*Risk Factors—Risks Relating to the Group, the Group's Business and Industry in which It Operates —The COVID-19 pandemic and measures to reduce the number of cases have had, and will likely continue to have, a material adverse impact on the Group's business, financial condition, results of operations and/or prospects*" and "*Operating and Financial Review—Significant Factors Affecting the Results of Operations—COVID-19 pandemic*", there has been no material adverse change in the prospects of the Borrower since the date of the Group's last audited consolidated financial statements dated 31 December 2019.

THE INITIAL GUARANTORS

For the twelve months ended 31 December 2019 and for the nine months ended 30 September 2020, the Obligor EBITDA Cover Ratio was 110.28 per cent. and 118.18 per cent., respectively. As of 31 December 2019 and 30 September 2020, the Obligor Total Assets Cover Ratio was 93.04 per cent. and 94.17 per cent., respectively.

With the exception of the Initial Guarantors and any other subsidiaries of DME Limited which may become Guarantors in the future, DME Limited's subsidiaries have no obligation in respect of any amounts due under the Loan Agreement and neither the Issuer nor holders of Notes will have any direct or indirect claim on such non-Guarantor subsidiaries' cash flows or assets other than through DME Limited's shareholding in such entities. In most circumstances, the Issuer's rights to receive payments under the Loan Agreement and the Guarantees (and therefore its ability to make payments under the Notes as they fall due) are effectively subordinated to any liabilities of DME Limited's non-Guarantor subsidiaries. As of 30 September 2020, no portion of the Group's total debt (including amounts due to grantor under a concession agreement and guarantees in respect of Group borrowings and excluding intra-group borrowings) was held by the DME Limited's subsidiaries other than the Initial Guarantors and the Borrower. In the event of a bankruptcy, liquidation or reorganisation of a non-Guarantor subsidiary, holders of that subsidiary's indebtedness and trade and other creditors of that subsidiary will have a claim to the assets of that subsidiary that is senior to DME Limited's interest in those assets as a shareholder, except to the extent that DME Limited's is recognised as a creditor through intercompany claims or loans. Accordingly, the Notes are effectively subordinated to this debt. Moreover, the Issuer's rights to receive payments under the Loan Agreement and the Guarantees (and therefore its ability to make payments under the Notes as they fall due) are effectively subordinated to the secured liabilities of the Borrower and the Initial Guarantors. As of 30 September 2020, the Borrower and the Initial Guarantors had no outstanding secured borrowings.

Copies of the constitutional documents of the Company and each Initial Guarantor are available for inspection in physical format at the offices of the Principal Paying Agent in London and the registered office of the Issuer during usual business hours on any weekday (Saturdays and public holidays excepted) for so long as the Notes are listed on Euronext Dublin.

DME Limited, is the holding company of the Group and each of its operational subsidiaries, and is dependent on the activities, financial performance and prospects of all the operational subsidiaries of the Group. The subsidiaries of DME Limited enter into various intra-group transactions in the ordinary course of their businesses, and, on this basis, are therefore interdependent with the other companies within the Group. This includes the Borrower depending in the other operational subsidiaries of the Group to be able to satisfy its obligations under the Loan. See "*Risk Factors—The Borrower's ability to pay under the Loan Agreement is dependent on other operational subsidiaries of the Group*". There are no specific measures which would restrict the control exercised by DME Limited over its subsidiaries other than those specifically provided by applicable law.

Airport Management Company Limited

Incorporation and Status

Airport Management Company Limited was incorporated on 21 May 1996 as a private company limited by shares under the laws of the Isle of Man. The registered office of Airport Management Company Limited is First Floor, Exchange House, 54-62 Athol Street, Douglas, Isle of Man, IM1 1JD and its telephone number is +44 1624 824011. The registration number of Airport Management Company Limited is 079155C.

Capacity

Airport Management Company Limited has the capacity and, subject to the law, the rights, powers and privileges of an individual.

Objects

Airport Management Company Limited is the management company for Russian subsidiaries of DME Limited.

Share Capital

The authorised share capital of Airport Management Company Limited is U.S.\$ 3,000 divided into 3,000 ordinary shares of U.S.\$ 1.00 each. There are 2 ordinary shares of U.S.\$ 1.00 each in issue at the date hereof.

Organisational Structure

Airport Management Company Limited is a wholly owned subsidiary of DME Limited. Airport Management Company Limited has no subsidiaries.

Management

Airport Management Company Limited is managed by its board of directors. The directors of Airport Management Company Limited and their business addresses are set out in the table below:

Name	Business address	Current position	Since
Kypros Chrysostomides	1, Lampousas street, 1095 Nicosia, Cyprus	Director	2018
Simon Whitney Fearnhead	69 Quay West Apartments, 6 Bridge Road, Douglas, Isle of Man, IM1 5AG	Director, Secretary	2017

The directors are responsible for the day-to-day management of Airport Management Company Limited. To the best of the knowledge and belief of each of the Company and Initial Guarantors, there are no potential or existing conflicts of interests between any of the duties of the directors of Airport Management Company Limited and their private interests.

Save as disclosed in "*Risk Factors— Risks Relating to the Group, the Group's Business and Industry in which It Operates —The COVID-19 pandemic and measures to reduce the number of cases have had, and will likely continue to have, a material adverse impact on the Group's business, financial condition, results of operations and/or prospects*" and "*Operating*

and Financial Review—Significant Factors Affecting the Results of Operations—COVID-19 pandemic", there has been no material adverse change in the prospects of Airport Management Company Limited since the date of the Group's last audited consolidated financial statements dated 31 December 2016.

DME Limited

Incorporation and Status

FML Limited, the predecessor of DME Limited, was founded on 28 February 2001 as a limited liability company under the laws of Isle of Man. FML Limited was redomiciled to Cyprus and renamed DME Limited on 10 February 2012. The registered office of DME Limited is 1, Lampousas street, Nicosia, 1095, Cyprus and its telephone number is +357 22 777 000. The registration number of DME Limited is HE 301153.

Objects

DME Limited is the holding company of the Group.

Share Capital

The authorised and issued share capital of DME Limited is EUR 304,831,519 divided into 304,831,519 shares of nominal value of Euro 1.00 each.

Management

DME Limited is managed by the board of directors. The directors of DME Limited and their business addresses are set out in the table below:

Name	Business address	Current position	Since
Chrystalla Pitsilli Dekatris	1 Lampousas Street, Nicosia 1095, Cyprus	Director	2012
Anastasios Stylianou	1 Lampousas Street, Nicosia 1095, Cyprus	Director	2012
Anna Rossides	1 Lampousas Street, Nicosia 1095, Cyprus	Director	2012

The directors are responsible for the day-to-day management of DME Limited. To the best of the knowledge and belief of each of the Company and Initial Guarantors, there are no potential or existing conflicts of interests between any of the duties of the directors of DME Limited and their private interests.

Save as disclosed in *"Risk Factors—Risks Relating to the Group, the Group's Business and Industry in which It Operates—The COVID-19 pandemic and measures to reduce the number of cases have had, and will likely continue to have, a material adverse impact on the Group's business, financial condition, results of operations and/or prospects"* and *"Operating and Financial Review—Significant Factors Affecting the Results of Operations—COVID-19 pandemic"*, there has been no material adverse change in the prospects of DME Limited since the date of the Group's last audited consolidated financial statements dated 31 December 2018.

DOMODEDOVO AIRFIELD Limited Liability Company

Incorporation and Status

DOMODEDOVO AIRFIELD Limited Liability Company was founded on 15 April 1998 as a closed joint-stock company under the laws of the Russian Federation. DOMODEDOVO AIRFIELD Limited Liability Company was reorganised into a limited liability company under the laws of the Russian Federation on 5 February 2015. On 22 July 2019, the company's name was changed to DOMODEDOVO AIRFIELD Limited Liability Company. The registered office of DOMODEDOVO AIRFIELD Limited Liability Company is 9, territory "Aeroport "Domodedovo", Domodedovo, Moscow region, 142015 and its telephone number is +7 495 363 3063. The main state registration number of DOMODEDOVO AIRFIELD Limited Liability Company is 1155009000387.

Objects

The principal objects of DOMODEDOVO AIRFIELD Limited Liability Company, as set out in its charter, are supporting activities related to air transportation, technical exploitation of the airfield, radiotechnical, lighting and navigational flight support, aviation security support and control, planning and coordination of flights.

Charter Capital

The charter capital of DOMODEDOVO AIRFIELD Limited Liability Company is RUB 10,000,000.

Organisational Structure

DOMODEDOVO AIRFIELD Limited Liability Company is a wholly owned subsidiary of DME Limited. DOMODEDOVO AIRFIELD Limited Liability Company has no subsidiaries.

Management

DOMODEDOVO AIRFIELD Limited Liability Company is managed by the sole participant, DME Limited, and the management company, Airport Management Company Limited. The sole participant is entitled to approve amendments to the charter of DOMODEDOVO AIRFIELD Limited Liability Company, vote for reorganisation or liquidation of DOMODEDOVO AIRFIELD Limited Liability Company, approve and receive dividends, increase or decrease the charter capital of DOMODEDOVO AIRFIELD Limited Liability Company, appoint auditors and adopt other corporate resolutions and decisions envisaged by the charter of DOMODEDOVO AIRFIELD Limited Liability Company and Russian law. The management company is responsible for the day-to-day management of DOMODEDOVO AIRFIELD Limited Liability Company.

To the best of the knowledge and belief of each of the Company and Initial Guarantors, there are no potential or existing conflicts of interests between any of the duties of DME Limited as the sole participant of DOMODEDOVO AIRFIELD Limited Liability Company, duties of Airport Management Company Limited as the management company of DOMODEDOVO AIRFIELD Limited Liability Company, and their private interests.

Save as disclosed in "*Risk Factors— Risks Relating to the Group, the Group's Business and Industry in which It Operates —The COVID-19 pandemic and measures to reduce the*

number of cases have had, and will likely continue to have, a material adverse impact on the Group's business, financial condition, results of operations and/or prospects" and "Operating and Financial Review—Significant Factors Affecting the Results of Operations—COVID-19 pandemic", there has been no material adverse change in the prospects of DOMODEDOVO AIRFIELD Limited Liability Company since the date of the Group's last audited consolidated financial statements dated 31 December 2019.

"DOMODEDOVO AIRPORT HANDLING" Limited Liability Company

Incorporation and Status

"DOMODEDOVO AIRPORT HANDLING" Limited Liability Company was founded on 22 August 2005 as a closed joint-stock company under the laws of the Russian Federation. "DOMODEDOVO AIRPORT HANDLING" Limited Liability Company was reorganised into a limited liability company under the laws of the Russian Federation on 28 January 2015. The registered office of "DOMODEDOVO AIRPORT HANDLING" Limited Liability Company is 1, territory "Aeroport "Domodedovo", Domodedovo, Moscow region, 142015 and its telephone number is +7 495 363 6427. The main state registration number of "DOMODEDOVO AIRPORT HANDLING" Limited Liability Company is 1155009000167.

Objects

The principal objects of "DOMODEDOVO AIRPORT HANDLING" Limited Liability Company, as set out in its charter, are supporting activities related to air transportation, maintenance of the airfield; services on passenger, luggage, cargo and mail handling; provision of certain aviation engineering services and other services.

Charter Capital

The charter capital of "DOMODEDOVO AIRPORT HANDLING" Limited Liability Company is RUB10,000,000.

Organisational Structure

"DOMODEDOVO AIRPORT HANDLING" Limited Liability Company is a wholly owned subsidiary of DME Limited. "DOMODEDOVO AIRPORT HANDLING" Limited Liability Company has no subsidiaries.

Management

"DOMODEDOVO AIRPORT HANDLING" Limited Liability Company is managed by the sole participant, DME Limited, and the management company, Airport Management Company Limited. The sole participant is entitled to approve amendments to the charter of "DOMODEDOVO AIRPORT HANDLING" Limited Liability Company, vote for reorganisation or liquidation of "DOMODEDOVO AIRPORT HANDLING" Limited Liability Company, approve and receive dividends, increase or decrease the charter capital of "DOMODEDOVO AIRPORT HANDLING" Limited Liability Company, appoint auditors and adopt other corporate resolutions and decisions envisaged by the charter of "DOMODEDOVO AIRPORT HANDLING" Limited Liability Company and Russian law. The management company is responsible for the day-to-day management of "DOMODEDOVO AIRPORT HANDLING" Limited Liability Company.

To the best of the knowledge and belief of each of the Company and Initial Guarantors, there are no potential or existing conflicts of interests between any of the duties of DME Limited as the sole participant of "DOMODEDOVO AIRPORT HANDLING" Limited Liability Company, duties of Airport Management Company Limited as the management company of "DOMODEDOVO AIRPORT HANDLING" Limited Liability Company, and their private interests.

Save as disclosed in *"Risk Factors— Risks Relating to the Group, the Group's Business and Industry in which It Operates —The COVID-19 pandemic and measures to reduce the number of cases have had, and will likely continue to have, a material adverse impact on the Group's business, financial condition, results of operations and/or prospects"* and *"Operating and Financial Review—Significant Factors Affecting the Results of Operations—COVID-19 pandemic"*, there has been no material adverse change in the prospects of "DOMODEDOVO AIRPORT HANDLING" Limited Liability Company since the date of the Group's last audited consolidated financial statements dated 31 December 2019.

DOMODEDOVO CATERING Limited Liability Company

Incorporation and Status

DOMODEDOVO CATERING Limited Liability Company was founded on 12 March 2001 as a closed joint-stock company under the laws of the Russian Federation. DOMODEDOVO CATERING Limited Liability Company was reorganised into a limited liability company under the laws of the Russian Federation on 5 February 2015. The registered office of DOMODEDOVO CATERING Limited Liability Company is 2, territory "Aeroport "Domodedovo", Domodedovo, Moscow region, 142015 and its telephone number is +7 495 787 8650. The main state registration number of DOMODEDOVO CATERING Limited Liability Company is 1155009000343.

Objects

The principal object of DOMODEDOVO CATERING Limited Liability Company, as set out in its charter, is provision of catering services.

Charter Capital

The charter capital of DOMODEDOVO CATERING Limited Liability Company is RUB 15,558,000.

Organisational Structure

DOMODEDOVO CATERING Limited Liability Company is a wholly owned subsidiary of DME Limited. DOMODEDOVO CATERING Limited Liability Company has no subsidiaries.

Management

DOMODEDOVO CATERING Limited Liability Company is managed by the sole participant, DME Limited, and the management company, Airport Management Company Limited. The sole participant is entitled to approve amendments to the charter of DOMODEDOVO CATERING Limited Liability Company, vote for reorganisation or liquidation of DOMODEDOVO CATERING Limited Liability Company, approve and

receive dividends, increase or decrease the charter capital of DOMODEDOVO CATERING Limited Liability Company, appoint auditors and adopt other corporate resolutions and decisions envisaged by the charter of DOMODEDOVO CATERING Limited Liability Company and Russian law. The management company is responsible for the day-to-day management of DOMODEDOVO CATERING Limited Liability Company.

To the best of the knowledge and belief of each of the Company and Initial Guarantors, there are no potential or existing conflicts of interests between any of the duties of DME Limited as the sole participant of DOMODEDOVO CATERING Limited Liability Company, duties of Airport Management Company Limited as the management company of DOMODEDOVO CATERING Limited Liability Company, and their private interests.

Save as disclosed in "*Risk Factors— Risks Relating to the Group, the Group's Business and Industry in which It Operates —The COVID-19 pandemic and measures to reduce the number of cases have had, and will likely continue to have, a material adverse impact on the Group's business, financial condition, results of operations and/or prospects*" and "*Operating and Financial Review—Significant Factors Affecting the Results of Operations—COVID-19 pandemic*", there has been no material adverse change in the prospects of DOMODEDOVO CATERING Limited Liability Company since the date of the Group's last audited consolidated financial statements dated 31 December 2019.

DOMODEDOVO FUEL SERVICES Limited Liability Company

Incorporation and Status

DOMODEDOVO FUEL SERVICES Limited Liability Company was founded on 22 December 2000 as a closed joint-stock company under the laws of the Russian Federation. DOMODEDOVO FUEL SERVICES Limited Liability Company was reorganised into a limited liability company under the laws of the Russian Federation on 14 January 2015. The registered office of DOMODEDOVO FUEL SERVICES Limited Liability Company is 22, territory "Aeroport "Domodedovo", Domodedovo, Moscow region, 142015 and its telephone number is +7 495 967 8974. The main state registration number of DOMODEDOVO FUEL SERVICES Limited Liability Company is 1155009000057.

Objects

The principal objects of DOMODEDOVO FUEL SERVICES Limited Liability Company, as set out in its charter, are supporting activities related to air transportation, provision of aircraft fuelling services; acquisition, storage and realisation of oil products.

Charter Capital

The charter capital of DOMODEDOVO FUEL SERVICES Limited Liability Company is RUB 20,853,000.

Organisational Structure

DOMODEDOVO FUEL SERVICES Limited Liability Company is a wholly owned subsidiary of DME Limited. DOMODEDOVO FUEL SERVICES Limited Liability Company has no subsidiaries.

Management

DOMODEDOVO FUEL SERVICES Limited Liability Company is managed by the sole participant, DME Limited, and the management company, Airport Management Company Limited. The sole participant is entitled to approve amendments to the charter of DOMODEDOVO FUEL SERVICES Limited Liability Company, vote for reorganisation or liquidation of DOMODEDOVO FUEL SERVICES Limited Liability Company, approve and receive dividends, increase or decrease the charter capital of DOMODEDOVO FUEL SERVICES Limited Liability Company, appoint auditors and adopt other corporate resolutions and decisions envisaged by the charter of DOMODEDOVO FUEL SERVICES Limited Liability Company and Russian law. The management company is responsible for the day-to-day management of DOMODEDOVO FUEL SERVICES Limited Liability Company.

To the best of the knowledge and belief of each of the Company and Initial Guarantors, there are no potential or existing conflicts of interests between any of the duties of DME Limited as the sole participant of DOMODEDOVO FUEL SERVICES Limited Liability Company, duties of Airport Management Company Limited as the management company of DOMODEDOVO FUEL SERVICES Limited Liability Company, and their private interests.

Save as disclosed in "*Risk Factors— Risks Relating to the Group, the Group's Business and Industry in which It Operates —The COVID-19 pandemic and measures to reduce the number of cases have had, and will likely continue to have, a material adverse impact on the Group's business, financial condition, results of operations and/or prospects*" and "*Operating and Financial Review—Significant Factors Affecting the Results of Operations—COVID-19 pandemic*", there has been no material adverse change in the prospects of DOMODEDOVO FUEL SERVICES Limited Liability Company since the date of the Group's last audited consolidated financial statements dated 31 December 2019.

DOMODEDOVO PASSENGER TERMINAL Limited Liability Company

Incorporation and Status

DOMODEDOVO PASSENGER TERMINAL Limited Liability Company was founded on 26 February 2001 as a closed joint-stock company under the laws of the Russian Federation. DOMODEDOVO PASSENGER TERMINAL Limited Liability Company was reorganised into a limited liability company under the laws of the Russian Federation on 4 March 2015. The registered office of Domodedovo Passenger Terminal Limited Liability Company is 1, territory "Aeroport "Domodedovo", Domodedovo, Moscow region, 142015 and its telephone number is +7 495 504 0264. The main state registration number of DOMODEDOVO PASSENGER TERMINAL Limited Liability Company is 1155009000827.

Objects

The principal objects of DOMODEDOVO PASSENGER TERMINAL Limited Liability Company, as set out in its charter, are supporting activities related to air transportation, providing services on passenger and luggage handling.

Charter Capital

The charter capital of DOMODEDOVO PASSENGER TERMINAL Limited Liability Company is RUB 48,000,000.

Organisational Structure

DOMODEDOVO PASSENGER TERMINAL Limited Liability Company is a wholly owned subsidiary of DME Limited. DOMODEDOVO PASSENGER TERMINAL Limited Liability Company has no subsidiaries.

Management

DOMODEDOVO PASSENGER TERMINAL Limited Liability Company is managed by the sole participant, DME Limited, and the management company, Airport Management Company Limited. The sole participant is entitled to approve amendments to the charter of DOMODEDOVO PASSENGER TERMINAL Limited Liability Company, vote for reorganisation or liquidation of DOMODEDOVO PASSENGER TERMINAL Limited Liability Company, approve and receive dividends, increase or decrease the charter capital of DOMODEDOVO PASSENGER TERMINAL Limited Liability Company, appoint auditors and adopt other corporate resolutions and decisions envisaged by the charter of DOMODEDOVO PASSENGER TERMINAL Limited Liability Company and Russian law. The management company is responsible for the day-to-day management of DOMODEDOVO PASSENGER TERMINAL Limited Liability Company.

To the best of the knowledge and belief of each of the Company and Initial Guarantors, there are no potential or existing conflicts of interests between any of the duties of DME Limited as the sole participant of DOMODEDOVO PASSENGER TERMINAL Limited Liability Company, duties of Airport Management Company Limited as the management company of DOMODEDOVO PASSENGER TERMINAL Limited Liability Company, and their private interests.

Save as disclosed in "*Risk Factors— Risks Relating to the Group, the Group's Business and Industry in which It Operates —The COVID-19 pandemic and measures to reduce the number of cases have had, and will likely continue to have, a material adverse impact on the Group's business, financial condition, results of operations and/or prospects*" and "*Operating and Financial Review—Significant Factors Affecting the Results of Operations—COVID-19 pandemic*", there has been no material adverse change in the prospects of DOMODEDOVO PASSENGER TERMINAL Limited Liability Company since the date of the Group's last audited consolidated financial statements dated 31 December 2019.

DOMODEDOVO FUEL FACILITIES Limited Liability Company

Incorporation and Status

DOMODEDOVO FUEL FACILITIES Limited Liability Company was founded on 16 June 2011 as a closed joint-stock company under the laws of the Russian Federation. DOMODEDOVO FUEL FACILITIES Limited Liability Company was reorganised into a limited liability company under the laws of the Russian Federation on 11 February 2015. The registered office of DOMODEDOVO FUEL FACILITIES Limited Liability Company is 22, territory "Airport "Domodedovo", Domodedovo, Moscow region, 142015 and its telephone

number is +7 495 967 8974. The main state registration number of DOMODEDOVO FUEL FACILITIES Limited Liability Company is 1155009000453.

Objects

The principal objects of DOMODEDOVO FUEL FACILITIES Limited Liability Company, as set out in its charter, are supporting activities related to air transportation , commercial activities relating to ownership and maintenance of fuel facilities and ensuring access thereto; provision of aircraft fuelling services; acquisition, storage and disposal of oil products.

Charter Capital

The charter capital of DOMODEDOVO FUEL FACILITIES Limited Liability Company is RUB 5,040,000.

Organisational Structure

DOMODEDOVO FUEL FACILITIES Limited Liability Company is a wholly owned subsidiary of DME Limited. DOMODEDOVO FUEL FACILITIES Limited Liability Company has no subsidiaries.

Management

DOMODEDOVO FUEL FACILITIES Limited Liability Company is managed by the sole participant, DME Limited, and the management company, Airport Management Company Limited. The sole participant is entitled to approve amendments to the charter of DOMODEDOVO FUEL FACILITIES Limited Liability Company, vote for reorganisation or liquidation of DOMODEDOVO FUEL FACILITIES Limited Liability Company, approve and receive dividends, increase or decrease the charter capital of DOMODEDOVO FUEL FACILITIES Limited Liability Company, appoint auditors and adopt other corporate resolutions and decisions envisaged by the charter of DOMODEDOVO FUEL FACILITIES Limited Liability Company and Russian law. The management company is responsible for the day-to-day management of DOMODEDOVO FUEL FACILITIES Limited Liability Company.

To the best of the knowledge and belief of each of the Company and Initial Guarantors, there are no potential or existing conflicts of interests between any of the duties of DME Limited as the sole participant of DOMODEDOVO FUEL FACILITIES Limited Liability Company, duties of Airport Management Company Limited as the management company of DOMODEDOVO FUEL FACILITIES Limited Liability Company, and their private interests.

Save as disclosed in "*Risk Factors— Risks Relating to the Group, the Group's Business and Industry in which It Operates —The COVID-19 pandemic and measures to reduce the number of cases have had, and will likely continue to have, a material adverse impact on the Group's business, financial condition, results of operations and/or prospects*" and "*Operating and Financial Review—Significant Factors Affecting the Results of Operations—COVID-19 pandemic*", there has been no material adverse change in the prospects of DOMODEDOVO FUEL FACILITIES Limited Liability Company since the date of the Group's last audited consolidated financial statements dated 31 December 2019.

DOMODEDOVO COMMERCIAL SERVICES Limited Liability Company

Incorporation and Status

DOMODEDOVO COMMERCIAL SERVICES Limited Liability Company was founded on 24 September 1996 as a closed joint-stock company under the laws of the Russian Federation. DOMODEDOVO COMMERCIAL SERVICES Limited Liability Company was reorganised into a limited liability company under the laws of the Russian Federation on 28 January 2015. The registered office of DOMODEDOVO COMMERCIAL SERVICES Limited Liability Company is 1, territory "Aeroport "Domodedovo", Domodedovo, Moscow region, 142015 and its telephone number is +7 495 795 3489. The main state registration number of DOMODEDOVO COMMERCIAL SERVICES Limited Liability Company is 1155009000200.

Objects

The principal objects of DOMODEDOVO COMMERCIAL SERVICES Limited Liability Company, as set out in its charter, are supporting activities related to air transportation, organisation of airport activities connected with aircraft ground handling, operational management including coordination of various departments within the airport, freight forwarding and agency services, information services and others.

Charter Capital

The charter capital of DOMODEDOVO COMMERCIAL SERVICES Limited Liability Company is RUB 5,000,000.

Organisational Structure

DOMODEDOVO COMMERCIAL SERVICES Limited Liability Company is a wholly owned subsidiary of DME Limited. DOMODEDOVO COMMERCIAL SERVICES Limited Liability Company has no subsidiaries.

Management

DOMODEDOVO COMMERCIAL SERVICES Limited Liability Company is managed by the sole participant, DME Limited, and the management company, Airport Management Company Limited. The sole participant is entitled to approve amendments to the charter of DOMODEDOVO COMMERCIAL SERVICES Limited Liability Company, vote for reorganisation or liquidation of DOMODEDOVO COMMERCIAL SERVICES Limited Liability Company, approve and receive dividends, increase or decrease the charter capital of DOMODEDOVO COMMERCIAL SERVICES Limited Liability Company, appoint auditors and adopt other corporate resolutions and decisions envisaged by the charter of DOMODEDOVO COMMERCIAL SERVICES Limited Liability Company and Russian law. The management company is responsible for the day-to-day management of DOMODEDOVO COMMERCIAL SERVICES Limited Liability Company.

To the best of the knowledge and belief of each of the Company and Initial Guarantors, there are no potential or existing conflicts of interests between any of the duties of DME Limited as the sole participant of DOMODEDOVO COMMERCIAL SERVICES Limited Liability Company, duties of Airport Management Company Limited as the management company of

DOMODEDOVO COMMERCIAL SERVICES Limited Liability Company, and their private interests.

Save as disclosed in "*Risk Factors— Risks Relating to the Group, the Group's Business and Industry in which It Operates —The COVID-19 pandemic and measures to reduce the number of cases have had, and will likely continue to have, a material adverse impact on the Group's business, financial condition, results of operations and/or prospects*" and "*Operating and Financial Review—Significant Factors Affecting the Results of Operations—COVID-19 pandemic*", there has been no material adverse change in the prospects of DOMODEDOVO COMMERCIAL SERVICES Limited Liability Company since the date of the Group's last audited consolidated financial statements dated 31 December 2019.

FORM OF THE LOAN AGREEMENT AND THE DEED OF GUARANTEE

The following is substantially all of the text of the Loan Agreement which has been entered into between the Borrower and the Issuer:

This Agreement is made on 4 February 2021 **between:**

- (1) **HACIENDA INVESTMENTS LIMITED** (the "**Borrower**"); and
- (2) **DME AIRPORT DESIGNATED ACTIVITY COMPANY** (the "**Lender**").

Whereas:

The Lender has at the request of the Borrower agreed to make available to the Borrower a loan facility in the amount of U.S.\$453,000,000 on the terms and subject to the conditions of this Agreement. The Loan is to be unconditionally and irrevocably and jointly and severally guaranteed by the Guarantors under the Deed of Guarantee (as defined herein). The Borrower may be obliged to procure Further Guarantees on the satisfaction of certain conditions set out in Clause 9.8.

Now it is hereby agreed as follows:

1 Definitions and Interpretation

1.1 Definitions

In this Agreement (including the recitals), the following terms shall have the meanings indicated:

"12-month Consolidated EBITDA" means the aggregate Consolidated EBITDA for the two most recent Measurement Periods preceding any date of determination;

"12-month EBITDA" means, in relation to any Guarantor, the EBITDA for the two most recent Measurement Periods preceding any date of determination;

"Account" means the account in the name of the Lender with the Account Bank, account number 9334758400;

"Account Bank" means The Bank of New York Mellon, London Branch;

"Advance" means the advance to be made under Clause 3 (less any deduction made pursuant to Clause 3.3);

"Affiliate" of any specified Person means: (i) any other Person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified Person, or in relation to the Borrower and the Guarantors, any other Person who is an "affiliate" of such Person within the meaning of the Joint-Stock Company Law and the Competition Law; or (ii) any other Person who is a director or officer (a) of such specified Person, (b) of any Subsidiary of such specified Person, or (c) of any Person described in (a) or (b) above. For the purposes of this definition, **"control"**

when used with respect to any Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "**controlling**" and "**controlled**" have meanings correlative to the foregoing;

"**Agency**" means any agency, authority, central bank, department, committee, government, legislature, minister, ministry, official or public or statutory Person (whether autonomous or not) of, or of the government of, any state or supra-national body;

"**Agreement**" means this Agreement as originally executed or as it may be amended, restated or supplemented from time to time;

"**Airport Property Lease Agreement**" means the aerodrome property lease agreement No 1 dated 13 May 1998 between Federal Air Transport Agency of the Russian Federation and Domodedovo International Airport Corporation (as amended, novated, supplemented, extended or restated from time to time);

"**Airport Terminal**" means Domodedovo airport terminal building located at Russia, Moscow region, Domodedovskij district, territory of "Airport "Domodedovo"", building 1 of the total area of 197,000 sq. m. as at the date of this Agreement (cadastral number 50:28:0080107:246), which belongs to the Borrower on the right of ownership;

"**Airport Terminal Lease Contract**" means any lease agreement or other agreement of similar nature entered into by the Borrower or DME Limited with any member of the Group in relation to the Airport Terminal;

"**Asset Acquisition**" means (i) an Investment by the Borrower, DME Limited or any Subsidiary of DME Limited in any other Person pursuant to which such Person shall become a Subsidiary of DME Limited or shall be consolidated or merged with the Borrower, DME Limited or any Subsidiary of DME Limited or (ii) the acquisition by the Borrower, DME Limited or any Subsidiary of DME Limited of assets of any Person which constitute all or substantially all of the assets of such Person or which comprise a division or line of business of such Person;

"**Asset Sale**" means any lease, sale, sale and lease-back, transfer or other disposition either in one transaction or in a series of related transactions, by the Borrower, DME Limited or any Subsidiary of DME Limited to a Person that is not part of the Group, of any assets the value of which exceeds 5 per cent. of the Consolidated Total Assets in any 12-month period (determined in each case by reference to the most recent publicly available audited annual consolidated financial statements or reviewed interim consolidated financial statements of the Group prepared in accordance with IFRS); provided that "Asset Sale" shall not include sales or other dispositions of assets in the ordinary course of business or any disposition constituting or resulting from the enforcement of a Lien incurred in compliance with Clause 9.1;

"Average Life" means, as of the date of determination, with respect to any Financial Indebtedness, the quotient obtained by dividing (i) the sum of the products of (a) the numbers of years from the date of determination to the dates of each successive scheduled principal payment of such Financial Indebtedness and (b) the amount of each such payment by (ii) the sum of all such payments;

"Auditors" means the auditors from time to time of the Group's consolidated financial statements under IFRS or, if they are unable or unwilling to carry out any action requested of them under this Agreement, such other internationally recognised firm of accountants as may be nominated by the Borrower and approved in writing by the Lender for this purpose;

"Authorised Signatory" means, in relation to the Borrower, any Person who is duly authorised (in such manner as may be reasonably acceptable to the Lender) and in respect of whom the Lender has received a certificate signed by the chief executive officer or a Person who is duly authorised in any manner reasonably acceptable to the Lender or another Authorised Signatory of the Borrower setting out the name and signature of such Person and confirming such Person's authority to act;

"Board of Directors" means, as to any Person, the board of directors, management board or equivalent competent governing body of such Person, or any duly authorised committee thereof;

"Business Day" means a day (other than a Saturday or Sunday) on which banks and foreign exchange markets are open for general business in Moscow, Nicosia, the Isle of Man, New York City and the city where the Specified Office (as defined in the Paying Agency Agreement) of the Principal Paying Agent is located, and in relation to any date for payment or purchase of a currency, the principal financial centre of the country of that currency;

"Capital Stock" of any Person means any and all shares, interests (including partnership interests), rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) equity of such Person, including any preferred stock of such Person, whether now outstanding or issued after the Closing Date, including without limitation, all series and classes of such Capital Stock but excluding any debt securities convertible into such equity;

"Cash" means at the date of determination the cash and cash equivalents (including any cash deposits with maturity of up to one year) of the Group on a consolidated basis as calculated on the basis of the latest consolidated financial statements of the Group prepared in accordance with IFRS, consistently applied;

"Change of Control" means the occurrence of one or more of the following events:

- (a) the Permitted Holders cease to own or control, directly or indirectly, in the aggregate of more than 50 per cent. of the total voting power of the Voting Stock of DME Limited (including a Successor, if applicable); or
- (b) the approval by the holders of Capital Stock of DME Limited of any plan or proposal for the liquidation or dissolution of DME Limited, other than in a transaction which is in compliance with the provisions of Clause 9.5; or
- (c) DME Limited consolidates with, or merges with or into, another Person, or sells, conveys, assigns, transfers, leases or otherwise disposes of all or substantially all of the assets of the Group to any Person other than a Permitted Holder, and in each case other than a transaction where immediately after such transaction the Permitted Holders own or control, directly or indirectly, in the aggregate of more than 50 per cent. of the total voting power of the Voting Stock of the surviving or transferee Person.

"Change of Control Put Event" means the occurrence of a Change of Control;

"Change of Control Put Option" means the put option granted to Noteholders pursuant to the Conditions upon a Change of Control Put Event;

"Change of Control Put Period" has the meaning given to it in the Conditions;

"Change of Control Put Settlement Date" means the fifth Business Day after the expiration of the Change of Control Put Period;

"Closing Date" means 8 February 2021;

"Comparable Treasury Issue" means the United States Treasury security selected by the Determination Agent as having a maturity comparable to the remaining term of the Loan from the Make Whole Optional Prepayment Date to the Repayment Date, that would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of a maturity most nearly equal to the Repayment Date;

"Comparable Treasury Price" means, with respect to any Make Whole Optional Prepayment Date, the average of three, or such lesser number as is obtained by the Determination Agent, Reference Treasury Dealer Quotations for the Make Whole Optional Prepayment Date;

"Competition Law" means Federal Law No. 135-FZ "On Protection of Competition" of the Russian Federation dated 26 July 2006 (as amended and supplemented);

"Conditions" means the terms and conditions of the Notes as set out in Schedule 3 of the Trust Deed;

"Consolidated EBITDA" means, in relation to the Group and any relevant Measurement Period, the pre-taxation profit of the Group for that Measurement Period:

- (i) after adding back any amount of depreciation of tangible assets and amortisation of intangible assets;
- (ii) before taking into account any amount of interest expense commission, fees, discounts, prepayment fees, premiums or charges and other finance payments, whether paid, payable or capitalised less interest income; and
- (iii) before taking into account any items treated as exceptional or extraordinary items including, without limitation any amount in relation to:
 - (a) foreign exchange gain or loss or gains or losses on any derivative instruments;
 - (b) revaluation of an asset or any gain or loss of book value arising on the disposal of any asset by any member of the Group;
 - (c) the cumulative effect of changes in accounting principles; and
 - (d) any extraordinary items (net of taxes) including, without limitation, any loss or gain on impairment of fixed assets charged to the profit and loss account;

calculated on the basis of the latest consolidated financial statements of the Group prepared in accordance with IFRS, consistently applied;

"Consolidated Net Debt" means at any date of determination an amount equal to (a) the Consolidated Total Debt, less (b) Cash.

"Consolidated Total Assets" means at the date of determination the total assets of the Group on a consolidated basis as calculated by reference to the latest consolidated financial statements of the Group prepared in accordance with IFRS, consistently applied;

"Consolidated Total Debt" means at the date of determination the Financial Indebtedness of the Group on a consolidated basis as calculated on the basis of the latest consolidated financial statements of the Group prepared in accordance with IFRS, consistently applied;

"Currency Agreement" means any foreign exchange contract, currency swap agreement or other similar agreement with respect to currency values;

"Deed of Guarantee" means the deed of guarantee, substantially in the form set out in the Schedule hereto, containing the Guarantees and such term shall include any further deeds of guarantee substantially in the same form thereof entered into by any Further Guarantors pursuant to Clause 9.8;

"Determination Agent" means a financial adviser or bank being a reputable financial institution operating in the United States Treasury Securities market in New York which is independent of the Borrower appointed by the Borrower and at the Borrower's expense for the purpose of determining the Make Whole Prepayment Amount;

"Disinterested Director" means, with respect to any transaction or series of related transactions, a member of the Board of Directors of the Borrower who does not have any material direct or indirect financial interest in or with respect to such transaction or series of related transactions. A person shall not be ineligible to constitute a Disinterested Director solely as a result of such person owning any equity interests of the Borrower, DME Limited or any Subsidiary of DME Limited or acting as an officer, director or employee of the Borrower, DME Limited or any Subsidiary of DME Limited;

"DME Limited" means the company of the same name limited by shares and incorporated under the laws of Cyprus with its registered office at 1, Lampousas street, Nicosia, 1095, Cyprus;

"Dollars", "U.S.\$" and "U.S. Dollars" means the lawful currency of the United States of America;

"EBITDA" means, in relation to any Obligor and any relevant Measurement Period, the pre-taxation profit of the relevant Obligor for that Measurement Period:

- (i) after adding back any amount of depreciation of tangible assets and amortisation of intangible assets;
- (ii) before taking into account any amount of interest expense commission, fees, discounts, prepayment fees, premiums or charges and other finance payments, whether paid, payable or capitalised less interest income; and
- (iii) before taking into account any items treated as exceptional or extraordinary items including, without limitation, any amount in relation to:
 - (a) foreign exchange gain or loss or gains or losses on any derivative instrument;
 - (b) revaluation of an asset or any gain or loss of book value arising on the disposal of any asset by that Obligor,

calculated on the basis of the latest unconsolidated financial statements or management accounts (as applicable) of that Obligor prepared in accordance with IFRS or, if not available, RAS or any other applicable accounting standards (as the case may be), consistently applied;

"Environment" means living organisms including the ecological systems of which they form part and the following media:

- (i) air (including air within natural or man-made structures, whether above or below ground);
- (ii) water (including territorial, coastal and inland waters, water under or within land and water in drains and sewers); and/or
- (iii) land (including land under water);

"Environmental Law" means all applicable laws and regulations of any jurisdiction in which any member of the Group conducts business which:

- (i) have as a purpose or effect the protection of, and/or prevention of harm or damage to, the Environment;
- (ii) provide remedies or compensation for harm or damage to the Environment; and
- (iii) relate to Hazardous Substances or health or safety matters;

"Environmental Licence" means any authorisation, consent, approval, resolution, licence, exemption, filing or registration required at any time under Environmental Law;

"Event of Default" has the meaning assigned to such term in sub-clause 10.1 hereof;

"Extraordinary Resolution" has the meaning set out in paragraph 8 of Schedule 6 of the Trust Deed;

"Facility" means the facility granted by the Lender to the Borrower, as specified in Clause 2;

"Fair Market Value" means the price that would be paid in an arm's length transaction between an informed and willing seller under no compulsion to sell and an informed and willing buyer under no compulsion to buy, as determined in good faith by the competent management body of the Borrower or the relevant competent management body of DME Limited or the relevant Subsidiary of DME Limited (including a majority of the Disinterested Directors, if applicable) whose determination shall be conclusive if evidenced by a resolution of such relevant competent management body;

"Fees Side Letter" means the letter entered into between, inter alios, the Borrower, the Issuer, the Trustee and the Agents (as defined in the Paying Agency Agreement) named therein dated 4 February 2021 relating, amongst other things, to the upfront remuneration of the various parties thereto;

"Financial Indebtedness" means, without duplication, any indebtedness for or in respect of:

- (i) moneys borrowed and debit balances at banks or other financial institutions;

- (ii) any amount raised by acceptance under any acceptance credit facility or dematerialised equivalent;
- (iii) any amount raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument;
- (iv) any amount raised by the issue of redeemable (other than at the option of the issuer) preference share;
- (v) the amount of any liability that is required to be classified and accounted for as lease liability in accordance with IFRS;
- (vi) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis);
- (vii) any amount raised under any other transaction (including any forward sale or purchase agreement) having the commercial effect of a borrowing;
- (viii) any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price (and, when calculating the value of any derivative transaction, only the marked to market value shall be taken into account);
- (ix) any counter-indemnity obligation in respect of a guarantee, indemnity, bond, letter of credit or any other instrument issued by a bank or financial institution; and
- (x) (without double counting) the amount of any liability in respect of any guarantee or indemnity for any of the items referred to in paragraphs (i) to (ix) above;

"Further Guarantee" means any Guarantee executed in accordance with Clauses 9.8 and 9.9;

"Further Guarantor" means any Person who gives a Further Guarantee from time to time;

"Global Certificate" means each of the global certificates representing the Notes to be issued pursuant to clause 3.1 of the Trust Deed;

"Group" means DME Limited and its consolidated Subsidiaries from time to time taken as a whole;

"Guarantee" means the Initial Guarantees and any Further Guarantees;

"guarantee" means, in relation to any Financial Indebtedness of any Person, any obligation, contingent or otherwise, of another Person, directly or indirectly, to pay such Financial Indebtedness including (without limitation):

- (i) any obligation to purchase such Financial Indebtedness;

- (ii) any obligation to lend money, to purchase or subscribe shares or other securities or to purchase assets or services in order to provide funds for the payment of such Financial Indebtedness;
- (iii) any indemnity against the consequences of a default in the payment of such Financial Indebtedness; and
- (iv) any other agreement to be responsible for the payment of such Financial Indebtedness;

"Guarantors" means Airport Management Company Limited, DME Limited, DOMODEDOVO AIRFIELD Limited Liability Company, DOMODEDOVO COMMERCIAL SERVICES Limited Liability Company, DOMODEDOVO CATERING Limited Liability Company, DOMODEDOVO FUEL SERVICES Limited Liability Company, DOMODEDOVO PASSENGER TERMINAL Limited Liability Company, DOMODEDOVO FUEL FACILITIES Limited Liability Company and "DOMODEDOVO AIRPORT HANDLING" Limited Liability Company (being the **"Initial Guarantors"**) and any Further Guarantors, and **"Guarantor"** means any one of them;

"Hazardous Substance" means any waste, pollutant, contaminant or other substance (including any liquid, solid, gas, ion, living organism or noise) that may be harmful to human health or other life or the Environment or a nuisance to any person;

"Hedging Obligations", of any Person, means the obligations of such Person pursuant to any Currency Agreement or Interest Rate Agreement entered into in the ordinary course of business for the purposes of protection against or benefiting from fluctuations in the rates of exchange or interest rates and not for speculative purposes unrelated to transactions undertaken in the ordinary course of business;

"IFRS" means the International Financial Reporting Standards (formerly International Accounting Standards) issued by the International Accounting Standards Board (**"IASB"**) and interpretations issued by the International Financial Reporting Interpretations Committee of the IASB (as amended, supplemented or re-issued from time to time);

"Incur", or any derivative thereof (including **"Incurrence"**), means issue, assume, guarantee, create, incur or otherwise become liable for; provided, however, that any Financial Indebtedness or Capital Stock of a Person existing at the time such Person becomes a Subsidiary (whether by merger, consolidation, acquisition or otherwise) or is merged into a Subsidiary will be deemed to be Incurred by such Subsidiary at the time it becomes or is so merged into a Subsidiary;

"Initial Guarantees" means the unconditional and irrevocable and joint and several guarantees by the Initial Guarantors of the payment when due of all sums expressed to be payable by the Borrower under the Loan;

"Ineligible Guarantor" has the meaning set out in Clause 9.8;

"Interest Payment Date" means 8 February and 8 August of each year in which the Loan remains outstanding, commencing on 8 August 2021;

"Interest Rate Agreement" means any interest rate swap agreement, interest rate cap agreement or other financial agreement or arrangement with respect to exposure to interest rates;

"Investment" means, with respect to any person, directly or indirectly, any advance (other than advances to customers in the ordinary course of business), loan (including guarantees), or other extension of credit (including guarantees) or capital contribution to (by means of any transfer of cash) or other property to others or any payment for property or services for the account or use of others, or any purchase, acquisition or ownership by such person of any Capital Stock, bonds, notes, debentures, or other securities (including, without limitation, any interests in any partnership or joint venture) or evidence of indebtedness issued or owned by any person and all other items that would be classified as investments on a balance sheet prepared in accordance with IFRS, provided that:

- (i) Hedging Obligations entered into in compliance with this Agreement; and
 - (ii) endorsements of negotiable instruments in the ordinary course of business,
- shall in each case be deemed not to be an Investment;

"Joint-Stock Company Law" means Federal Law No. 208-FZ "On Joint-stock Companies" of the Russian Federation dated 26 December 1995 (as amended and supplemented);

"Land Lease Agreements" means the land lease agreements (i) No. 16-KIZ dated 25 May 1998 between Committee for Management of the Property of the Administration of the Domodedovo District and Domodedovo International Airport Corporation (as amended, novated, supplemented, extended or restated from time to time) and (ii) No. D-280-14 dated 14 October 2016 between Rosaviatsia and Domodedovo International Airport Corporation (as amended, novated, supplemented, extended or restated from time to time);

"Leverage Ratio" as of any date of determination means the ratio of Consolidated Net Debt to 12-month Consolidated EBITDA of the Group after giving effect on a *pro forma* basis to: (i) the incurrence of any Financial Indebtedness the permissibility of which is then being measured (provided that no effect shall be given to any Cash received by the Group as proceeds of such Financial Indebtedness), the incurrence or repayment of any other Financial Indebtedness after the Measurement Period most recently ended prior to the event giving rise to the need to make such calculation and, in each case, the receipt and application of the proceeds therefrom, and (ii) the exclusion of Consolidated EBITDA associated with any Asset Sales or the inclusion of

Consolidated EBITDA associated with any Asset Acquisitions (including, without limitation, any Asset Acquisition giving rise to the need to make such calculation as a result of the incurrence or assumption of Financial Indebtedness) on or after the first day of the Measurement Period relevant for such calculation, provided, however, that any such *pro forma* Consolidated EBITDA in respect of an Asset Acquisition may (a) only be so included if such *pro forma* Consolidated EBITDA shall have been derived from financial statements of, or relating to or including, such acquired entity, that have been prepared in accordance with IFRS or (b) to the extent no such financial statements prepared in accordance with IFRS are available, such other financial statements and information of the acquired entity that the principal financial officer of the Borrower believes in good faith to present fairly the financial position of the acquired entity so as to permit such a *pro forma* Consolidated EBITDA to be prepared on the basis of reasonable assumptions and estimates. For the avoidance of doubt, any non-balance sheet financial information for a Measurement Period ending on 31 December of any year shall be calculated by subtracting (i) the relevant information for the Measurement Period ending on 30 June of that year from (ii) the equivalent information for the year ending on 31 December of such year;

"Lien" means any mortgage, pledge, encumbrance, easement, restriction, covenant, right-of-way, servitude, lien, charge or other security interest or adverse claim of any kind (including, without limitation, anything analogous to any of the foregoing under the laws of any jurisdiction and any conditional sale or other title retention agreement or lease in the nature thereof, any sale with recourse against the seller or any Affiliate of the seller, or any agreement to give a security interest) securing an obligation of a Person;

"Listing Particulars" means the listing particulars of even date herewith prepared in connection with the listing of the Notes;

"Loan" means, at any time, an amount equal to the aggregate principal amount of the Facility granted by the Lender pursuant to this Agreement, as reduced from time to time by repayment or prepayment;

"Make Whole Optional Prepayment Date" has the meaning assigned to such term in sub-Clause 5.4 hereof;

"Make Whole Prepayment Amount" means the higher of (a) the portion of the Loan that is to be prepaid pursuant to sub-Clause **Error! Reference source not found.** and (b) the amount equal to the sum of the present values of the portion of the Loan that is to be prepaid pursuant to sub-Clause **Error! Reference source not found.**, together with the present values of the scheduled interest payments on such portion of the Loan from the Make Whole Optional Prepayment Date to the Repayment Date in each case, discounted to the Make Whole Optional Prepayment Date on a semi-annual

compounded basis at the adjusted U.S. Treasury Rate plus 50 basis points, all as determined by the Determination Agent;

"Material Adverse Effect" means a material adverse effect on (i) the business, results of operations, property, prospects or condition (financial or otherwise) of the Borrower or the Group taken as a whole, or, where relevant in the context that the term is used (ii) the Borrower's or a Guarantor's ability to perform or comply with its obligations under this Agreement or the Deed of Guarantee, as the case may be or (iii) the validity, legality or enforceability of this Agreement or the Deed of Guarantee;

"Material Commercial Authorisations and Contracts" means the Land Lease Agreement and the Airport Property Lease Agreement;

"Material Subsidiary" means (i) any Guarantor and (ii) any other Subsidiary of DME Limited which has assets and/or revenues representing 5 per cent. or more of the Consolidated Total Assets or 12-month Consolidated EBITDA of the Group, respectively;

"Measurement Period" means a period of six months ending on 30 June or 31 December for which consolidated financial statements of the Group (or the other relevant Person in respect of which the particular calculation is to be made, as the case may be) prepared in accordance with IFRS are available;

"Noteholder" means, in relation to a Note, the Person in whose name such Note is for the time being registered in the register of Noteholders (or, in the case of a joint holding, the first named holder thereof) and **"Noteholders"** shall be construed accordingly;

"Notes" means the U.S.\$453,000,000 5.35 per cent. loan participation notes due 2028 proposed to be issued by the Lender as issuer pursuant to the Trust Deed;

"Obligor" means each Guarantor and the Borrower;

"Obligor Cover Ratios" means the Obligor EBITDA Cover Ratio and the Obligor Total Assets Cover Ratio;

"Obligor EBITDA Cover Ratio" means at the date of determination the ratio (expressed as a percentage) of (i) the aggregate of the 12-month EBITDA of each Obligor (in each case excluding all intra-group items and taking no account of any negative EBITDA in respect of an Obligor) divided by (ii) the 12-month Consolidated EBITDA. For the purposes of calculating the Obligor EBITDA Cover Ratio, the term "Obligor" shall exclude any Ineligible Guarantor;

"Obligor Total Assets Cover Ratio" means at the date of determination the ratio (expressed as a percentage) of (i) the aggregate of the Total Assets of each Obligor (in each case excluding all intra-group items and taking no account of any negative value of the Total Assets of an Obligor) divided by (ii) the Consolidated Total Assets. For the

purposes of calculating the Obligor Total Assets Cover Ratio, the term "Obligor" shall exclude any Ineligible Guarantor;

"Officers' Certificate" means a certificate signed by two authorised officers of the Borrower, at least one of whom shall be the principal executive officer, principal accounting officer or principal financial officer of the Borrower;

"Opinion of Counsel" means a written opinion from international legal counsel who is acceptable to the Lender and the Trustee;

"Par Optional Prepayment Date" has the meaning assigned to such term in sub-Clause 5.5 hereof;

"Paying Agency Agreement" means the paying agency agreement dated 4 February 2021, as amended, varied or supplemented relating to the Notes;

"Paying Agent" shall have the meaning attributed to it in the Paying Agency Agreement;

"Permitted Holders" means Mr. Dmitry Kamenshchik, his spouse(s), heirs, descendants and legatees and legal representatives of any of the foregoing and any trust of which one or more of the foregoing are beneficiaries and any Person directly or indirectly controlling or controlled by or under direct or indirect common control with any of the foregoing (and each, a **"Permitted Holder"**);

"Permitted Indebtedness" means:

- (i) Financial Indebtedness outstanding on the Closing Date;
- (ii) intercompany and intra-Group Financial Indebtedness owed to and held by the Borrower, DME Limited or a Subsidiary of DME Limited; provided, however, that any subsequent disposition, pledge or transfer of such Financial Indebtedness (other than to the Borrower, DME Limited or a Subsidiary of DME Limited) shall be deemed, in each case, to constitute the Incurrence of such Financial Indebtedness by the obligor thereof;
- (iii) Refinancing Indebtedness Incurred by the Borrower, DME Limited or a Subsidiary of DME Limited in respect of Financial Indebtedness Incurred by the Borrower, DME Limited or a Subsidiary of DME Limited pursuant to Clause 9.4.1 or pursuant to paragraphs (i) or (ii) of this definition;
- (iv) Financial Indebtedness in respect of workers' compensation claims or claims arising under similar legislation, or pursuant to self-insurance obligations and not in connection with the borrowing of money or the obtaining of advances or credit;
- (v) any Further Guarantee; and

- (vi) other Financial Indebtedness Incurred by the Borrower, DME Limited or a Subsidiary of DME Limited in an aggregate principal amount which, when taken together with the principal amount of all other Financial Indebtedness incurred pursuant to this paragraph (vi) and then outstanding, will not, at any time, exceed U.S.\$150,000,000 (or its U.S. Dollar Equivalent);

"Permitted Liens" means:

- (i) Liens granted by the Borrower, DME Limited or any Subsidiary of DME Limited which are existing as at the date of this Agreement;
- (ii) Liens on any property, income or assets of a Person existing at the time that such Person is acquired, merged into or consolidated with the Borrower and/or DME Limited and/or any Subsidiary of DME Limited; provided that such Liens were not created in contemplation of such event and do not extend to any assets, income or property of the Borrower, DME Limited or any Subsidiary of DME Limited, other than the surviving Person and its Subsidiaries;
- (iii) Liens on assets, income or property acquired by the Borrower and/or DME Limited and/or any Subsidiary of DME Limited existing prior to such acquisition; provided that such Liens were not created in contemplation of such acquisition and do not extend to any other assets, income or property;
- (iv) any Lien on any property or assets of the Borrower, DME Limited, or any Subsidiary of DME Limited securing Financial Indebtedness incurred for the purpose of financing all or part of the acquisition, maintenance, repair, construction or development of such property or assets provided that (a) no such Lien shall extend to any other property or assets of the Borrower, DME Limited or any Subsidiary of DME Limited, (b) the aggregate principal amount of all Financial Indebtedness secured by Liens under this paragraph on such property or assets does not exceed the purchase price of such property or assets (including customs duties, transport, insurance, construction and installation costs and other incidental costs and expenses of purchase and any VAT or similar taxes thereon) and (c) such Lien attaches to such property or assets concurrently with the maintenance or repair thereof or within 90 days after the acquisition or commencement of construction thereof, as the case may be;
- (v) Liens incurred, or pledges and deposits in connection with workers' compensation, unemployment insurance and other social security benefits, and leases, appeal bonds and other obligations of like nature in the ordinary course of business;
- (vi) any Liens arising by operation of law;
- (vii) Liens for *ad valorem*, income or property taxes or assessments and similar charges which either are not delinquent or are being contested in good faith by

appropriate proceedings for which the Borrower, DME Limited or any Subsidiary of DME Limited has set aside in its books of account reserves to the extent required by IFRS, as consistently applied;

- (viii) easements, rights of way, restrictions (including municipal and zoning restrictions), utility agreements, reservations, permits, servitudes, minor defects or irregularities in title and other similar charges or encumbrances, and Liens arising under leases or subleases granted to others, in each case not interfering in any material respect with the business of the Group and existing, arising or incurred in the ordinary course of business;
- (ix) (a) bankers' Liens in respect of deposit accounts, (b) statutory landlords' Liens, (c) deposits to secure the performance of bids, trade contracts, government contracts, leases, statutory obligations, surety and appeal bonds, performance and return-of-money bonds or liabilities to insurance carriers under insurance or self-insurance arrangements and other obligations of like nature (so long as, (X) with respect to items described in (b) and (c) above of this sub-Clause (ix), such Liens do not secure obligations constituting Financial Indebtedness for borrowed money and (Y) with respect to items described in (a), (b) and (c) above of this sub-Clause (ix), such Liens are incurred in the ordinary course of business), and (d) Liens arising from any judgment, decree or other order which does not constitute an Event of Default;
- (x) Liens granted by any Subsidiary of DME Limited in favour of the Borrower or another Subsidiary of DME Limited or by the Borrower in favour DME Limited or any Subsidiary of DME Limited with respect to the property or assets, or any income or profits therefrom, of the Borrower, DME Limited or such Subsidiary, as the case may be;
- (xi) any Lien in respect of Hedging Obligations so long as the related Indebtedness is permitted to be incurred under these Conditions;
- (xii) a right of set-off, right to combine accounts or any analogous right which any bank or other financial institution may have relating to any credit balance of any member of the Group;
- (xiii) any extension, renewal or substitution for any Lien permitted by any of the preceding sub-Clauses (i) through (xii); provided, however, that, such extension, renewal or replacement shall be no more restrictive in any material respect than the original Lien, with respect to Liens incurred pursuant to this sub-Clause (xiii) the principal amount secured has not increased (other than any increase representing costs, fees, expenses or commission associated with such extension, renewal or substitution) and the Liens have not been extended to any additional property (other than proceeds of the property in question); and

(xiv) any Lien on the property, income or assets of the Borrower, DME Limited or any Subsidiary of DME Limited securing Financial Indebtedness of the Borrower, DME Limited or such Subsidiaries incurred in an aggregate principal amount outstanding at any one time not to exceed 10 per cent. of the Consolidated Total Assets. For the avoidance of doubt this sub-Clause (xiv) does not include any Lien created in accordance with sub-Clauses (i) to (xiii) hereof;

"Person" means any individual, company, corporation, firm, partnership, joint venture, association, trust, organisation, state or agency of a state or other entity, whether or not having separate legal personality;

"Potential Event of Default" means an event or circumstance which could with the giving of notice, the lapse of time, the issue of a certificate and/or the fulfilment of any other requirement provided for in Clause 10 become an Event of Default;

"Principal Paying Agent" means The Bank of New York Mellon, London Branch;

"RAS" means Russian Accounting Standards, being the accounting standards established by applicable Russian law from time to time;

"Rate of Interest" has the meaning assigned to such term in Clause 4.1;

"Reference Treasury Dealer" means each of the three nationally recognised firms selected by the Determination Agent that are primary U.S. Government securities dealers;

"Reference Treasury Dealer Quotations" means with respect to each Reference Treasury Dealer and any Make Whole Optional Prepayment Date, the average, as determined by the Determination Agent, of the bid and asked prices for the Comparable Treasury Issue, expressed in each case as a percentage of its principal amount, quoted in writing to the Determination Agent by such Reference Treasury Dealer at 5:00 p.m., New York City time on the third business day (in New York City) immediately preceding such Make Whole Optional Prepayment Date;

"Refinance" means, in respect of any Financial Indebtedness, to refinance, extend, renew, refund, repay, prepay, purchase, redeem, defease or retire, or to issue other Financial Indebtedness in exchange or replacement for, such Financial Indebtedness; and **"Refinanced"** and **"Refinancing"** shall have correlative meanings;

"Refinancing Indebtedness" means Financial Indebtedness Incurred to Refinance any Financial Indebtedness of the Borrower, DME Limited or any Subsidiary of DME Limited existing on the Closing Date or incurred in compliance with this Agreement, including Financial Indebtedness that Refinances Refinancing Indebtedness; provided, however, that:

- (a) such Refinancing Indebtedness has a Stated Maturity no earlier than the Stated Maturity of the Financial Indebtedness being Refinanced, or earlier provided that the Stated Maturity is later than the Stated Maturity of the Loan;
- (b) such Refinancing Indebtedness has an Average Life at the time such Refinancing Indebtedness is incurred that is equal to or greater than the Average Life of the Financial Indebtedness that is being Refinanced, or less, provided that the Average Life is greater than the Average Life of the Loan;
- (c) such Refinancing Indebtedness has an aggregate principal amount (or if incurred with original issue discount, an aggregate issue price) that is equal to or less than the aggregate principal amount (or if incurred with original issue discount, the aggregate accreted value) then outstanding (plus fees and expenses, including any premium and defeasance costs) under the Financial Indebtedness being Refinanced; and
- (d) if the Financial Indebtedness being Refinanced is subordinated in right of payment to the Loan and the Guarantees, such Refinancing Indebtedness is subordinated in right of payment to the Loan and the Guarantees at least to the same extent as the Financial Indebtedness being Refinanced;

provided that:

- (i). a lapse of time of up to six (6) months between the Incurrence of Refinancing Indebtedness and the related Refinancing of any Financial Indebtedness (where not concurrent); or
- (ii). the Incurrence of Refinancing Indebtedness within six (6) months of the refinancing, extension, renewal, refund, repayment, prepayment, purchase, redemption, defeasance or retirement of any Financial Indebtedness, which is initially funded from sources other than Refinancing Indebtedness, and where the Refinancing Indebtedness is identified as such in good faith by a director or member of the management board or a responsible accounting or financial officer of the Borrower, DME Limited or any Subsidiary of DME Limited,

shall not prejudice the determination that such transaction falls within the definition of Refinancing Indebtedness;

"Registrar" shall have the meaning attributed to it in the Paying Agency Agreement;

"Repayment Date" means 8 February 2028;

"Reserved Rights" has the meaning specified in the Trust Deed;

"Same-Day Funds" means Dollar funds settled through the New York Clearing House Interbank Payments System or such other funds for payment in Dollars as the Lender may at any time determine to be customary for the settlement of international transactions in New York City of the type contemplated hereby;

"Securities Act" means the U.S. Securities Act of 1933;

"Stated Maturity" means, with respect to any Financial Indebtedness, the date specified in such Financial Indebtedness as the fixed date on which the final payment of principal of such Financial Indebtedness is due and payable, including pursuant to any mandatory redemption provision (but excluding any provision providing for the repurchase or redemption of such Financial Indebtedness at the option of the holder or lender thereof upon the happening of any contingency unless such contingency has occurred);

"Stock Exchange" means The Irish Stock Exchange plc trading as Euronext Dublin;

"Subscription Agreement" means the agreement dated the date hereof providing for the issuance and subscription of the Notes;

"Subsidiary" of any specified Person means any corporation, partnership, joint venture, association or other business or entity, whether now existing or hereafter organised or acquired, (i) in the case of a corporation, of which more than 50 per cent. of the total voting power of the Voting Stock is held by such first-named Person and/or any of its Subsidiaries and such first-named Person or any of its Subsidiaries has the power to direct the management, policies and affairs thereof; or (ii) in the case of a partnership, joint venture, association, or other business or entity, with respect to which such first-named Person or any of its Subsidiaries has the power to direct or cause the direction of the management and policies of such entity by contract or otherwise if (in each case) in accordance with IFRS, as consistently applied, such entity would be consolidated with the first-named Person for financial statement purposes;

"Successor" means, in the case of a merger, consolidation or combination of a Person, or the sale, assignment, transfer, conveyance or other disposal of all or substantially all of a Person's assets, the corporation formed by or resulting from such consolidation or merger or which shall have received such assets;

"Tax Credit" means a credit against, relief or remission for, or repayment of any Tax;

"Taxes" means any present or future taxes, levies, imposts or duties (including interest or penalties thereon) imposed, assessed, charged, collected, demanded, withheld or claimed by the Russian Federation, Cyprus, Luxembourg, Belgium, United Kingdom, Ireland, the Isle of Man or any tax authority thereof or therein provided, however, that for the purposes of this definition the references to Ireland shall, upon the occurrence of a Relevant Event (as this term is defined in the Trust Deed), be deemed to be references to the jurisdiction in which the Trustee is domiciled for tax purposes; and the term **"Taxation"** shall be construed accordingly;

"Total Assets" means, in relation to any Obligor, the total assets of that Obligor as calculated by reference to the latest unconsolidated financial statements or

management accounts (as applicable) of that Obligor prepared in accordance with IFRS or, if not available, RAS or any other applicable accounting standards (as the case may be), consistently applied;

"Trust Deed" means the trust deed between the Lender and the Trustee to be dated on or around 8 February 2021 and relating to the Notes, as amended, varied or supplemented from time to time;

"Trustee" means BNY Mellon Corporate Trustee Services Limited, as trustee under the Trust Deed and any successor thereto as provided thereunder;

"U.S. Dollar Equivalent" means with respect to any amount denominated in a currency other than U.S. Dollars, at any time for the determination thereof, the amount of U.S. Dollars obtained by converting such other currency involved into U.S. Dollars at the spot rate for the purchase of U.S. Dollars with such other currency as most recently published under "Currency Rates" in the section of the Financial Times entitled "Currencies, Bonds & Interest Rates";

"U.S. Treasury Rate" means either (i) the rate per annum equal to the yield, under the heading that represents the average for the week immediately preceding the third business day (in New York City) prior to the Make Whole Optional Prepayment Date, appearing in the most recently published statistical release designated "H.15(519)" or any successor publication that is published weekly by the Board of Governors of the Federal Reserve System and that establishes yields on actively traded United States Treasury securities adjusted to constant maturity under the caption "Treasury Constant Maturities" for the maturity corresponding to the Comparable Treasury Issue (if no maturity is within three months before or after the Repayment Date, yields for the two published maturities most closely corresponding to the Comparable Treasury Issue shall be determined and the U.S. Treasury Rate shall be interpolated or extrapolated from such yields on a straight line basis, rounding to the nearest month) or (ii) if such release (or any successor release) is not published during the week preceding the third business day (in New York City) prior to the relevant date or does not contain such yields, the rate per annum equal to the semi-annual equivalent yield to maturity of the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for the Make Whole Optional Prepayment Date, in each case calculated on the third business day (in New York City) immediately preceding the Make Whole Optional Prepayment Date; and

"Voting Stock" means, in relation to any Person, Capital Stock entitled (without the need for the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof.

1.2 Other Definitions

Unless the context otherwise requires, terms used in this Agreement which are not defined in this Agreement but which are defined in the Trust Deed, the Notes, the Paying Agency Agreement or the Subscription Agreement shall have the meanings assigned to such terms therein.

1.3 Interpretation

Unless the context or the express provisions of this Agreement otherwise require, the following shall govern the interpretation of this Agreement:

- 1.3.1** all references to "Clause" or "sub-clause" are references to a Clause or sub-clause of this Agreement.
- 1.3.2** all references to a "day" shall be to a calendar day unless otherwise specified.
- 1.3.3** the terms "hereof", "herein" and "hereunder" and other words of similar import shall mean this Agreement as a whole and not any particular part hereof.
- 1.3.4** words importing the singular number include the plural and vice versa.
- 1.3.5** the table of contents and the headings are for convenience only and shall not affect the construction hereof.
- 1.3.6** a reference to "this agreement" or to any other agreement or document referred to in this agreement is a reference to this agreement or such other document or agreement as varied or novated (in each case, other than in breach of the provisions of this agreement) from time to time.
- 1.3.7** a reference to a statute or statutory provision shall include all subordinate legislation under that statute or statutory provision, or replacement or substitution of such legislation, made from time to time.

2 Facility

2.1 Facility

On the terms and subject to the conditions set forth herein, the Lender hereby agrees to lend to the Borrower, and the Borrower hereby agrees to borrow from the Lender, U.S.\$453,000,000.

2.2 Purpose

The proceeds of the Advance will be used for the purposes set out in the Listing Particulars, but the Lender shall not be concerned with the application thereof.

2.3 Facility Fee

The Borrower shall pay a fee to the Lender in connection with the arrangement of the Facility in the amount set out in the Fees Side Letter (the "**Facility Fee**").

3 Drawdown

3.1 Drawdown

On the terms and subject to the conditions set forth herein, on the Closing Date the Lender shall make the Advance to the Borrower and the Borrower shall make a single drawing in the full amount of the Facility (less any amount to be deducted (if any) in accordance with sub-clause 3.2).

3.2 Payment of the Facility Fee

The Borrower agrees to pay the Facility Fee to the Lender in Same-Day Funds one Business Day prior to the Closing Date to the account in the name of the Lender with the Account Bank, account number 1181028400. In the event that the Lender has not received from the Borrower by 10.00 a.m. (London time) on the day prior to the Closing Date an amount in respect of the Facility Fee, the Borrower agrees that an amount equal to such amount of the Facility Fee that has not been paid, may be deducted from the amount of the Advance.

3.3 Disbursement

Subject to the conditions set forth herein, on the Closing Date the Lender shall transfer the amount of the Advance (less any amount to be deducted (if any) in accordance with sub-clause 3.2 above) to the Borrower's account (details of which to be provided by the Borrower before the Closing Date).

3.4 Ongoing Fees and Expenses

In consideration of the Lender (i) making available the Loan to the Borrower; and (ii) supporting such a continuing facility, the Borrower shall pay by way of an additional facility fee in one or more instalments on demand to the Lender each year an additional fee equating to all duly documented and properly incurred ongoing fees, taxes and documented expenses of the Lender (including, without limitation, any corporate service provider fees, stock exchange fees, listing fees, audit fees, legal fees and the anticipated winding-up expenses of the Lender) as set forth in an invoice from the Lender to the Borrower accompanied by such documentary evidence as may be reasonably required by the Borrower, and providing, in reasonable detail, the nature and calculation of the relevant payment or expense.

4 Interest

4.1 Rate of Interest

The Borrower will pay interest in U.S. Dollars to the Lender on the outstanding principal amount of the Loan from time to time hereunder at the rate of 5.35 per cent. per annum (the "**Rate of Interest**").

4.2 Payment of Interest

Interest at the Rate of Interest shall accrue from day to day, starting from (and including) the Closing Date and shall be paid in arrear not later than 10.00 a.m. (London time) one Business Day prior to each Interest Payment Date to the Account. Interest on the Loan will cease to accrue from the due date for repayment thereof (or on any date upon which the Loan is prepaid in accordance with this Agreement) unless payment of principal due on such date is improperly withheld or refused, in which event interest will continue to accrue (before or after any judgment) at the Rate of Interest to but excluding the date on which payment in full of the principal thereof is made.

4.3 Calculation of Interest

The amount of interest payable in respect of the Loan for any Interest Period shall be calculated by applying the Rate of Interest to the outstanding principal amount of the Loan, dividing the product by two and rounding the resulting figure to the nearest cent (half a cent being rounded upwards). Where interest is required to be calculated for any other period other than an Interest Period, it will be calculated on the basis of a 360 day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the number of actual days elapsed.

"**Interest Period**" means each period beginning on (and including) the Closing Date or any Interest Payment Date, as the case may be, and ending on (but excluding) the next Interest Payment Date.

5 Repayment and Prepayment

5.1 Repayment

Except as otherwise provided herein, the Borrower shall repay the Loan not later than 10.00 a.m. (London time) one Business Day prior to the Repayment Date.

5.2 Special Prepayment

If, (i) either (a) as a result of the application of any amendments to or change in the double tax treaty between Cyprus and Ireland or the laws or regulations of Cyprus or Ireland or of any political sub-division thereof or any authority having power to tax therein (including as a result of a judgment of a court of competent jurisdiction) or a

change in, or clarification of, the application or official interpretation of such laws or regulations which change or amendment becomes effective on or after the date of this Agreement or (b) as a result of the enforcement of the security provided for in the Trust Deed, the Borrower would thereby be required to make or increase any payment due hereunder as provided in sub-clauses 6.2 or 6.3, or (ii) (for whatever reason) the Borrower would have to or has been required to pay additional amounts pursuant to Clause 8, then the Borrower may at any time (without premium or penalty), upon not less than 30 days' notice to the Lender, copied to the Trustee (which notice shall be irrevocable), prepay the Loan in whole (but not in part).

5.3 Illegality

If, at any time, by reason of the introduction of any change after the date of this Agreement in any applicable law, regulation, regulatory requirement or directive of any agency of any state the Lender reasonably determines (setting out in reasonable detail the nature and extent of the relevant circumstances) (following receipt of such determination the Borrower may request from the Lender an Opinion of Counsel with the cost of such Opinion of Counsel being borne solely by the Borrower) that it is or would be unlawful or contrary to such applicable law, regulation, regulatory requirement or directive for the Lender to allow all or part of the Loan or the Notes to remain outstanding or for the Lender to maintain or give effect to any of its obligations in connection with this Agreement or the Notes and/or to charge or receive or to be paid interest at the rate then applicable to the Loan or the Notes, then upon notice by the Lender to the Borrower in writing (setting out in reasonable detail the nature and extent of the relevant circumstances), the Borrower and the Lender shall consult in good faith as to a basis which eliminates the application of such circumstances; provided, however, that the Lender shall be under no obligation to continue such consultation if a basis has not been determined within 30 days of the date on which it so notified the Borrower. If such a basis has not been determined within the 30 days, then upon notice in writing by the Lender to the Borrower, copied to the Trustee, the Borrower shall prepay the Loan (without penalty or premium) in whole (but not in part) on the next Interest Payment Date or on such earlier date as the Lender shall certify on not less than 15 days notice to be necessary to comply with such requirements.

5.4 Optional Prepayment at Make Whole

The Borrower may, at any time, (provided that not less than 30 nor more than 60 days' notice has been given to the Lender, copied to the Trustee, which notice shall be irrevocable and shall specify the date fixed for prepayment (the "**Make Whole Optional Prepayment Date**")), prepay in whole but not in part the Loan at the Make Whole Prepayment Amount plus accrued and unpaid interest on the Loan so prepaid to but excluding the Make Whole Optional Prepayment Date.

5.5 Optional Prepayment at Par

The Borrower may, at any time on or after the date three months prior to the Repayment Date (provided that not less than 30 nor more than 60 days' notice has been given to the Lender, copied to the Trustee which notice shall be irrevocable and shall specify the date fixed for prepayment (the "**Par Optional Prepayment Date**")), prepay in whole or in part the Loan at its principal amount plus accrued and unpaid interest on the Loan so prepaid to but excluding the Par Optional Prepayment Date.

5.6 Prepayment of Loan Upon Redemption and Cancellation of Notes

The Lender, the Borrower or any member of the Group may from time to time, in accordance with the terms and conditions of the Notes, purchase Notes in the open market or by tender or by a private agreement at any price. The Lender, the Borrower or any such member of the Group may, at its option, hold, reissue, resell or, in the case of the Borrower or such member of the Group, from time to time deliver to the Lender Notes, having an aggregate principal value of at least U.S.\$1,000,000, together with a request (a "**Request**") for the Lender to present such Notes to the Registrar for cancellation or from time to time procure the delivery to the Registrar of instructions ("**Instructions**") to redeem and thereafter cancel a specified aggregate principal amount of Notes (being at least U.S.\$1,000,000) represented by a Global Certificate. Any Instructions shall be accompanied by evidence satisfactory to the Registrar that the Lender, the Borrower, DME Limited or any such Subsidiary of DME Limited is entitled to give such Instructions or Request (which, for the avoidance of doubt, in the case of Notes represented by a Global Certificate, will be satisfied by the provision of copies of account entries in the records of a clearing system and associated nominees (if relevant) reflecting the Lender's, the Borrower's, DME Limited's or such Subsidiary of DME Limited's beneficial interest in such relevant Global Certificate) on the date specified in the Request or, as the case may be, Instructions, whereupon the relevant register shall be updated accordingly to reflect such cancellation. On the date specified in any Request or, as the case may be, Instructions, the Loan shall be deemed to be prepaid in an amount as corresponds to the aggregate principal amount of Notes presented with a Request or specified in Instructions, together with accrued interest (if any) thereon and no further payments shall be made or required to be made by the Borrower or any Guarantor in respect of such amounts.

5.7 Prepayment upon Change of Control Put Event

5.7.1 Promptly, and in any event within 30 calendar days after becoming aware of the occurrence of any Change of Control Put Event, the Borrower shall deliver to the Lender and the Trustee a written notice in the form of an Officers' Certificate (upon which the Lender and the Trustee may rely absolutely and without liability to any Person), which notice shall be irrevocable, stating that a

Change of Control Put Event has occurred and stating the circumstances and relevant facts giving rise to such Change of Control Put Event.

- 5.7.2** If, following a Change of Control Put Event, any Noteholder has exercised its Change of Control Put Option, the Borrower shall on the Business Day prior to the Change of Control Put Settlement Date, prepay the principal amount of the Loan in an amount which is equal to the aggregate principal amount of the Notes (as notified to the Borrower by the Paying Agents and(or) by the Lender) in relation to which the Change of Control Put Option has been duly exercised by the Noteholders in accordance with the Conditions together with interest accrued (if any) in respect thereof to (and excluding) the Change of Control Put Settlement Date.

5.8 Payment

If the Loan is to be prepaid by the Borrower pursuant to any of the provisions of Clauses **Error! Reference source not found.**, 5.3, 5.4, 5.5 or **Error! Reference source not found.**:

- 5.8.1** one Business Day prior to the due date for such prepayment, the Borrower shall deposit in the Account an amount in cash equal to the amount required to be paid on such due date; and
- 5.8.2** the Borrower shall, simultaneously with such prepayment or reduction, pay to the Lender accrued but unpaid interest thereon to the date of such prepayment and all other sums payable by the Borrower pursuant to this Agreement in relation to the amount to be prepaid.

5.9 Provisions Exclusive

The Borrower may not voluntarily prepay the Loan except in accordance with the express terms of this Agreement. Any amount prepaid may not be reborrowed.

6 Payments

6.1 Making of Payments

All payments of principal and interest and other amounts payable under Clause 6.2 hereof (other than those in respect of Reserved Rights) to be made by the Borrower under this Agreement shall be made unconditionally by credit transfer to the Lender not later than 10.00 a.m. (London time) one Business Day prior to each Interest Payment Date or the Repayment Date or any other due date for redemption (as the case may be) in Same-Day Funds to the Account, or as the Trustee may otherwise direct following the occurrence of an Event of Default, Potential Event of Default or a Relevant Event (as defined in the Trust Deed).

The Borrower shall, before 10.00 a.m. (London time) on the second Business Day prior to each Interest Payment Date or the Repayment Date or such other date (as the case may be), procure that the bank effecting such payments on its behalf confirms to the Principal Paying Agent by authenticated SWIFT the payment instructions relating to such payment.

The Lender agrees with the Borrower that the Lender will not deposit any other monies into the Account and that no withdrawals shall be made from the Account other than for payments to be made in accordance with the Trust Deed and Paying Agency Agreement.

If, at any time, it shall become impracticable, by reason of any action of any governmental authority or any change of law, exchange control regulations or any similar event, for the Borrower to make any payments hereunder in the manner specified in this Clause 6.1, then the Borrower may agree with the Lender alternative arrangements for such payments to be made (provided that the Lender shall not agree any such alternative arrangements without the consent of the Principal Paying Agent).

6.2 No Set-Off, Counterclaim or Withholding; Gross-Up

All payments to be made by the Borrower under this Agreement (including any amounts payable under Clause 6.3) shall be made in full without set-off or counterclaim and (except to the extent required by law) free and clear of and without deduction or withholding for or on account of any Taxes. If the Borrower shall be required by applicable law to make any deduction or withholding from any payment under this Agreement for or on account of any such Taxes, it shall, on the due date of such payment, increase any payment due hereunder to such amount as may be necessary to ensure that the Lender receives a net amount in Dollars equal to the full amount which it would have received had payment not been made subject to such Taxes, it shall account to the relevant authorities for the relevant amount of such Taxes so withheld or deducted within the time allowed for such payment under the applicable law and shall deliver to the Lender without undue delay evidence satisfactory to the Lender of such deduction or withholding and of the accounting therefor to the relevant taxing authority. If the Lender pays any amount in respect of any Taxes, including penalties or interest, the Borrower shall reimburse the Lender in Dollars, for such payment on demand. If the Borrower pays any amount in respect of any Taxes, including penalties or interest, and the Lender determines that: (i) a Tax Credit is attributable (a) to an increased payment of which that payment in respect of Taxes forms part, (b) to such payment or (c) to a deduction in Taxes of which that payment was required; and (ii) the Lender has obtained and utilised that Tax Credit, the Lender shall pay an amount to the Borrower which the Lender determines will leave it (after that payment) in the same after-Tax position as it would have been in had the payment in respect of Taxes not been required to be made by the Borrower. For the avoidance of doubt, this Clause 6.2 is without prejudice to the obligation of the

Lender to obtain a certificate from the competent Irish authorities pursuant to Clause 6.6.

Any notification by the Lender to the Borrower in connection with this Clause 6.2 shall be given as soon as reasonably practicable after the Lender becomes aware of any obligation on it to make any such withholding or deduction or pay any Taxes. The Lender shall, as soon as reasonably practicable following request by the Borrower, provide the Borrower (at the Borrower's expense) with reasonable detail in writing as to the reasons for such withholding or deduction or payment of Taxes. Nothing in this paragraph shall prejudice in any way the obligation to gross up contained in this Clause 6.2.

6.3 Withholding on the Notes

If the Lender notifies the Borrower (no less than five Business Days prior to the relevant payment date, and setting out in reasonable detail the nature and extent of the obligation and providing, upon the request of the Borrower, an Opinion of Counsel in respect of the existence of such obligation, with the cost of such Opinion of Counsel to be borne solely by the Borrower) that the Lender has become obliged to make any withholding or deduction for or on account of any Taxes imposed or levied, collected, withheld or assessed by or on behalf of Ireland or any political subdivision or any authority thereof or therein having the power to tax from any payment which it is obliged to make, or would otherwise be obliged to make but for the imposition of any such withholding or deduction for or on account of any such Taxes, under or in respect of the Notes, the Borrower agrees to pay into the Account for the benefit of the Lender, not later than 10.00 a.m. (London time) one Business Day prior to the date on which payment is due to the Noteholders in Same-Day Funds, such additional amounts as are equal to the said additional amounts which the Lender would be required to pay in order that the net amounts received by the Noteholders after such withholding or deduction will equal the respective amounts which would have been received by the Noteholders in the absence of such withholding or deduction; provided, however, that the Lender shall immediately upon receipt from any Paying Agent of the reimbursement of any sums paid pursuant to this provision, to the extent that the Noteholders, as the case may be, are not entitled to such additional amounts pursuant to the terms and conditions of the Notes, pay such additional amounts to the Borrower (it being understood that neither the Lender, nor the Principal Paying Agent nor any Paying Agent shall have any obligation to determine whether any Noteholder is entitled to such additional amounts).

6.4 Reimbursement

To the extent that the Lender subsequently obtains and uses any tax credit or allowance or obtains any other reimbursements or refunds relating to a deduction or withholding or payment of Taxes with respect to which the Borrower has made a

payment pursuant to this Clause 6, the Lender shall promptly pay to the Borrower so much of the benefit or refund it received as will leave the Lender substantially in the same position as it would have been had no additional amount been required to be paid by the Borrower pursuant to this Clause 6; provided, however, that the question of whether any such benefit or refund has been received, and accordingly, whether any payment should be made to the Borrower, the amount of any such payment and the timing of any such payment, shall be determined reasonably by the Lender, provided that the Lender shall notify the Borrower promptly upon determination that it has received any such benefit or refund.

6.5 Mitigation

If at any time either party hereto becomes aware of circumstances which would or might, then or thereafter, give rise to an obligation on the part of the Borrower to make any deduction, withholding or payment as described in sub-clauses 6.2 or 6.3, then, without in any way limiting, reducing or otherwise qualifying the Lender's rights, or the Borrower's obligations, under such sub-clauses, such party shall as soon as reasonably practicable upon becoming aware of such circumstances notify the other party, and, thereupon the parties shall consider and consult with each other in good faith with a view to finding, agreeing upon and implementing a method or methods by which any such obligation may be avoided or mitigated and, to the extent that both parties can do so without taking any action which in the reasonable opinion of such party is prejudicial to its own position, take such reasonable steps as may be available to it to avoid such obligation or mitigate the effect of such circumstances. The Borrower agrees to reimburse the Lender for all properly incurred costs and expenses (including but not limited to legal fees) incurred by the Lender in connection with this sub-clause.

6.6 Tax Treaty Relief

6.6.1 The Lender shall once in each calendar year prior to the first Interest Payment Date in that calendar year, use its best efforts to provide the Borrower, at the expense of the Borrower, no later than 15 Business Days prior to such Interest Payment Date with a tax residency certificate issued or certified by (as applicable) the competent authorities of Ireland confirming that the Lender is resident for tax purposes in Ireland in the calendar year of such Interest Payment Date. At the cost of the Borrower, the residency certificate shall be apostilled at the Irish Department of Foreign Affairs. The Lender shall not be responsible for any failure to provide, or any delays in providing, such tax residency certificate as a result of any action or inaction of any authority of Ireland (provided that such residency certificate has been properly requested by the Lender and reasonably sufficient time has been allowed for the authorities in Ireland to issue such certificate), but shall notify the Borrower as soon as

practicable about any such failure or delay with an indication of the actions taken by the Lender to obtain such tax residency certificate.

- 6.6.2 If Cypriot legislation regulating the procedures for obtaining an exemption from Cypriot withholding tax on income changes, the Lender shall and at the cost and upon the instructions of the Borrower use its reasonable and timely efforts to assist the Borrower to obtain relief from such tax pursuant to the double taxation treaty between the Cyprus and Ireland.
- 6.6.3 Notwithstanding Clause 6.4, if the Borrower makes a withholding or deduction for or on account of Taxes from a payment under or in respect of this Agreement, the Borrower may apply on behalf of the Lender to the relevant taxing authority of Cyprus (the "**Cypriot Taxing Authority**") for a payment to be made by such authority to the Lender with respect to such Tax. If, whether following a claim made on its behalf by the Borrower or otherwise, the Lender receives such a payment ("**Cypriot Tax Payment**") from the Cypriot Taxing Authority with respect to such Taxes, it will as soon as reasonably possible notify the Borrower that it has received that payment (and the amount of such payment); whereupon, provided that the Borrower has notified the Lender in writing of the details of an account (the "**Borrower Account**") to which a payment or transfer should be made, and that the Lender is able to make a payment or transfer under applicable laws and regulations, without worsening the position it would have been in had such Cypriot Tax Payment not been paid, the Lender will pay or transfer an amount equal to the Cypriot Tax Payment to the Borrower Account.
- 6.6.4 The Lender agrees promptly, upon becoming aware thereof, to notify the Borrower if it ceases to be resident in Ireland for tax purposes.
- 6.6.5 Subject to Clauses 6.5 and 8.2, the Lender agrees that it shall maintain its residency for tax purposes only in Ireland.

7 **Conditions Precedent**

The obligation of the Lender to make the Advance (less any deduction (if any) in accordance with sub-clause 3.2) shall be subject to the further conditions precedent that as of the Closing Date (a) no Potential Event of Default or Event of Default shall have occurred and be continuing, (b) the Borrower shall not be in breach of any of the terms, conditions and provisions of this Agreement, (c) the Subscription Agreement, the Trust Deed and the Paying Agency Agreement shall have been executed and delivered, (d) the Lender shall have received the proceeds of the issue of the Notes pursuant to the Subscription Agreement and (e) the Lender shall have received the Facility Fee or shall have agreed with the Borrower to deduct such amount from the Advance.

8 Change in Law; Increase in Cost

8.1 Compensation

In the event that after the date of this Agreement there is any change in or introduction of any tax, law, regulation, regulatory requirement or official directive (whether or not having the force of law but, if not having the force of law, the observance of which is in accordance with the generally accepted financial practice of financial institutions in the country concerned) or in the interpretation or application thereof by any Person charged with the administration thereof and/or any compliance by the Lender in respect of the Loan or the Facility with any request, policy or guideline (whether or not having the force of law but, if not having the force of law, the observances of which is in accordance with the generally accepted financial practice of financial institutions in the country concerned) from or of any central bank or other fiscal, monetary or other authority, agency or any official of any such authority, which:

- 8.1.1** subjects or will subject the Lender to any Taxes with respect to payments of principal of or interest on the Loan or any other amount payable under this Agreement (other than any Taxes payable by the Lender on its overall net income, except to the extent that the Lender is unable to obtain a deduction for tax purposes on payments to the Noteholders which offsets any tax liability on equivalent amounts received under this Agreement, or any Taxes referred to in sub-clauses 6.2 or 6.3); or
- 8.1.2** increases or will increase the taxation of or changes or will change the basis of taxation of payments to the Lender of principal of or interest on the Loan or any other amount payable under this Agreement (other than any such increase or change which arises by reason of any increase in the rate of tax payable by the Lender on its overall net income, except to the extent that the Lender is unable to obtain a deduction for tax purposes on payments to the Noteholders which offsets any tax liability on equivalent amounts received under this Agreement, or as a result of any Taxes referred to in sub-clauses 6.2 or 6.3); or
- 8.1.3** imposes or will impose on the Lender any other condition affecting this Agreement, the Facility or the Loan,
and if as a result of any of the foregoing:
 - (i) the cost to the Lender of making, funding or maintaining the Loan or the Facility is increased; or
 - (ii) the amount of principal, interest or other amount payable to or received by the Lender hereunder is reduced; or
 - (iii) the Lender makes any payment or foregoes any interest or other return on or calculated by reference to the gross amount of any sum receivable by it from the Borrower hereunder or makes any payment or foregoes

any interest or other return on or calculated by reference to the gross amount of the Loan,

then subject to the following, and in each such case:

- (a) the Lender shall, as soon as practicable after becoming aware of such increased cost, reduced amount or payment made or foregone, give written notice to the Borrower, together with a certificate signed by one authorised attorney of the Lender describing in reasonable detail the introduction or change or request which has occurred and the country or jurisdiction concerned and the nature and date thereof and demonstrating the connection between such introduction, change or request and such increased cost, reduced amount or payment made or foregone, and setting out in reasonable detail the basis on which such amount has been calculated, and all relevant supporting documents evidencing the matters set out in such certificate; and
- (b) the Borrower, in the case of sub-clauses (i) and (iii) above, shall on demand by the Lender, pay to the Lender such additional amount as shall be necessary to compensate the Lender for such increased cost, and, in the case of sub-clause (ii) above, at the time the amount so reduced would otherwise have been payable, pay to the Lender such additional amount as shall be necessary to compensate the Lender for such reduction, payment or foregone interest or other return; provided, however, the amount of such increased cost, reduced amount or payment made or foregone shall be deemed not to exceed an amount equal to the proportion thereof which is directly attributable to this Agreement,

provided that this sub-clause 8.1 will not apply to or in respect of any matter for which the Lender has already been compensated under sub-clauses 6.2 or 6.3.

8.2 Mitigation

In the event that the Lender becomes entitled to make a claim pursuant to Clause 8.1, and without prejudice to the right of the Lender to make a claim under Clause 8.1, the Lender shall consult in good faith with the Borrower and shall use reasonable efforts (based on the Lender's reasonable interpretation of any relevant tax, law, regulation, requirement, official directive, request, policy or guideline) to reduce, in whole or in part, the Borrower's obligations to pay any additional amount pursuant to such sub-clause, except that nothing in this sub-clause 8.2 shall obligate the Lender to incur any costs or expenses in taking any action which, in the reasonable opinion of the Lender, is prejudicial to its interests.

9 Covenants

The covenants in this Clause 9 shall remain in force from the date of this Agreement for so long as the Loan or any part of it is outstanding.

9.1 Negative Pledge

The Borrower shall not, and shall procure that each of DME Limited and the Material Subsidiaries shall not, directly or indirectly, create, incur, assume or suffer to exist any Liens, other than Permitted Liens, on any of its or their property or assets, now owned or hereafter acquired, or any revenues, income or profits therefrom, securing any Financial Indebtedness, unless, at the same time or prior thereto, the Loan is secured equally and rateably with such other Indebtedness or has the benefit of such other security or other arrangements as the Trustee in its absolute discretion shall deem to be not materially less prejudicial to the Noteholders or it shall be approved by an Extraordinary Resolution (as defined in the Trust Deed).

9.2 Maintenance of Authorisations

The Borrower shall, and shall procure that each of DME Limited and the Material Subsidiaries shall, take all necessary action to obtain and do or cause to be done all things necessary, in the opinion of the Borrower, DME Limited or the relevant Material Subsidiary, to ensure the continuance of its corporate existence, its business and intellectual property relating to its business but only in such case where the failure to take any such action to obtain and do or cause to be done any such things would have a Material Adverse Effect, and the Borrower shall take all necessary action to obtain, and do or cause to be done all things necessary to ensure the continuance of, all consents, licences, approvals and authorisations, and make or cause to be made all registrations, recordings and filings, which may at any time be required to be obtained or made in Cyprus (or the relevant jurisdiction of incorporation of a Material Subsidiary) for the execution, delivery or performance of this Agreement or for the validity or enforceability thereof and provided that, in any case if the Borrower, and/or DME Limited and/or the relevant Material Subsidiary, as the case may be, can remedy any failure to comply with this Clause 9.2 within 90 days of such failure or of the occurrence of such event, that this covenant shall be deemed not to have been breached.

9.3 Claims *Pari Passu*

The Borrower shall ensure that at all times the claims of the Lender against it under this Agreement rank at least *pari passu* with the claims of all its other present and future unsecured creditors of the Borrower, save for those claims that are preferred by any bankruptcy, insolvency, liquidation or similar laws of general application or any other mandatory provisions of applicable law.

9.4 Limitation on Financial Indebtedness

- 9.4.1** The Borrower shall not cause, and shall procure that each of DME Limited and the Material Subsidiaries shall not Incur, directly or indirectly, contingently or otherwise, any Financial Indebtedness except that the Borrower, DME Limited and any Material Subsidiary may incur Financial Indebtedness if (i) no Potential Event of Default nor Event of Default has occurred and is continuing at the time, or would occur as a consequence of the incurrence of such Financial Indebtedness; and (ii) the Leverage Ratio is 3:1 or lower.
- 9.4.2** Notwithstanding any of the foregoing the Borrower, DME Limited and any Material Subsidiary will be entitled to Incur Financial Indebtedness if it is Permitted Indebtedness.
- 9.4.3** For purposes of determining compliance with this covenant:
- (a) in the event that an item of Financial Indebtedness (or any portion thereof) meets the criteria of more than one of the types of Indebtedness described in Clause 9.4.1 or 9.4.2, the Borrower, in its sole discretion, will classify such item of Financial Indebtedness (or any portion thereof) at the time of Incurrence and will only be required to include the amount and type of such Financial Indebtedness in one of the above Clauses; and
 - (b) The Borrower will be entitled to divide and classify and re-classify an item of Indebtedness in more than one of the types of Financial Indebtedness described in Clause 9.4.1 or 9.4.2 and may change the classification of an item of Financial Indebtedness (or any portion thereof) to any other type of Financial Indebtedness described in Clause 9.4.1 or 9.4.2 at any time.
- 9.4.4** For the purposes of determining compliance with any U.S. dollar denominated restriction on the Incurrence of Indebtedness where the Financial Indebtedness Incurred or repaid is denominated in a different currency, the amount of such Financial Indebtedness will be the U.S. Dollar Equivalent determined on the date of the Incurrence or repayment (as applicable) of such Financial Indebtedness; provided, however, that if any such Financial Indebtedness denominated in a different currency is subject to a Currency Agreement with respect to U.S. dollars covering all principal, premium, if any, and interest payable on such Financial Indebtedness, the amount of such Indebtedness expressed in U.S. dollars will be as provided in such Currency Agreement. The principal amount of any Refinancing Indebtedness Incurred in the same currency as the Financial Indebtedness being Refinanced will be the U.S. Dollar Equivalent, as appropriate, of the Indebtedness Refinanced, except to the extent that (A) such U.S. Dollar Equivalent was determined based on a

Currency Agreement, in which case the principal amount of such Refinancing Indebtedness will be determined in accordance with the preceding sentence, and (B) the principal amount of the Refinancing Indebtedness exceeds the principal amount of the Indebtedness being Refinanced, in which case the U.S. Dollar Equivalent of such excess, as appropriate, will be determined on the date such Refinancing Indebtedness is Incurred. Notwithstanding any other provision of this covenant, the maximum amount that Borrower, DME Limited or any of its Subsidiaries may Incur pursuant to this covenant shall not be deemed to be exceeded, with respect to outstanding Indebtedness, due solely as a result of fluctuations in the exchange rates or currency values.

9.5 Mergers

The Borrower: (i) shall not, without the prior written consent of the Lender and the Trustee, enter into any reorganisation (by way of a merger, accession, division, separation or transformation, or other bases or procedures for reorganisation contemplated or as may be contemplated from time to time by Russian legislation, as these terms are construed by applicable Russian legislation); and (ii) shall procure that, without the prior written consent of the Lender and the Trustee, neither DME Limited nor any Material Subsidiary (a) enters into any reorganisation (whether by way of a merger, amalgamation, division, spin-off or transformation as these terms are construed by applicable Russian legislation), or (b) in the case of DME Limited or a Material Subsidiary incorporated in a jurisdiction other than the Russian Federation participates in any type of corporate reconstruction or other analogous event (as determined under the legislation of the relevant jurisdiction); if in the case of (i) or (ii) above, any such reorganisation or other type of corporate reconstruction could result in a Material Adverse Effect.

Clause 9.5 (ii) above shall not apply to any merger (*sliyaniye*), amalgamation (*prisoedineniye*), division (*razdeleniye*), spin-off (*vydeleniye*) or transformation (*preobrazovaniye*) (as such terms defined in the Russian Civil Code) or similar reorganisation procedures under Russian law of any Guarantor, provided that in case of any such procedure involving the Guarantors or a Guarantor and a Subsidiary of DME Limited, the surviving entity shall become, or continue to be, as the case may be, a Guarantor upon the completion of the relevant procedure.

9.6 Disposals

The Borrower shall not, and shall procure that each of DME Limited and the Material Subsidiaries shall not, consummate any Asset Sale, unless the proceeds received by the Borrower, DME Limited or such Material Subsidiary, as the case may be, are at least equal to the Fair Market Value of the assets sold or disposed of.

9.7 Transactions with Affiliates

The Borrower shall not, and shall procure that none of DME Limited and its Subsidiaries shall not, directly or indirectly, conduct any business, enter into or permit to exist any transaction or series of related transactions (including, without limitation, the purchase, sale, transfer, assignment, lease, conveyance or exchange of any property or the rendering of any) with, or for the benefit of, any Affiliate (an "**Affiliate Transaction**") including, without limitation, intercompany loans, unless the terms of such Affiliate Transaction are no less favourable to the Borrower, DME Limited or such Subsidiary, as the case may be, than those that could be obtained (at the time of such transaction or, if such transaction is pursuant to a written agreement, at the time of the execution of the agreement providing therefore) in a comparable arm's-length transaction with a Person that is not an Affiliate of the Borrower, DME Limited or such Subsidiary.

This Clause 9.7 does not apply to: (i) any Affiliate Transaction between DME Limited and any Subsidiary of DME Limited or between any Subsidiaries of DME Limited ; (ii) compensation of employee benefit arrangements with any officer or director of the Borrower, DME Limited or any Subsidiary of DME Limited arising as a result of their employment contract; or (iii) any other Affiliate Transaction at Fair Market Value.

9.8 Procurement of Further Guarantees

9.8.1 The Borrower may elect to procure that any Subsidiary of DME Limited becomes a Guarantor provided that such Subsidiary executes and delivers to the Lender and subject to the conditions set out in Clause 9.9 being complied with by the Borrower and the proposed Guarantor (and also executed by the Trustee solely for the purposes of taking the benefit thereof) a Guarantee, in the form set out in the Schedule hereto, pursuant to which such Subsidiary will unconditionally and irrevocably guarantee the payment of all money payable under this Agreement and will become vested with all the duties and obligations of a Guarantor as if originally named as such.

9.8.2 In the event that one or both of the Obligor Cover Ratios is less than 85 per cent., the Borrower will procure sufficient of DME Limited's Subsidiaries to execute and deliver to the Lender, as soon as practicable, but in any event no later than 90 days after the date:

- (i) of the then most recently published consolidated financial statements of the Group; or
- (ii) on which it is or becomes unlawful for a Guarantor to perform or comply with any or all of its obligations under the Deed of Guarantee or any of such obligations are not, or cease to be, legal, valid, binding and enforceable or a Guarantor contests the validity thereof or repudiates (or

purports to repudiate) them (such Guarantor, an "**Ineligible Guarantor**"),

a Guarantee, substantively in the form set out in the Schedule hereto (and such other documents as may be required by such Guarantee), pursuant to which such Subsidiaries will unconditionally and irrevocably guarantee the payment of all moneys payable under this Agreement and become vested with all duties and obligations of a Guarantor as if originally named a Guarantor, such that both of the Obligor Cover Ratios equals or exceeds 85 per cent.

9.9 General Provisions Applicable to Further Guarantees

9.9.1 The Borrower shall give the Lender and the Trustee no less than seven Business Days' prior written notice of a subsidiary of DME Limited to enter into a Guarantee in the form set out in the Schedule hereto, together with such details on the purported Guarantor and such documents as the Trustee or the Lender may require.

9.9.2 So long as the Notes are listed on the Stock Exchange and/or any other stock exchange on which the Notes may be listed or quoted from time to time (such other stock exchange being a recognised stock exchange for the purposes of Section 64 of the Irish Taxes Consolidation Act 1997), the Borrower shall comply with any applicable rules of the Stock Exchange and/or such other exchange (including, if required by such rules, preparation of supplemental listing particulars or announcement) in relation thereto.

9.9.3 The Borrower shall also procure that the following opinion is delivered to the Lender and the Trustee on the date of the execution of the Further Guarantees: an Opinion of Counsel reasonably acceptable to the Lender and the Trustee, in form and substance reasonably satisfactory to the Lender and the Trustee, stating that each Further Guarantee, as the case may be, constitutes legal, valid and binding obligations of the respective Further Guarantor, as the case may be, enforceable in accordance with its terms, subject to customary exceptions, qualifications and limitations.

9.10 Maintenance of Property

The Borrower shall, and shall ensure that DME Limited and each of the Material Subsidiaries will, cause all property that is used in the conduct of its or their business to be maintained and kept in good condition, repair and working order and supplied with all necessary equipment and shall cause to be made all necessary repairs, renewals, replacements, betterments and improvements thereof, all as, in the judgment of the Borrower, DME Limited or such Material Subsidiary, may be reasonably necessary so that the business carried on in connection therewith may be properly

conducted at all times, provided that if any failure would not have a Material Adverse Effect, this covenant shall be deemed not to have been breached.

9.11 Payment of Taxes and Other Claims

The Borrower shall, and shall ensure that DME Limited and each of the Material Subsidiaries will, pay or discharge or cause to be paid or discharged, before the same shall become overdue and without incurring penalties (i) all taxes, assessments and governmental charges levied or imposed upon, or upon the income, profits or property of the Borrower, DME Limited and each of the Material Subsidiaries and (ii) all lawful claims for labour, materials and supplies which, if unpaid, might by law become a Lien (other than a Permitted Lien) upon the property of the Borrower, DME Limited or the Material Subsidiaries; **provided that** none of the Borrower, DME Limited nor any Material Subsidiary shall be in breach of this Clause 9.11 if the Borrower, DME Limited or any Material Subsidiary has failed to pay or discharge or cause to be paid or discharged any tax, assessment, charge or claim (x) if such amount or the applicability or validity of such tax, assessment, charge or claim is contested in good faith by appropriate proceedings and for which adequate reserves in accordance with IFRS or other appropriate provision has been made and, where after such proceedings, any amount is found to be due, such amount is paid promptly; or (y) whose amount, together with all such other unpaid or undischarged taxes, assessments, charges and claims, does not in the aggregate exceed U.S.\$50 million.

9.12 Withholding Tax Exemption

The Borrower shall give to the Lender all assistance it reasonably requires to ensure that, prior to the first interest payment and at the beginning of each calendar year, the Lender can provide the Borrower with the documents required under Cypriot laws for the relief of the Borrower from Cypriot withholding tax in respect of payments hereunder.

9.13 Maintenance of Insurance

So long as any amount remains outstanding under this Agreement, the Borrower shall, and shall ensure that each of DME Limited and the Material Subsidiaries obtain and maintain insurance with an insurer or insurers of sufficient standing against such losses and risks and in such amounts as is required by applicable law, provided that if any failure to do so would not have a Material Adverse Effect, this covenant shall be deemed not to have been breached.

9.14 Environmental Compliance

The Borrower shall and shall ensure that each of DME Limited and its Subsidiaries will, comply in all respects with all Environmental Laws and obtain and maintain any Environmental Licence and take all reasonable steps in anticipation of known or

expected future changes to or obligations under the same, provided that if any failure to do so would not have a Material Adverse Effect, this covenant shall be deemed not to have been breached.

9.15 Financial and Other Information

9.15.1 The Borrower hereby undertakes that so long as the Loan or the Notes or any other sum owing hereunder remains outstanding it shall deliver to the Lender and the Trustee as soon as they become available, but in any event within 150 days after the end of each of its financial years, copies of the Group's consolidated financial statements for such financial year, in each case audited by the Auditors and prepared in accordance with IFRS consistently applied with the corresponding financial statements for the preceding period.

9.15.2 The Borrower shall as soon as the same become available, but in any event within 120 days after the end of each half of each of its financial years, deliver to the Lender and the Trustee the Group's consolidated financial statements for such period.

9.15.3 The Borrower hereby undertakes that it will deliver to the Lender and the Trustee, without undue delay, such additional information regarding the financial position or the business of the Group's as the Lender or the Trustee may reasonably request including providing certification to the Trustee in accordance with the Trust Deed.

9.15.4 The Borrower shall ensure that each set of consolidated financial statements delivered by it pursuant to this Clause 9.15 is:

- (i) prepared in accordance with IFRS consistently applied;
- (ii) in the case of the statements provided pursuant to sub-Clause 9.15.1, accompanied by a report thereon of the Auditors referred to in sub-Clause 9.15.1 (including opinions or review reports as the case may be of such Auditors with accompanying notes and annexes); and
- (iii) in the case of the statements provided pursuant to sub-Clause 9.15.2, certified by an Authorised Signatory of the Borrower as giving a true and fair view of the Group's consolidated financial condition as at the end of the period to which those consolidated financial statements relate and of the results of the Group's operations during such period.

9.15.5 The Borrower undertakes to furnish to the Lender such information as the Stock Exchange (or any other or further stock exchange or stock exchanges or any relevant authority or authorities on which the Notes may, from time to time, be listed or admitted to trading) may require as necessary in connection with the listing or admission to trading on such stock exchange or relevant authority of the Notes.

9.15.6 The Borrower undertakes to deliver to the Lender and the Trustee, without undue delay, a notification whenever it or any member of the Group purchases and retains Notes for its own account.

9.16 Officers' Certificates

9.16.1 On each Interest Payment Date and within 14 Business Days of any request, the Borrower shall deliver to the Lender and to the Trustee written notice in the form of an Officers' Certificate stating whether any Potential Event of Default or Event of Default has occurred and, if it has occurred and shall be continuing, what action the Borrower is taking or proposes to take with respect thereto.

9.16.2 The Borrower will at the same time as delivering the Group's audited annual financial statements pursuant to sub-Clause 9.15.1 and within 30 days of a request from the Lender or the Trustee, deliver to the Lender copied to the Trustee an Officers' Certificate specifying those Subsidiaries of DME Limited which were, at a date no more than 20 days before the date of such Officers' Certificate, Material Subsidiaries.

9.16.3 Following the occurrence of any matter or event specified in this Agreement where this Agreement provides for a determination of whether such matter or event has or will have a Material Adverse Effect, in a situation where the Borrower considers that the relevant matter or event has or is reasonably likely to have a Material Adverse Effect, the Borrower shall provide the Lender (with a copy to the Trustee) with an Officers' Certificate confirming the same and setting out such additional information as may reasonably be required to support such determination. The Lender and the Trustee shall each be entitled to rely solely on an Officers' Certificate from the Borrower, certifying whether or not such matter has or will have a Material Adverse Effect.

9.16.4 Upon being so requested in writing by the Lender, the Borrower shall deliver to the Lender (copied to the Trustee) an Officers' Certificate of the Borrower setting out the total principal amount of Notes which, at the date of such certificate, are held by the Borrower (or any Subsidiary of DME Limited) and have not been cancelled and are retained by it for its own account or for the account of any other company.

9.17 Status Verification

Neither the Lender nor the Trustee shall be under any obligation to verify the authenticity of any Officers' Certificate or any other certificate received by it or to approve the selection of any Auditors or be responsible for determining the existence of any Potential Event of Default or any Event of Default. The Lender and the Trustee shall each be at liberty to accept any aforementioned Officers' Certificate as sufficient evidence of any fact or matter stated in any such Officers' Certificate and neither the

Lender nor the Trustee shall be bound to call for further evidence or be responsible for any loss that may be occasioned by acting on, such Officers' Certificate or selection or failure to determine the existence of any Event of Default or Potential Event of Default or whether any matter shall have a Material Adverse Effect.

9.18 Tax Reporting Compliance

The Borrower will provide the Lender with sufficient information, provide all reasonable assistance necessary, and pay any costs associated with, compliance by the Lender with (i) Section 1471(b) of the US Internal Revenue Code of 1986 (the "**Code**") or otherwise imposed pursuant to Section 1471 through 1474 of the Code and any regulations or agreements thereunder or official interpretations thereof, and (ii) any other tax reporting or automatic exchange of information regime which the Lender is subject to.

10 Events of Default

10.1 Events of Default

If one or more of the following events of default (each, an "**Event of Default**") shall occur (and is continuing), the Lender shall be entitled to the remedies set forth in sub-Clause 10.3:

10.1.1 Failure to Pay: the Borrower fails to pay any amount of interest or other amounts payable hereunder within five Business Days of the due date for payment thereof in the currency and in the manner specified herein,

10.1.2 Obligations: the Borrower or any of the Guarantors, as the case may be, defaults in the performance or observance of any of their respective other obligations under this Agreement or in the Deed of Guarantee, as the case may be, and except where, in the opinion of the Trustee, such default is not capable of remedy, such default remains unremedied for 30 days after written notice thereof, addressed to the Borrower or the relevant Guarantor, as the case may be, by the Trustee, has been delivered to the Borrower or such Guarantor, as the case may be; or

10.1.3 Cross Default:

- (i) any present or future Financial Indebtedness of the Borrower, DME Limited or any Material Subsidiary is not paid upon the later of (a) when due or payable or (b) if there is an originally applicable grace period in respect of such Financial Indebtedness at final maturity, upon the expiration of such originally applicable grace period; or
- (ii) any such Financial Indebtedness becomes due and payable prior to its Stated Maturity otherwise than at the option of the Borrower, DME Limited or (as the case may be) any Material Subsidiaries or (provided

that no event of default, howsoever described, has occurred) any Person entitled to such Financial Indebtedness;

provided that the amount of Financial Indebtedness referred to in subparagraph (i) and/or subparagraph (ii) above individually or in the aggregate exceeds U.S.\$25 million (or its U.S. Dollar Equivalent); or

- 10.1.4 Judgments:** the amount of unsatisfied judgments, decrees or orders of courts or dispute resolution bodies of competent jurisdiction for the payment of money against the Borrower, DME Limited and any of the Material Subsidiaries in the aggregate at any given moment of time exceeds U.S.\$25 million (or its U.S. Dollar Equivalent), except in circumstances where such judgment, decree or order, as the case may be, is being contested or appealed by the Borrower, DME Limited and/or the relevant Material Subsidiary or Material Subsidiaries in good faith or is discharged within 60 days of being made; or
- 10.1.5 Execution of Process:** a distress, attachment, execution or other legal process is levied, enforced or sued out on or against all or a material part of the property, assets or revenues of the Borrower, DME Limited or any Material Subsidiary and such action is not removed, stayed, or discharged within 60 days after such action is commenced, unless such distress, attachment execution or other legal process is being contested in good faith; or
- 10.1.6 Appropriation:** any mortgage, charge, pledge, lien or other encumbrance, present or future, created or assumed by the Borrower, DME Limited or any of its Material Subsidiaries in respect of the whole or any material part of the property, undertaking, revenues or assets of the Borrower, DME Limited and any of its Material Subsidiaries) becomes enforceable and any step is taken to enforce it (including the taking of possession or the appointment of a receiver, administrative receiver, administrator, manager or other similar person) and such action is not removed, stayed, or discharged within 60 days after such possession or appointment is commenced; or
- 10.1.7 Bankruptcy and Insolvency:** the occurrence of any of the following events:
- (i) the Borrower, DME Limited or any of the Material Subsidiaries is unable or admits inability to pay its debts as they fall due, generally suspends making payments on any of its debts or, by reason of actual or anticipated financial difficulties, commences negotiations generally with its creditors with a view to readjusting or rescheduling any of its Financial Indebtedness; the value of the assets of any of the Borrower, DME Limited or any of the Material Subsidiaries is less than its liabilities; and/or a moratorium is declared in respect of any Financial Indebtedness of any of the Borrower, DME Limited or any of the Material Subsidiaries; or

- (ii) any of the Borrower, DME Limited or any Material Subsidiary ceases to have corporate existence or is seeking or consenting to proceedings for its liquidation or the appointment of a liquidator or liquidation commission (*likvidatsionnaya komissiya*) or a similar officer of the Borrower, DME Limited or any of the Material Subsidiaries, as the case may be, or a petition in relation to the Borrower, DME Limited or any of the Material Subsidiaries for winding up (otherwise than for the purposes of or pursuant to an amalgamation, reorganisation or restructuring whilst solvent if permitted pursuant to Clause 9.5);
- (iii) the presentation or filing of a petition in respect of any of the Borrower, DME Limited or any of the Material Subsidiaries (in any court of competent jurisdiction, arbitration court or before any competent agency alleging, or for, the bankruptcy, insolvency, examinership, dissolution, administration, reorganisation or liquidation (or any analogous proceedings) including in the case of any entity in the Russian Federation the institution of supervision (*nablyudeniye*), financial rehabilitation (*finansovoye otdorovleniye*), external management (*vneshneye upravleniye*) or bankruptcy management (*konkursnoye proizvodstvo*) as such terms are defined in the Federal Law of the Russian Federation No. 127-FZ "On Insolvency (Bankruptcy)" dated 26 October 2002 (as amended or replaced from time to time) (the "**Insolvency Law**") of any such entity (ignoring any petition that is not accepted by such court or competent agency for review on its merits or is found to be without merit) and otherwise than for the purposes of or pursuant to an amalgamation, transformation, reorganisation or restructuring whilst solvent if permitted pursuant to Clause 9.5, and where such petition is presented or filed by a person that is not the Borrower, DME Limited or any of the Material Subsidiaries, either (a) such petition remains undischarged for at least 60 calendar days excluding in counting such period any days during which the court or competent agency has suspended the proceedings in respect of the petition on account of the petition not being in a form prescribed by law and/or while awaiting further documentation from the petitioner), or (b) if earlier, a court or competent agency institutes bankruptcy, insolvency, examinership, dissolution, administration, reorganisation or liquidation (or any analogous proceedings) including in the case of any entity in the Russian Federation the institution of supervision (*nablyudeniye*), financial rehabilitation (*finansovoye otdorovleniye*), external management (*vneshneye upravleniye*) or bankruptcy management (*konkursnoye proizvodstvo*) over the Borrower, DME Limited or any of the Material Subsidiaries or the Borrower, DME Limited or any of the

Material Subsidiaries enters into, or agrees to enter into any amicable settlement which, in the case of any entity in the Russian Federation and without limitation, shall include amicable settlement (*mirovoye soglasheniye*) with its creditors (as defined in the Insolvency Law);

- (iv) any judicial liquidation in respect of the Borrower, DME Limited or any of the Material Subsidiaries; or
- (v) an order is made or an effective resolution is passed for the winding up, liquidation or dissolution of the Borrower, DME Limited or any of the Material Subsidiaries (otherwise than for the purposes of or pursuant to an amalgamation, reorganisation or restructuring whilst solvent if permitted pursuant to Clause 9.5) and such order or resolution is not discharged within 60 days of being made; or

10.1.8 Business: a substantial change is made to the general nature of the business of the Group taken as a whole from that carried on at the date of this Agreement; or

10.1.9 Commercial Contracts:

- (i) any of the Material Commercial Authorisations and Contracts is terminated, lost, suspended, revoked, or amended in a detrimental way, which individually or in the aggregate has a Material Adverse Effect,
- (ii) any of the Airport Terminal Lease Contracts is terminated or suspended where such termination or suspension has individually or in the aggregate a Material Adverse Effect, or
- (iii) any of the Airport Terminal Lease Contracts is amended, where the relevant amendments have or would reasonably be expected to have a Material Adverse Effect; or

10.1.10 Government or Court Action: (i) all or any substantial part of the undertaking, assets and revenues of the Borrower, DME Limited or any of the Material Subsidiaries is condemned, seized or otherwise appropriated by any Person acting under the authority and on behalf of any national, regional or local government or (ii) the Borrower, DME Limited or any of the Material Subsidiaries is prevented by any such Person from exercising normal control over all or any substantial part of its undertaking, assets and revenues, and such action is not removed, stayed or discharged within 60 days unless such action is being contested in good faith; or

10.1.11 Validity and Legality: at any time it is or becomes unlawful for the Borrower or a Guarantor to perform or comply with any or all of its obligations under this Agreement or the Deed of Guarantee or any of such obligations are not, or cease to be, legal, valid, binding and enforceable or the Borrower or a

Guarantor contests the validity thereof or repudiates (or purports to repudiate) them, provided that, in the case of a Guarantor and/or a Deed of Guarantee only, such default results in either of the Obligor Cover Ratios being less than 85 per cent. and the Borrower has not, pursuant to Clause 9.8, procured Further Guarantors such that both of the Obligor Cover Ratios equals or exceeds 85 per cent. within the time period provided therein (unless it is not possible within such time period specified in Clause 9.8 for the Borrower to remedy the default by procuring Further Guarantors such that both of the Obligor Cover Ratios equals or exceeds 85 per cent, such circumstances shall constitute an Event of Default); or

10.1.12 Authorisations:

- (i) any regulation, decree, consent, approval, licence, governmental or other Agency authorisation or other authority necessary for the Borrower or a Guarantor to enter into or perform its obligations under this Agreement or the Deed of Guarantee, as the case may be, fails to be in full force and effect and such failure has not been remedied within 90 days after the occurrence thereof; or
- (ii) any action, condition or thing at any time required to be taken, fulfilled or done in order (i) to enable the Borrower or a Guarantor lawfully to enter into and perform and comply with its obligations under and in respect of this Agreement or the Deed of Guarantee, as the case may be, (ii) to ensure that those obligations are legal, valid, binding and enforceable and (iii) to make admissible in evidence in an arbitration court in London is not taken, fulfilled or done, and such failure is not remedied within 90 days after the occurrence thereof; or

10.1.13 The Borrower ceases to be a Subsidiary of DME Limited: the Borrower ceases to be a Subsidiary of DME Limited.

10.1.14 Analogous Events: any event occurs which under the laws of any relevant jurisdiction has an effect analogous to any of the events referred to in any of the foregoing paragraphs.

10.2 Notice of Default

The Borrower shall deliver to the Lender and the Trustee, immediately after the occurrence thereof, written notice in the form of an Officers' Certificate of any event which is an Event of Default, or a Potential Event of Default, its status and what action the Borrower and/or DME Limited and/or the relevant Guarantor or Subsidiary of DME Limited is taking or proposes to take with respect thereto.

10.3 Default Remedies

If any Event of Default shall occur and be continuing, the Lender and/or the Trustee, as applicable, in accordance with the Trust Deed, may, by notice in writing to the Borrower, (i) declare the obligations of the Lender hereunder to be immediately terminated, whereupon such obligations shall terminate, and (ii) declare all amounts payable hereunder by the Borrower that would otherwise be due after the date of such termination to be immediately due and payable, whereupon all such amounts shall become immediately due and payable, all without diligence, presentment, demand of payment, protest or notice of any kind, which are expressly waived by the Borrower; provided, however, that if any event of any kind referred to in Clause 10.1.7 occurs, the obligations of the Lender hereunder shall immediately terminate, and all amounts payable hereunder by the Borrower that would otherwise be due after the occurrence of such event shall become immediately due and payable, all without diligence, presentment, demand of payment, protest or notice of any kind, which are expressly waived by the Borrower.

10.4 Rights Not Exclusive

The rights provided for herein are cumulative and are not exclusive of any other rights, powers, privileges or remedies provided by law.

10.5 Right of Set-off

If any amount payable by the Borrower hereunder is not paid as and when due, the Borrower authorises the Lender to proceed, to the fullest extent permitted by applicable law, without prior notice, by right of set-off, banker's lien, counterclaim or otherwise, against any assets of the Borrower in any currency that may at any time be in the possession of the Lender, at any branch or office, to the full extent of all amounts payable to the Lender hereunder.

11 Indemnity

11.1 Indemnification

The Borrower undertakes to the Lender, that if the Lender or any of its Affiliates, or any director, officer, employee or agent of the Lender or any such Affiliate and each Person controlling the Lender within the meaning of the United States securities laws (each an "**indemnified party**") incurs any loss, liability, cost, claim, demand or damage, charge or documented expense (including without limitation taxes and legal fees, costs and documented expenses) (a "**Loss**") as a result of or in connection with the Loan, this Agreement or the Deed of Guarantee (or enforcement thereof) (excluding a Loss that is the subject of the undertakings contained in Clauses 6.2, 6.3, 8 and 12.8 of this Agreement (it being understood that the Lender may not recover twice in respect of the same Loss)), and/or the issue, constitution, sale, listing and/or

enforcement of the Notes and/or the Notes being outstanding, the Borrower shall pay to the Lender on demand an amount equal to such Loss and all costs, charges and documented expenses which it or any indemnified party may pay or incur in connection with investigating, disputing or defending any such action or claim as such costs, charges and documented expenses are incurred unless such Loss was either caused by such indemnified party's negligence, default, bad faith or wilful misconduct or arises out of a breach of the representations and warranties of the Lender contained in this Agreement. The Lender shall not have any duty or obligation whether as fiduciary or trustee for any indemnified party or otherwise, to recover any such payment or to account to any other Person for any amounts paid to it under this Clause.

11.2 Independent Obligation

Sub-clause 11.1 constitutes a separate and independent obligation of the Borrower from its other obligations under or in connection with this Agreement and shall not affect, or be construed to affect, any other provision of this Agreement.

11.3 Evidence of Loss

A certificate of the Lender setting forth the amount of Loss described in Clause 11.1 and specifying in full detail the basis therefor shall, in the absence of manifest error, be *prima facie* evidence of the amount of such losses, expenses and liabilities.

11.4 Survival

The obligations of the Borrower pursuant to Clauses 6.2, 6.3, 8, 11.1, 12.2, 12.8 and 12.9 shall survive the execution and delivery of this Agreement, the drawdown of the Facility and the repayment of the Loan, in each case by the Borrower.

12 General

12.1 Evidence of Debt

The entries made by the Lender in the accounts maintained by the Lender in accordance with its usual practice and evidencing the amounts from time to time lent by and owing to it hereunder shall, in the absence of manifest error, be *prima facie* evidence of the existence and amounts of the Borrower's obligations recorded herein.

12.2 Stamp Duties

12.2.1 The Borrower shall pay all stamp, registration and documentary taxes or duties (if any) imposed on or payable by the Borrower or the Lender in the United Kingdom, the Russian Federation, Cyprus, the Isle of Man, Luxembourg, Belgium or Ireland which may be payable or determined to be payable in connection with the execution, delivery, performance, enforcement or admissibility in evidence of this Agreement and shall indemnify the Lender

against any and all costs and expenses which may be incurred or suffered by the Lender with respect to, or resulting from, delay or failure by the Borrower to pay such taxes or similar charges.

12.2.2 The Borrower agrees that if the Lender incurs a liability to pay any stamp, registration and documentary taxes or similar charges (if any) imposed by any Person in the United Kingdom, Cyprus, the Isle of Man, the Russian Federation, Luxembourg, Belgium or Ireland (or, in relation to any such taxes or charges incurred in respect of enforcement or admissibility into evidence of this Agreement, in any jurisdiction) which may be payable or determined to be payable in connection with the execution, delivery, performance, enforcement, or admissibility into evidence of this Agreement, the Borrower shall reimburse the Lender on demand an amount equal to such stamp or other documentary taxes or duties and shall indemnify the Lender against any and all costs and expenses which may be incurred or suffered by the Lender with respect to, or resulting from, delay or failure by the Borrower to procure the payment of such taxes or similar charges.

12.3 VAT

Where a sum is payable under this Agreement to the Lender, the Borrower will, in addition, pay in respect of VAT:

12.3.1 where the payment (or any part of it) constitutes the consideration (or any part thereof) for any supply of services made to the Borrower, such amounts as equal any VAT properly chargeable thereon by the Lender (not being VAT for which the Borrower has to account for on its own account to the relevant taxing authority) on receipt of a valid VAT invoice;

12.3.2 where the payment is to reimburse or indemnify the Lender for any cost, charge or expense incurred by it (except where the payment falls within sub-clause 12.3.3 below), such amount as equals any VAT, which the Lender represents in good faith is not recoverable by it or by the representative member of any VAT group of which it is a member, charged to or incurred by the Lender in respect of any cost, charge or expense which gives rise to or is reflected in the payment on production of relevant invoices or equivalent evidence of such payment having been made; and

12.3.3 where the payment is in respect of costs or expenses incurred by the Lender as agent for the Borrower and except where section 47(3) of the United Kingdom Value Added Tax Act 1994 (or any equivalent legislation in a jurisdiction outside the United Kingdom) applies, such amount as equals the amount included in the costs or expenses in respect of VAT and in such case the Lender shall use reasonable efforts to procure that the actual supplier of goods or

services which the Lender received as agent issues a valid VAT invoice directly to the Borrower in respect of the relevant supply.

12.4 Payment Gross-Up

Where any payment is made under this Agreement to the Lender pursuant to an indemnity, compensation or reimbursement provision, the sum payable shall be increased or decreased (as the case may be) so as to take into account (i) any charge to Taxation in the hands of the Lender in respect of such payment and (ii) any tax relief available to the Lender in respect of the matter giving rise to the payment and which may be offset against the charge to Taxation, such that the Lender shall be left with a sum equal to the sum that it would have retained in the absence of such a charge to Taxation and such tax relief.

12.5 Waivers

No failure to exercise and no delay in exercising, on the part of the Lender or the Borrower, any right, power or privilege hereunder and no course of dealing between the Borrower and the Lender shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power or privilege preclude any other or further exercise thereof, or the exercise of any other right, power or privilege. The rights and remedies herein provided are cumulative and not exclusive of any rights, or remedies provided by applicable law.

12.6 Notices

12.6.1 Method

Each communication under this Agreement shall be made by fax, electronic communication or otherwise in writing. Each communication or document to be delivered to any party under this Agreement shall be sent to that party at the fax number, postal address or electronic address, and marked for the attention of the person (if any), from time to time designated by that party to each other party for the purpose of this Agreement. The initial telephone number, fax number, postal address, electronic address and person so designated by the parties under this Agreement are set out below:

if to the Borrower:

Address: 2, Michalaki Karaoli Street
1095 Nicosia
Cyprus
Fax: +357 22779939
Attention: The Board of Directors

and, in all cases, a copy of such communication must be sent by both email and post to the following address:

Address: Territory Airport "Domodedovo", bld. 8
Domodedovo
Moscow Region, 142015
Russian Federation

Email: info@chrysostomides.com.cy, amc@dme.ru,
WladimirPopov@dme.ru

Attention: Airport Management Company Limited

if to the Lender:

Address: 2nd Floor, Palmerston House
Fenian Street
Dublin 2
Ireland

Fax: +353 (1) 905 8029

Tel: +353 (1) 905 8020

Email: CServices@caficointernational.com

Attention: The Directors

or to such other address or fax number as any party may hereafter specify in writing to the other.

12.6.2 Deemed Receipt

Any communication from any party to any other under this Agreement shall be effective, (if by fax) when the relevant delivery receipt is received by the sender, (if in writing) when delivered and (if by electronic communication) when the relevant receipt of such communication being read is given, or where no read receipt is requested by the sender, at the time of sending, provided that no delivery failure notification is received by the sender within 24 hours of sending such communication; provided that any communication which is received (or deemed to take effect in accordance with the foregoing) outside business hours or on a non-Business Day in the place of receipt shall be deemed to take effect at the opening of business on the next following Business Day in such place. Any communication delivered to any party under this Agreement which is to be sent by fax or electronic communication will be written legal evidence.

12.7 Assignment

- 12.7.1 Subject to Clause 12.7.2 and 12.7.3, this Agreement shall inure to the benefit of and be binding upon the parties, their respective successors and any permitted assignee or transferee of some or all of a party's rights under this Agreement. Any reference in this Agreement to any party shall be construed accordingly and, in particular, references to the exercise of any rights, benefits and discretions or the making of any determination (including forming an opinion) by, and the delivery of notices, certificates and information to, the Lender, shall include references to the exercise of any such rights, benefits or discretions by or the making of such determination (including forming an opinion) by the Trustee (as Trustee). Notwithstanding the foregoing, the Trustee shall not be entitled to participate in any determinations by, and the delivery of notices, certificates and information to, the Lender or any discussions between the Lender and the Borrower or any agreements of the Lender or the Borrower, pursuant to Clauses 6.4, 6.5 or 8.
- 12.7.2 The Borrower shall not assign or transfer all or any part of its rights or obligations hereunder to any other party or person.
- 12.7.3 Subject to the provisions of clause 17 of the Trust Deed, the Lender may not assign or transfer, in whole or in part, any of its rights, obligations and benefits under this Agreement except that the Lender may charge by way of first fixed charge in favour of the Trustee (as Trustee) of certain of the Lender's rights and benefits under this Agreement and assign absolutely to the Trustee certain rights, interests and benefits under this Agreement, in each case, as set out in clause 4 of the Trust Deed.

12.8 Currency Indemnity

To the fullest extent permitted by law, the obligation of the Borrower in respect of any amount due in Dollars under this Agreement shall, notwithstanding any payment in any other currency (whether pursuant to a judgment or otherwise), be discharged only to the extent of the amount in Dollars that the Lender may, in accordance with normal banking procedures, purchase with the sum paid in such other currency (after any premium and costs of exchange) on the Business Day immediately following the day on which the Lender receives such payment. If the amount in Dollars that may be so purchased for any reason falls short of the amount originally due (the "**Due Amount**"), the Borrower hereby agrees to indemnify and hold harmless the Lender against any deficiency in Dollars. Any obligation of the Borrower not discharged by payment in Dollars shall, to the fullest extent permitted by applicable law, be due as a separate and independent obligation and, until discharged as provided herein, shall continue in full force and effect. If the amount in Dollars that may be purchased exceeds that Due Amount the Lender shall promptly pay the amount of the excess to the Borrower.

12.9 Contracts (Rights of Third Parties) Act 1999

Except as otherwise specifically provided herein, a Person who is not a party to this Agreement has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Agreement except that the Trustee may enforce and rely on any provision of this Agreement to the same extent as if it were a party hereto. This Agreement may be terminated and any term may be amended or waived without the consent of any such Person so expressly provided for under this Agreement.

12.10 Governing Law

This Agreement and any non-contractual obligations arising out of or in connection with it will be governed by and construed in accordance with English law.

12.11 Jurisdiction

12.11.1 The parties irrevocably agree that any dispute arising out of or in connection with this Agreement and any non-contractual obligations arising therefrom, including a dispute as to the validity, existence or termination of this Agreement or the consequences of its nullity and/or this Clause **Error! Reference source not found.** (a "**Dispute**"), shall be referred to and finally resolved by arbitration administered by the LCIA (formerly the London Court of International Arbitration) in London, England conducted in the English language by three arbitrators pursuant to the LCIA rules (the "**Rules**"), which Rules are deemed incorporated by reference into this Clause, save that, unless the parties agree otherwise, the third arbitrator, who shall act as presiding arbitrator of the tribunal, shall be nominated by the two arbitrators nominated by or on behalf of the parties. If not so nominated within 30 days of the date of nomination of the later of the two party-nominated arbitrators to be nominated, the third arbitrator shall be chosen by the LCIA.

12.11.2 In any such arbitration, in the event of a declared public health emergency by either the World Health Organisation (the "**WHO**") or a national government, as a consequence of which it is inadvisable or prohibited for the parties and/or their legal representatives to travel to, or attend any hearing ordered by the tribunal, the following shall apply:

- (i) any such hearing shall be held via video or telephone conference upon the order of the tribunal;
- (ii) the parties agree that no objection shall be taken to the decision, order or award of the tribunal following any such hearing on the basis that the hearing was held by video or telephone conference; and
- (iii) in exceptional circumstances only the tribunal shall have the discretion to order that a hearing shall be held in person, but only after full and thorough consideration of the prevailing guidance of the WHO and any

relevant travel or social distancing restrictions or guidelines affecting the parties and/or their legal representatives and the implementation of appropriate mitigation.

12.12 Waiver of Immunity

To the extent that the Borrower or the Lender may now or hereafter be entitled, in any jurisdiction in which any legal action or proceeding may at any time be commenced with respect to this Agreement, to claim for itself or any of its undertaking, properties, assets or revenues present or future any immunity (sovereign or otherwise) from suit, jurisdiction of any court, attachment prior to judgment, attachment in aid of execution of a judgment, execution of a judgment or award or from set-off, banker's lien, counterclaim or any other legal process or remedy with respect to its obligations under this Agreement and/or to the extent that in any such jurisdiction there may be attributed to the Borrower or the Lender any such immunity (whether or not claimed), the Borrower and the Lender hereby irrevocably agree not to claim, and hereby waive, any such immunity.

12.13 Severability

In case any provision in or obligation under this Agreement shall be invalid, illegal or unenforceable in any jurisdiction, the validity, legality and enforceability of the remaining provisions or obligations, or of such provision or obligation in any other jurisdiction, shall not in any way be affected or impaired thereby.

12.14 Counterparts

This Agreement may be executed in any number of counterparts and all of such counterparts taken together shall be deemed to constitute one and the same agreement.

12.15 Language

The language which governs the interpretation of this Agreement is the English language.

12.16 Amendments

Except as otherwise provided by its terms, this Agreement may not be varied except by an agreement in writing signed by the parties.

12.17 Partial Invalidity

The illegality, invalidity or unenforceability to any extent of any provision of this Agreement under the law of any jurisdiction shall affect its legality, validity or enforceability in such jurisdiction to such extent only and shall not affect its legality, validity or enforceability under the law of any other jurisdiction, nor the legality, validity or enforceability of any other provision.

12.18 Prescription

In the event that the Notes become void pursuant to Condition 10 of the Notes, the Lender shall forthwith repay to the Borrower the principal amount of such Note subject to the Lender having previously received from the Borrower, and being in possession of, a corresponding amount in respect of principal pursuant to this Agreement.

12.19 Non Petition and Limited Recourse

Neither the Borrower nor any other Person acting on its behalf shall be entitled at any time to institute against the Lender, or join in any institution against the Lender of, any bankruptcy, administration, moratorium, reorganisation, controlled management, arrangement, insolvency, examinership, winding-up or liquidation proceedings or similar insolvency proceedings under any applicable bankruptcy or similar law in connection with any obligation of the Lender under this Agreement, save for lodging a claim in the liquidation of the Lender which is initiated by another party or taking proceedings to obtain a declaration or judgment as to the obligations of the Lender.

The Borrower hereby agrees that it shall have recourse in respect of any claim against the Lender only to sums in respect of principal, interest or other amounts (if any), as the case may be, received and retained (net of tax) by or for the account of the Lender pursuant to this Agreement (the "**Lender Assets**"), subject always to the Security Interests (as defined in the Trust Deed), and that any claim by the Borrower shall be reduced *pro rata* so that the total of all such claims does not exceed the aggregate value of the Lender Assets after meeting claims secured on them. Neither the Borrower nor any Person acting on its behalf shall be entitled to take any further steps against the Lender to recover any further sums and no debt shall be owned by the Lender to such Person in respect of any such further sum.

It is expressly agreed and understood that the entry into this Agreement constitutes a corporate obligation only of the Lender. No personal liability shall attach to or be incurred by any shareholder, member, equity holder, officer, agent, employee or director of the Lender in his capacity as such, under or by reason of any of the obligations, covenants or agreements of such party as a result of entry into this Agreement or implied therefrom and any and all personal liability of every such shareholder, member, equity holder, officer, agent, employee or director for breaches by the Lender of any such obligations, covenants or agreements, either at law or by statute or constitution, is hereby expressly waived by the Borrower as a condition of and in consideration for the execution of this Agreement except to the extent that any such Person acts in bad faith or is negligent in the context of its obligations.

The provision of this Clause 12.19 shall survive the termination of this Agreement.

Schedule
Form of Deed of Guarantee

This Deed is made on 4 February 2021 **between:**

- (1) **AIRPORT MANAGEMENT COMPANY LIMITED, DME LIMITED, DOMODEDOVO AIRFIELD LIMITED LIABILITY COMPANY, DOMODEDOVO COMMERCIAL SERVICES LIMITED LIABILITY COMPANY, DOMODEDOVO CATERING LIMITED LIABILITY COMPANY, DOMODEDOVO FUEL SERVICES LIMITED LIABILITY COMPANY, DOMODEDOVO PASSENGER TERMINAL LIMITED LIABILITY COMPANY, DOMODEDOVO FUEL FACILITIES LIMITED LIABILITY COMPANY AND "DOMODEDOVO AIRPORT HANDLING" LIMITED LIABILITY COMPANY** (the "**Initial Guarantors**"); and
- (2) **DME AIRPORT DESIGNATED ACTIVITY COMPANY** (the "**Issuer**").

Whereas:

- (A) The Issuer has agreed to make available the Loan to Hacienda Investments Limited (the "**Borrower**").
- (B) In consideration of the Issuer agreeing to make available the Loan to the Borrower, the Guarantors have agreed hereunder to unconditionally and irrevocably guarantee to the Issuer the performance of all payment and other obligations of the Borrower under the Loan.
- (C) It is intended that the Issuer will issue certain loan participation notes with payment obligations based on amounts payable by the Borrower under the Loan.

Now it is hereby agreed as follows:

1 Definitions and Interpretation

1.1 Definitions

Terms defined in the Loan Agreement dated 4 February 2021 (the "**Loan Agreement**") between the Issuer and the Borrower shall have the same meaning when used in this Deed, except where the context otherwise requires and except that, for the purposes of this Deed:

"Fees Letters" means the Fees Side Letter and the Trustee and Agents Fee Side Letter;

"Fees Side Letter" means the letter entered into between, *inter alios*, the Borrower, the Issuer, the Trustee and the Agents (as defined in the Paying Agency Agreement) named therein dated 4 February 2021 relating, amongst other things, to the upfront remuneration of the various parties thereto;

"Guarantees" shall have the meaning given to it in Clause 2.1;

"Guarantor" means any of the Initial Guarantors and, to the extent that they have executed and delivered a deed of accession to this Deed in the form set out in the Schedule to this Deed, any Further Guarantor (and **"Guarantors"** means each of them);

"Tax Credit" means a credit against, relief or remission for, or repayment of any Tax;

"Taxes" means any present or future taxes, levies, imposts or duties (including interest or penalties thereon) imposed, assessed, charged, collected, demanded, withheld or claimed by the Russian Federation, Cyprus, Luxembourg, Belgium, United Kingdom, Ireland, the Isle of Man or any tax authority thereof or therein; and the terms **"Tax"** and **"Taxation"** shall be construed accordingly; and

"Trustee and Agents Fee Side Letter" means the letter dated 4 February 2021 from the Trustee and the Agents (as defined in the Paying Agency Agreement) to the Issuer and the Borrower, relating, amongst other things, to the ongoing remuneration and indemnification of the Trustee and Agents.

1.2 Other Definitions

Unless the context otherwise requires, terms used in this Deed which are not defined in this Deed or the Loan Agreement but which are defined in the Trust Deed, the Notes or the Paying Agency Agreement shall have the meanings given to such terms therein.

1.3 Interpretation

Unless the context or the express provisions of this Deed otherwise require, the following shall govern the interpretation of this Deed.

1.3.1 All references to **"Clause"** or **"sub-Clause"** are, unless otherwise stated, references to a Clause or sub-Clause of this Deed.

1.3.2 The terms **"hereof"**, **"herein"** and **"hereunder"** and other words of similar import shall mean this Deed as a whole and not any particular part hereof.

1.3.3 Words importing the singular number include the plural and vice versa.

1.3.4 The table of contents and the headings are for convenience only and shall not affect the construction hereof.

1.3.5 All reference to **"this Deed"** means this Deed of Guarantee.

2 Guarantee

2.1 Guarantee

The Guarantors hereby unconditionally and irrevocably, jointly and severally, guarantee (the **"Guarantees"**) to the Issuer (i) the due and punctual payment by the Borrower of principal and/or interest on the Loan in full when and as the same shall

become due and payable whether on the Repayment Date, by declaration of acceleration, in connection with prepayment, or otherwise; and (ii) the due and punctual performance of all other obligations of the Borrower under the Loan Agreement and the Fees Letters, including without limitation, the payment of fees, expenses, indemnities or other amounts, all in accordance with the terms of the Loan Agreement. In case of the failure of the Borrower punctually to make any such principal and/or interest payment or any other payment or the failure of the Borrower to perform any such other obligation in accordance with the Loan Agreement or the Fees Letters, the Guarantors hereby agree to cause any such payment to be made punctually when and as the same shall become due and payable, whether on the Repayment Date, by declaration of acceleration, in connection with a prepayment or otherwise, and as if such payment were made by the Borrower, or to perform any such other obligation of the Borrower immediately. The Guarantors hereby further agree to pay any and all duly documented expenses (including legal counsel fees and expenses) incurred by the Issuer in enforcing any rights it has under the Guarantees given in this sub-Clause 2.1.

2.2 Guarantors as Principal Debtors

As between the Guarantors and the Issuer, but without affecting the Borrower's obligations under the Loan Agreement, the Guarantors shall be liable under the Guarantees as if each Guarantor were the sole principal debtor and not merely a surety. Accordingly, none of the Guarantors shall be discharged, nor shall the liability of any Guarantor be affected, by anything that would not discharge them or affect their liability if each were a sole principal debtor (including (1) any time, indulgence, waiver or consent at any time given to the Borrower or any other person; (2) any amendment to any other provisions of this Deed, the Loan Agreement or to any security or other guarantee or indemnity; (3) the making or absence of any demand on the Borrower or any other person for payment; (4) the enforcement or absence of enforcement of the Loan Agreement or of any security or other guarantee or indemnity; (5) the taking, existence or release of any security, guarantee or indemnity; (6) the winding-up, liquidation, bankruptcy, moratorium, administration, dissolution, amalgamation, reconstruction or reorganisation of the Borrower or any other person or analogous proceedings in any jurisdiction or any change in its status, function, control or ownership; or (7) the illegality, invalidity or unenforceability of or any defect in any provision of this Deed, the Loan Agreement or any of the Borrower's obligations under them).

2.3 Guarantors' Obligations Continuing

The Guarantors' obligations under this Deed are and shall remain in full force and effect by way of continuing security until no sum remains payable under the Loan Agreement. Furthermore, those obligations of the Guarantors are independent of, additional to, and not instead of, any security or other guarantee or indemnity at any

time existing in favour of any person, whether from the Guarantors or otherwise and may be enforced without first having recourse to the Borrower, any other person, any security or any other guarantee or indemnity. Each Guarantor irrevocably waives all notices and demands of any kind.

2.4 Deferral of Guarantor's rights

So long as any sum remains payable under the Loan Agreement:

2.4.1 any right of any Guarantor, by reason of the performance of any of its obligations under this Clause 2, to be indemnified by the Borrower or to take the benefit of or to enforce any security or other guarantee or indemnity shall be exercised and enforced by such Guarantor only in such manner and on such terms as the Issuer may approve; and

2.4.2 any amount received or recovered by any Guarantor (a) as a result of any exercise of any such right under 2.4.1 above; or (b) in the winding-up, liquidation, bankruptcy, moratorium, administration, dissolution, amalgamation, reconstruction, reorganisation or analogous proceeding of the Borrower shall be held to the extent necessary to enable all amounts which may be or may become payable to the Issuer by the Borrower under the Loan Agreement to be repaid in full in trust for the Issuer and immediately paid in full to the Issuer or as it may direct.

2.5 Subrogation

Each Guarantor shall be subrogated to all rights of the Issuer against the Borrower and the other Guarantors in respect of any amounts paid by such Guarantor pursuant hereto; provided that such Guarantor shall not without the consent of the Issuer be entitled to enforce, or to receive any payments arising out of or based upon or prove in any winding-up, liquidation, bankruptcy, moratorium, administration, dissolution, amalgamation, reconstruction, reorganisation or analogous proceeding of the Borrower in respect of, such right of subrogation until such time as the principal or interest outstanding on the Loan Agreement and all other amounts due under this Deed and the Loan Agreement have been paid in full. Furthermore, until such time as aforesaid the Guarantors shall not take any security or counter-indemnity from the Borrower in respect of the Guarantors' obligations under this Clause 2.

2.6 Reinstatement

If any payment received by the Issuer pursuant to the provisions of this Deed shall, on the subsequent bankruptcy, insolvency, corporate reorganisation or other similar event affecting any Guarantor, be avoided, reduced, invalidated or set aside under any laws relating to bankruptcy, insolvency, corporate reorganisation or other similar events, such payment shall not be considered as discharging or diminishing the liability of any Guarantor whether as guarantor, principal debtor or indemnifier and the guarantee and indemnity contained in this Clause 2 shall continue to apply as if such payment had at

all times remained owing by the Borrower and the Guarantors shall indemnify and keep indemnified the Issuer on the terms of the Guarantees and indemnity contained in this Clause 2.

2.7 Suspense Account

Any amount received or recovered by the Issuer from any Guarantor under this Deed (otherwise than as a result of a payment by the Borrower to the Issuer in accordance with the Loan Agreement in respect of any sum payable by the Borrower under the Loan Agreement) may be placed in a suspense account and kept there for so long as the Issuer thinks fit.

2.8 Avoidance of Payments

The Guarantors shall on demand indemnify the Issuer, on an after tax basis, against any duly documented cost, loss, expense or liability sustained or incurred by it as a result of it being required for any reason (including any winding-up, liquidation, bankruptcy, moratorium, administration, dissolution, amalgamation, reconstruction, reorganisation or similar law of any jurisdiction) to refund all or part of any amount received or recovered by it in respect of any sum payable by the Borrower under the Loan Agreement and shall in any event pay to it on demand the amount as refunded by it.

2.9 Payments to the Borrower

If any moneys become payable by any Guarantor under this Deed and a claim has been made by the Issuer against any Guarantor, the Guarantors shall not (except in the event of the liquidation of the Borrower or where such failure to pay would result in a default) so long as any such moneys remain unpaid, pay any moneys for the time being due from the Guarantors to the Borrower.

2.10 Indemnity

As separate, independent and alternative stipulations, each Guarantor unconditionally and irrevocably agrees for so long as any part of the Loan remains outstanding (1) that any sum that, although expressed to be payable by the Borrower under the Loan Agreement, is for any reason (whether or not now existing and whether or not now known or becoming known to the Borrower, any Guarantor or the Issuer) not recoverable from the Guarantors on the basis of the Guarantees shall nevertheless be recoverable from such Guarantor as if it were the sole principal debtor and shall be paid by it on demand to the Issuer or to the Issuer's order; and (2) as a primary obligation to indemnify the Issuer against any duly documented loss suffered by it as a result of any sum expressed to be payable by the Borrower under the Loan Agreement not being paid on the date and otherwise in the manner specified in the Loan Agreement or any payment obligation of the Borrower under the Loan Agreement being or becoming void, voidable or unenforceable for any reason (whether or not now existing and whether or not now known or becoming known to the Issuer), the

amount of that loss being the amount expressed to be payable by the Borrower in respect of the relevant sum.

2.11 Severability

Any provision of this Deed which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions of this Deed or affecting the validity or enforceability of such provision in any other jurisdiction.

2.12 Acceleration

Each Guarantor further agrees that, as between it, on the one hand, and the Issuer, on the other hand, (i) for the purposes of the Guarantees, the maturity of the obligations guaranteed by the Guarantees may be accelerated as provided in clause 10 of the Loan Agreement, notwithstanding any stay, injunction or other prohibition preventing such acceleration in respect of the obligations guaranteed hereby; provided, however, that if a court of competent jurisdiction determines that the Loan was improperly accelerated pursuant to the terms thereof, then the maturity of such obligations may not be accelerated for the purposes of the Guarantees; and (ii) in the event of any acceleration of such obligations (whether or not due and payable), such obligations shall forthwith become due and payable by the Guarantors for the purposes of the Guarantees.

2.13 Further Assurances

In the event that any Guarantor is required to make any payment or to satisfy any other obligation under or in respect of the Guarantees, such Guarantor shall, at the time of making such payment or satisfying such obligation, obtain any consents, approvals, authorisations or licences issued by the government of the country in which such Guarantor is incorporated or any political subdivision thereof or therein or any bank in such country necessary to make any such payment or to satisfy any such obligation.

2.14 Pari Passu

Each of the Guarantors undertakes that its obligations hereunder will constitute direct, unconditional and (subject to clause 9.1 of the Loan Agreement) unsecured obligations of such Guarantor which rank and will at all times rank at least pari passu with all other present and future outstanding unsecured and unsubordinated obligations of such Guarantor, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

2.15 Guarantees Joint and Several

Each Guarantor acknowledges and agrees that all its obligations under or in relation to this Deed shall be joint and several with the obligations of all other Guarantors under this Deed.

2.16 Further Guarantors

The Guarantors and the Issuer acknowledge that pursuant to clause 9.8 of the Loan Agreement, the Borrower has undertaken to procure, upon the satisfaction of certain conditions set out in clauses 9.8 and 9.9 of the Loan Agreement, Further Guarantee(s) substantively in the form of this Deed and acknowledge that such Further Guarantee(s) may be procured pursuant to clauses 9.8 and 9.9 of the Loan Agreement by the execution of a deed of accession in the form set out in the Schedule to this Deed, subject to the satisfaction of such conditions set out in clauses 9.8 and 9.9 of the Loan Agreement.

2.17 Officers' Certificates

Upon being so requested in writing by the Issuer, each Guarantor shall deliver to the Issuer and the Trustee an Officers' Certificate of the relevant Guarantor setting out the total principal amount of the Notes which, at the date of such certificate, are held by that Guarantor (or any Subsidiary of that Guarantor) and have not been cancelled and are retained by it for its own account or for the account of any other company. If so requested by the Issuer or the Trustee, each Guarantor also undertakes to provide certification to the Trustee in accordance with the Trust Deed.

3 No Set-Off, Counterclaim or Withholding; Gross-Up

3.1 Any payment to be made by any Guarantor under this Deed shall be made in full without set-off or counterclaim and (except to the extent required by law) free and clear of and without deduction or withholding whatsoever for or on account of any Taxes. If any Guarantor shall be required by applicable law to make any deduction or withholding from any payment under this Deed for or on account of any such Taxes, it shall (i) increase the payment due hereunder to such amount as may be necessary to ensure that the Issuer receives a net amount in U.S. Dollars equal to the full amount which it would have received had payment not been made subject to such Taxes; (ii) promptly account to the relevant authorities for the relevant amount of such Taxes so withheld or deducted and (iii) deliver to the Issuer without undue delay evidence satisfactory to the Issuer of such deduction or withholding and of the accounting therefor to the relevant taxing authority. If the Issuer pays any amount in respect of Taxes, penalties or interest, such Guarantor shall reimburse the Issuer in U.S. Dollars for such payment on demand.

3.2 If a Guarantor pays any amount in respect of any Taxes, in respect of this Deed, including penalties or interest, and the Issuer determines that: (i) a Tax Credit is attributable (a) to an increased payment of which that payment in respect of Taxes forms part, (b) to such payment or (c) to a deduction in Taxes of which that payment was required; and (ii) the Issuer has obtained and utilised that Tax Credit, the Issuer shall pay an amount to the relevant Guarantor which the Issuer determines will leave it

(after that payment) in the same after-Tax position as it would have been in had the payment in respect of Taxes not been required to be made by that Guarantor.

- 3.3** In the event that the Issuer becomes entitled to make a claim pursuant to Clause 3.1, and without prejudice to the right of the Issuer to make a claim under Clause 3.1, the Issuer shall consult in good faith with the relevant Guarantor and shall use reasonable efforts at the cost and upon the instruction of the Relevant Guarantor (based on the Issuer's reasonable interpretation of any relevant tax, law, regulation, requirement, official directive, request, policy or guideline) to reduce, in whole or in part, that Guarantor's obligations to pay any additional amount pursuant to such Clause, except that nothing in this Clause 3.3 shall obligate the Issuer to incur any costs or expenses in taking any action which, in the reasonable opinion of the Issuer, is prejudicial to its interests.

4 General

4.1 Stamp Duties

4.1.1 The Guarantors shall pay all stamp, registration and documentary taxes or similar charges (if any) imposed on or payable by any Guarantor in the Russian Federation, Cyprus, the United Kingdom, the Isle of Man, Luxembourg, Belgium or Ireland which may be payable or determined to be payable in connection with the execution, delivery, performance, enforcement, or admissibility into evidence of this Deed.

4.1.2 The Guarantors shall indemnify the Issuer against any and all costs and expenses which may be incurred or suffered by the Issuer with respect to, or resulting from, delay or failure by any Guarantor to comply with its obligation under Clause 4.1.1 to pay such taxes or similar charges and against all stamp, registration, documentary or other taxes which may be paid by the Issuer or the Trustee in any jurisdiction in connection with any action taken by or on behalf of the Issuer or the Trustee to enforce the obligations of the Borrower or any Guarantor under this Deed or in connection with the admissibility into evidence of this Deed.

4.2 VAT

Where a sum is payable under this Deed to the Issuer, the Guarantors will, in addition, pay in respect of VAT:

4.2.1 where the payment (or any part of it) constitutes the consideration (or any part thereof) for any supply of services made to the Guarantors, such amounts as equal any VAT properly chargeable thereon by the Issuer (not being VAT for which a Guarantor has to account for on its own account to the relevant taxing authority) on receipt of a valid VAT invoice; and

4.2.2 where the payment is to reimburse or indemnify the Issuer for any cost, charge or expense incurred by it (except where the payment falls within sub-Clause 4.14.3 below or where such payment is in respect of fees, expenses, indemnities or other amounts under the Loan Agreement where VAT has already been taken into account and reflected in the value of such payment in accordance with the terms of the Loan Agreement), such amount as equals any VAT, which the Issuer represents in good faith is not recoverable by it or by the representative member of any VAT group of which it is a member, charged to or incurred by the Issuer in respect of any cost, charge or expense which gives rise to or is reflected in the payment on production of relevant invoices or equivalent evidence of such payment having been made.

4.3 Waivers

No failure to exercise and no delay in exercising, on the part of the Issuer or any Guarantor, any right, power or privilege hereunder and no course of dealing between any Guarantor and the Issuer shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power or privilege preclude any other or further exercise thereof, or the exercise of any other right, power or privilege. The rights and remedies herein provided are cumulative and not exclusive of any rights, or remedies provided by applicable law.

4.4 Notices

4.4.1 Method

Each communication under this Deed shall be made by fax, electronic communication or otherwise in writing. Each communication or document to be delivered to any party under this Deed shall be sent to that party at the fax number, postal address or electronic address and marked for the attention of the person (if any), from time to time designated by that party to each other party for the purpose of this Deed. The initial telephone number, fax number, postal address, electronic address and person so designated by the parties under this Deed are set out below:

- (a) **Initial Guarantors:** if to any of the Initial Guarantors, to the following address:

Address:	1 Lampousas Street 1095 Nicosia Cyprus
Fax:	+357 22779939
Attention:	The Board of Directors

and, in all cases, a copy of such communication must be sent by both email and post to the following address:

Address: Territory Airport "Domodedovo", bld.8
Domodedovo
Moscow Region, 142015
Russian Federation

Email: info@chrysostomides.com.cy, amc@dme.ru,
WladimirPopov@dme.ru

Attention: Airport Management Company Limited

(b) **Issuer:** if to the Issuer, to it at:

Address: 2nd Floor, Palmerston House
Fenian Street
Dublin 2
Ireland

Fax: +353 (1) 905 8029

Attention: The Directors

Email: CServices@caficointernational.com

or to such other address, fax number or email address as any party may hereafter specify in writing to the other or, in the case of any of the Further Guarantors that accede to this Deed, to such address specified in the deed of accession under which such Further Guarantor has so acceded.

4.4.2 Deemed Receipt

Any communication from any party to any other under this Deed shall be effective, (if by fax) when the relevant delivery receipt is received by the sender, (if in writing) when delivered and (if by electronic communication) when the relevant receipt of such communication being read is given, or where no read receipt is requested by the sender, at the time of sending, provided that no delivery failure notification is received by the sender within 24 hours of sending such communication; provided that any communication which is received (or deemed to take effect in accordance with the foregoing) after 4p.m. or on a non-business day in the place of receipt shall be deemed to take effect at the opening of business on the next following business day in such place. Any communication delivered to any party under this Deed which is to be sent by fax or electronic communication will be written legal evidence.

4.5 Assignment

- 4.5.1** Subject to Clause 4.5.2, this Deed shall inure to the benefit of and be binding upon the parties, their respective successors and any permitted assignee or transferee of some or all of a party's rights under this Deed. Any reference in this Deed to any party shall be construed accordingly and, in particular, references to the exercise of any rights, benefits and discretions or the making of any determination (including forming an opinion) by, and the delivery of notices, certificates and information to, the Issuer, shall include references to the exercise of any such rights, benefits or discretions by or the making of such determination (including forming an opinion) by the Trustee (as Trustee).
- 4.5.2** The Guarantors shall not assign or transfer all or any part of its rights or obligations hereunder to any other party or Person.
- 4.5.3** Subject to the provisions of clause 17 of the Trust Deed, the Issuer may not assign or transfer, in whole or in part, any of its rights, benefits nor obligations under this Deed, other than the Reserved Rights, except that the Issuer may charge by way of fixed charge in favour of the Trustee (as Trustee) certain of the Issuer's rights and benefits under this Deed; and assign absolutely to the Trustee certain rights, interests and benefits under this Deed, in each case, as set out in to clause 4 of the Trust Deed.

4.6 Currency Indemnity

Each reference in this Deed to U.S. Dollars is of the essence. To the fullest extent permitted by law, the obligation of the Guarantors in respect of any amount due in U.S. Dollars under this Deed shall, notwithstanding any payment in any other currency (whether pursuant to a judgment or otherwise), be discharged only to the extent of the amount in U.S. Dollars that the Issuer may, in accordance with normal banking procedures, purchase with the sum paid in such other currency (after any premium and costs of exchange) on the Business Day immediately following the day on which the Issuer receives such payment. If the amount in U.S. Dollars that may be so purchased for any reason falls short of the amount originally due, each Guarantor hereby agrees to indemnify and hold harmless the Issuer against any deficiency in U.S. Dollars. Any obligation of the Guarantors not discharged by payment in U.S. Dollars shall, to the fullest extent permitted by applicable law, be due as a separate and independent obligation and, until discharged as provided herein, shall continue in full force and effect.

4.7 Contracts (Rights of Third Parties) Act 1999

Except as otherwise specifically provided herein, a person who is not a party to this Deed has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Deed except that the Trustee may enforce and rely on any provision of this Deed to the same extent as if it were a party hereto. This Deed may be terminated

and any term may be amended or waived without the consent of any such Person so expressly provided for under this Deed.

4.8 Governing Law

This Deed and any non-contractual obligations arising out of or in connection with it shall be governed by and construed in accordance with English law.

4.9 Jurisdiction

4.9.1 The parties irrevocably agree that any dispute arising out of or in connection with this Deed and any non-contractual obligations arising therefrom, including a dispute as to the validity, existence or termination of this Deed or the consequences of its nullity and/or this Clause **Error! Reference source not found.** (a "**Dispute**"), shall be referred to and finally resolved by arbitration administered by the LCIA (formerly the London Court of International Arbitration) in London, England conducted in the English language by three arbitrators pursuant to the LCIA rules (the "**Rules**"), which Rules are deemed incorporated by reference into this Clause, save that, unless the parties agree otherwise, the third arbitrator, who shall act as presiding arbitrator of the tribunal, shall be nominated by the two arbitrators nominated by or on behalf of the parties. If not so nominated within 30 days of the date of nomination of the later of the two party-nominated arbitrators to be nominated, the third arbitrator shall be chosen by the LCIA.

4.9.2 In any such arbitration, in the event of a declared public health emergency by either the World Health Organisation (the "**WHO**") or a national government, as a consequence of which it is inadvisable or prohibited for the parties and/or their legal representatives to travel to, or attend any hearing ordered by the tribunal, the following shall apply:

- (i) any such hearing shall be held via video or telephone conference upon the order of the tribunal;
- (ii) the parties agree that no objection shall be taken to the decision, order or award of the tribunal following any such hearing on the basis that the hearing was held by video or telephone conference; and
- (iii) in exceptional circumstances only the tribunal shall have the discretion to order that a hearing shall be held in person, but only after full and thorough consideration of the prevailing guidance of the WHO and any relevant travel or social distancing restrictions or guidelines affecting the parties and/or their legal representatives and the implementation of appropriate mitigation.

4.10 Waiver of Immunity

To the extent any Guarantor may, in relation to any Dispute, claim in any jurisdiction, for itself or its assets or revenues, immunity from the jurisdiction of any court or tribunal, service of process, injunctive or other interim relief, or any process for execution of any award or judgment against its property, such Guarantor irrevocably waives such immunity.

4.11 Consent to Enforcement etc.

Each Guarantor consents generally in respect of any arbitration or litigation proceedings to the giving of any relief or the issue of any process in connection with such proceedings including (without limitation) the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any order or judgement which is made or given in such proceedings.

4.12 Severability

In case any provision in or obligation under this Deed shall be invalid, illegal or unenforceable in any jurisdiction, the validity, legality and enforceability of the remaining provisions or obligations, or of such provision or obligation in any other jurisdiction, shall not in any way be affected or impaired thereby.

4.13 Counterparts

This Deed may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which when so executed shall constitute one and the same binding agreement between the parties hereto.

4.14 No Recourse and Non Petition

4.14.1 Neither the Guarantors nor any other Person acting on their behalf shall be entitled at any time to institute against the Issuer, or join in any institution against the Issuer of, any bankruptcy, administration, moratorium, reorganisation, controlled management, arrangement, insolvency, examinership, winding-up or liquidation proceedings or similar insolvency proceedings under any applicable bankruptcy or similar law in connection with any obligation of the Issuer under this Deed, save for lodging a claim in the liquidation of the Issuer which is initiated by another party or taking proceedings to obtain a declaration or judgment as to the obligations of the Issuer.

4.14.2 Each Guarantor hereby agrees that it shall have recourse in respect of any claim against the Issuer only to sums in respect of principal, interest or other amounts (if any), as the case may be, received by or for the account of the Issuer pursuant to this Deed (the "**Issuer Assets**"), subject always to the Security Interests (as defined in the Trust Deed), and that any claim by such Guarantor

shall be reduced *pro rata* so that the total of all such claims does not exceed the aggregate value of the Issuer Assets after meeting claims secured on them. Neither the Guarantors nor any Person acting on their behalf shall be entitled to take any further steps against the Issuer to recover any further sums and no debt shall be owned by the Issuer to such Person in respect of any such further sum.

4.14.3 It is expressly agreed and understood that the entry into this Deed constitutes a corporate obligation only of the Issuer. No personal liability shall attach to or be incurred by any shareholder, member, equity holder, officer, agent, employee or director of the Issuer in his capacity as such, under or by reason of any of the obligations, covenants or agreements of such party as a result of entry into this Deed or implied therefrom and any and all personal liability of every such shareholder, member, equity holder, officer, agent, employee or director for breaches by the Issuer of any such obligations, covenants or agreements, either at law or by statute or constitution, is hereby expressly waived by the Guarantors as a condition of and in consideration for the execution of this Deed except to the extent that any such Person acts in bad faith or is negligent in the context of its obligations.

4.14.4 This Clause 4.14 shall survive the termination of this Deed.

Schedule
Form of Guarantor Deed of Accession

To: **Hacienda Investments Limited**

From: [Name of Further Guarantor] (the "**Further Guarantor**")

Dated:

Dear Sirs,

U.S.\$453,000,000 5.35 per cent. Guaranteed Notes due 2028 (the "Notes")
issued by DME Airport Designated Activity Company

We refer to the following documents:

"**Conditions**" mean the terms and conditions of the Notes.

"**Deed of Guarantee**" mean the deed of guarantee dated 4 February 2021 made between DME Airport Designated Activity Company (the "**Issuer**") and the Initial Guarantors named therein (and any other Guarantors that have subsequently acceded thereto);

"**Fees Letters**" means the Fees Side Letter and the Trustee and Agents Fee Side Letter;

"**Fees Side Letter**" means the letter entered into between, *inter alios*, the Borrower, the Issuer, the Trustee and the Agents (as defined in the Paying Agency Agreement) named therein dated 4 February 2021 relating, amongst other things, to the upfront remuneration of the various parties thereto;

"**Guarantee**" shall have the meaning given to it in clause 2.1 of the Deed of Guarantee; and

"**Trustee and Agents Fee Side Letter**" means the letter dated 4 February 2021 from the Trustee and the Agents (as defined in the Paying Agency Agreement) to the Issuer and the Borrower, relating, amongst other things, to the ongoing remuneration and indemnification of the Trustee and Agents.

Terms defined in the Deed of Guarantee shall bear the same meaning herein.

The Further Guarantor wishes to become a Further Guarantor as envisaged by clause 9.8 of the Loan Agreement.

The Further Guarantor is a [state type of company] duly organised under the laws of the [name of state in which company is incorporated].

The Further Guarantor confirms that it has received from the Issuer a true and up-to-date copy of the Deed of Guarantee, the Conditions, the Fee Letters and the Loan Agreement as at the date hereof.

The Further Guarantor undertakes, to perform and observe all the obligations expressed to be undertaken under the Deed of Guarantee, the Conditions, the Fee Letters and the Loan Agreement by a Guarantor and agrees that it shall be bound by the Deed of Guarantee, the Conditions, the Fee Letters and the Loan Agreement in all respects as if it had been an original party thereto.

The parties hereby agree that the Trustee is a party to this Guarantor Deed of Accession solely to take the benefit thereof and has no obligations or duties to the Further Guarantor, the Issuer, the Borrower or any other person in respect thereof.

The Further Guarantor administrative details are as follows:

Address:

Fax.:

Telephone:

Email:

Contact Name:

This Deed of Accession and any non-contractual obligations arising out of or in connection with it shall be governed by, and shall be construed in accordance with, English law. If any party considers that there is a dispute arising out of or in connection with this Deed of Accession, including a dispute as to the validity, existence or termination of this Deed of Accession or the consequences of its nullity (a "**Dispute**"), it may notify the other parties in writing of the existence of such Dispute (a "**Notice of Dispute**"). The parties irrevocably agree that any Dispute shall be resolved by arbitration in London, England conducted in the English language by three arbitrators pursuant to the LCIA rules (the "**Rules**"), which Rules are deemed incorporated by reference into this Clause, save that, unless the parties agree otherwise, the third arbitrator, who shall act as presiding arbitrator of the tribunal, shall be nominated by the two arbitrators nominated by or on behalf of the parties. If not so nominated within 30 days of the date of nomination of the later of the two party-nominated arbitrators to be nominated, the third arbitrator shall be chosen by the LCIA.

Executed as a deed by

FURTHER GUARANTOR

and signed and delivered as a deed

on its behalf in the presence of:

Witness:

Signature:

Name:

Address:

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the Terms and Conditions of the Notes, which will be attached to the Notes in definitive form (if any) and (subject to the provisions thereof) will apply to the Global Certificates.

The U.S.\$453,000,000 5.35 per cent. Loan Participation Notes due 2028 (the "**Notes**" which expression includes any further Notes issued pursuant to Condition 15 and forming a single series herewith) of DME Airport Designated Activity Company (the "**Issuer**") are constituted by, are subject to, and have the benefit of a trust deed (the "**Trust Deed**", which expression includes such trust deed as from time to time modified in accordance with the provisions therein contained and any deed or other document expressed to be supplemental thereto, as from time to time so modified) dated 8 February 2021 and made between the Issuer and BNY Mellon Corporate Trustee Services Limited as trustee (the "**Trustee**", which expression shall include any successors) for the holders of the Notes (the "**Noteholders**").

The Issuer has authorised the creation, issue and sale of the Notes for the sole purpose of financing a U.S.\$453,000,000 loan (the "**Loan**") to Hacienda Investments Limited (the "**Borrower**"). The terms of the Loan are set forth in a loan agreement (the "**Loan Agreement**") dated 4 February 2021 between the Issuer and the Borrower. The Loan is unconditionally and irrevocably, and jointly and severally, guaranteed by Airport Management Company Limited, DME Limited, DOMODEDOVO AIRFIELD Limited Liability Company, DOMODEDOVO COMMERCIAL SERVICES Limited Liability Company, DOMODEDOVO CATERING Limited Liability Company, DOMODEDOVO FUEL SERVICES Limited Liability Company, DOMODEDOVO PASSENGER TERMINAL Limited Liability Company, DOMODEDOVO FUEL FACILITIES Limited Liability Company and "DOMODEDOVO AIRPORT HANDLING" Limited Liability Company (the "**Initial Guarantors**") under a deed of guarantee dated 4 February 2021 (the "**Deed of Guarantee**", which expression shall be taken to include any further deeds of guarantee entered into in connection with the Loan by any Further Guarantors (as defined below)) in favour of the Issuer as lender under the Loan Agreement (the "**Initial Guarantees**"). The Borrower may also be obligated to procure certain further guarantees from further guarantors ("**Further Guarantors**"), upon the satisfaction of certain conditions set out in clauses 9.8 and 9.9 of the Loan Agreement, substantively in the form of the Deed of Guarantee (the "**Further Guarantees**"). The Initial Guarantees and any Further Guarantees are together referred to as the "**Guarantees**" and the Initial Guarantors and any Further Guarantors are together referred to as the "**Guarantors**".

In each case where amounts of principal, interest and additional amounts (if any) are stated herein or in the Trust Deed to be payable in respect of the Notes, the obligations of the Issuer to make any such payment shall constitute an obligation only to account to the Noteholders on each date upon which such amounts of principal, interest and additional amounts (if any), respectively are due in respect of the Notes, for an amount equivalent to sums of principal, interest and additional amounts (if any) actually received by or for the account of the Issuer

pursuant to the Loan Agreement or the Deed of Guarantee, as the case may be, less any amounts in respect of the Reserved Rights (as defined in the Trust Deed). Noteholders must therefore rely solely and exclusively on the covenant to pay under each of the Loan Agreement and the Deed of Guarantee, the benefit of the Security Interests (as defined below) and the credit and financial standing of the Borrower and the Guarantors. Noteholders shall have no recourse (direct or indirect) to any other asset of the Issuer.

The Issuer has charged by way of first fixed charge in favour of the Trustee for the benefit of the Trustee and the Noteholders certain of its rights and interests under the Deed of Guarantee and as lender under the Loan Agreement as security for its payment obligations in respect of the Notes and under the Trust Deed (the "**Charge**") and will so charge its rights, title, interest and benefit under any Further Guarantees (if any, with any such charge of any Further Guarantees being, from the time of creation, included within the definition of "Charge") and has assigned absolutely certain other rights under the Loan Agreement and the Deed of Guarantee to the Trustee (the "**Assigned Rights**" and, together with the Charge, the "**Security Interests**") and will so assign its rights, title, interest and benefit under any Further Guarantees (if any, with any such assignment in respect of any Further Guarantees being, from the time of creation, included within the definition of "Assigned Rights"), in each case excluding the Reserved Rights.

In certain circumstances, the Trustee may (subject to the Trustee being indemnified and/or secured and/or prefunded to its satisfaction) be required by Noteholders holding in aggregate at least 25 per cent. of the principal amount of the Notes outstanding (as defined in the Trust Deed) or by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders to exercise certain of its powers under the Trust Deed (including those arising under the Security Interests).

Payments in respect of the Notes will be made (subject to the receipt of the relevant funds from the Borrower or the Guarantors, as the case may be under the Loan Agreement or the Deed of Guarantee) pursuant to a paying agency agreement (such agreement, as amended or supplemented from time to time, the "**Paying Agency Agreement**") dated 4 February 2021 and made between the Issuer, the Borrower, The Bank of New York Mellon, London Branch as the principal paying agent (the "**Principal Paying Agent**", which expression shall include any successors, and the Principal Paying Agent and each other Paying Agent (as defined in the Trust Deed), the "**Paying Agents**"), The Bank of New York Mellon SA/NV, Luxembourg Branch as the registrar (the "**Registrar**", which expression shall include any successors) and as a transfer agent (a "**Transfer Agent**", which expression shall include any successors) and the Trustee. References herein to the "**Agents**" are to the Registrar, the Paying Agents and the Transfer Agents and any reference to an "**Agent**" is to any one of them.

Copies of the Trust Deed, the Loan Agreement, the Deed of Guarantee and the Paying Agency Agreement are available for inspection by Noteholders during normal business hours by appointment at (i) the registered office of the Issuer being, at the date hereof, 2nd Floor, Palmerston House, Fenian Street, Dublin 2, Ireland; and (ii) at the specified office of the

Trustee being, as at the date hereof, One Canada Square, London E14 5AL, United Kingdom (or by electronic means at the discretion of the Trustee).

Certain provisions of these terms and conditions (the "**Conditions**") are summaries or restatements of, and are subject to, the detailed provisions of the Trust Deed, the Loan Agreement (the form of which is scheduled to and incorporated in the Trust Deed), the Deed of Guarantee and the Paying Agency Agreement. Noteholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and are deemed to have notice of all the provisions of the Loan Agreement, the Deed of Guarantee and the Paying Agency Agreement that are applicable to them.

Unless otherwise stated, terms not defined herein shall have the same meanings given to them in the Trust Deed.

1 Status

The Notes are limited recourse secured obligations of the Issuer and rank *pari passu* and rateably without any preference amongst themselves.

The sole purpose of the issue of the Notes is to provide the funds for the Issuer to finance the Loan. The Notes constitute the obligation of the Issuer to apply the proceeds from the issue of the Notes solely for financing the Loan and to account to the Noteholders for an amount equivalent to sums of principal, interest and additional amounts (if any) actually received and retained by or for the account of the Issuer pursuant to the Loan Agreement and/or the Deed of Guarantee, as the case may be, less any amount in respect of the Reserved Rights.

The Trust Deed provides that payments in respect of the Notes equal to the sums actually received and retained by or for the account of the Issuer by way of principal, interest or additional amounts (if any) pursuant to the Loan Agreement and/or the Deed of Guarantee, less any amount in respect of the Reserved Rights, will be made *pro rata* among all Noteholders (subject to Condition 8), on the date of, and in the currency of, and subject to the conditions attaching to, the equivalent payment pursuant to the Loan Agreement and/or the Deed of Guarantee. The Issuer shall not be liable to make any payment in respect of the Notes other than as expressly provided herein and in the Trust Deed. As provided therein, the Issuer shall be under no obligation to exercise in favour of the Noteholders any rights of set-off or to combine accounts or counterclaim that may arise out of other transactions between the Issuer and the Borrower or the Issuer and the Guarantors.

Noteholders have notice of, and have accepted, these Conditions and the contents of the Trust Deed, the Paying Agency Agreement, the Deed of Guarantee and the Loan Agreement. It is hereby expressly provided that, and Noteholders are deemed to have accepted that:

- (i) neither the Issuer nor the Trustee makes any representation or warranty in respect of, or shall at any time have any responsibility for, or, (in the case of the Issuer) save as otherwise expressly provided in the Trust Deed, in Condition 1(vi) below or in the Loan Agreement, any liability or obligation in respect of the performance and observance by the Borrower of its obligations under the Loan Agreement or the Guarantors under the Deed of Guarantee or the recoverability of any sum of principal or interest (or any additional amounts) due or to become due from the Borrower under the Loan Agreement or from the Guarantors under the Deed of Guarantee;
- (ii) neither the Issuer nor the Trustee shall at any time have any responsibility for, or obligation or liability in respect of, the condition (financial or otherwise), creditworthiness, affairs, status, nature or prospects of the Borrower or of the Guarantors;
- (iii) neither the Issuer nor the Trustee shall at any time be liable for any representation or warranty or any act, default or omission of the Borrower under or in respect of the Loan Agreement or of any Guarantor under or in respect of the Deed of Guarantee;
- (iv) neither the Issuer nor the Trustee shall at any time have any responsibility for, or liability or obligation in respect of, the performance and observance by the Agents of their respective obligations under the Paying Agency Agreement;
- (v) the payment of principal, interest and other amounts, if any, under, and performance of the terms of, the Notes depend solely and exclusively upon performance by the Borrower of its obligations under the Loan Agreement or by the Guarantors of their respective obligations under the Deed of Guarantee and the Borrower's covenants to make payments under the Loan Agreement, the Guarantors' covenant to guarantee such payments under the Deed of Guarantee and the Borrower's and the Guarantors' credit and financial standing. The Borrower and the Initial Guarantors have each represented and warranted to the Issuer that the Loan Agreement constitutes legal, valid and binding obligations of the Borrower and that the Initial Guarantees constitute legal, valid and binding obligations of the Initial Guarantors;
- (vi) the Issuer and the Trustee shall be entitled to rely on Officers' Certificates (as defined in the Trust Deed) and/or any other certificates (whether or not addressed to the Issuer or the Trustee) from the Borrower or any of the Guarantors, or procured by the Borrower or any of the Guarantors, as the case may be, as a means of monitoring whether the Borrower and the Guarantors are complying with their respective obligations under the Loan Agreement and the Deed of Guarantee or as to the identity of DME Limited's Material Subsidiaries (as defined in the Loan Agreement) and shall not otherwise be responsible for

investigating any aspect of the Borrower's or any Guarantor's performance in relation thereto and, (in the case of the Issuer) subject as further provided in the Trust Deed, neither the Issuer under the Deed of Guarantee or the Loan Agreement nor the Trustee will be liable for any failure to make any investigations which might be made by a lender or a security holder (as applicable) in relation to the property which is subject to the Security Interests and held by way of security for the Notes, and shall not be bound to enquire into or be liable for any defect or failure in the right or title of the Issuer to the property which is subject to the Security Interests whether such defect or failure was known to the Trustee or might have been discovered upon examination or enquiry or whether capable of remedy or not, nor will the Trustee have any liability for the enforceability of the security created by the Security Interests whether as a result of any failure, omission or defect in registering or filing or otherwise protecting or perfecting such security; the Trustee has no responsibility for the value of such security;

- (vii) neither the Trustee nor the Issuer shall at any time be required to expend or risk its own funds or otherwise incur any financial liability in the performance of its obligations or duties or the exercise of any right, power, authority or discretion pursuant to these Conditions until the Issuer or the Trustee, as the case may be, has received an indemnity and/or security to its satisfaction and/or the funds that are necessary to cover the costs and expenses in connection with such performance or exercise, or has been (in its sole discretion) sufficiently assured that it will receive such funds; and
- (viii) the Issuer will not be liable to make any payments to compensate for any withholding or deduction required to be made by or on behalf of the Issuer in respect of any payment relating to the Notes, or for any payment for or on account of tax required to be made by the Issuer on or in relation to any sum received and retained by it under the Loan Agreement and/or under the Deed of Guarantee, as the case may be, which will or may affect payments made or to be made by the Borrower under the Loan Agreement and/or by the Guarantors under the Deed of Guarantee, save to the extent that it has received additional amounts under the Loan Agreement and/or under the Deed of Guarantee in respect of such withholding or deduction or payment, and the Issuer shall, furthermore, not be obliged to take any actions or measures as regards such deduction or withholding or payment, other than those set out in this context in the Loan Agreement and/or the Deed of Guarantee. The Trustee shall have no liability in respect of any such deduction, withholding or payment.

Under the Trust Deed, the obligations of the Issuer in respect of the Notes rank *pari passu* and rateably without any preference among themselves.

In the event that the payments under the Loan Agreement are made by the Borrower or payments under the Deed of Guarantee are made by the Guarantors to, or to the order of, the Trustee or (subject to the provisions of the Trust Deed) the Principal Paying Agent, they will *pro tanto*, to the extent of such payment, satisfy the obligations of the Issuer in respect of the Notes (unless, upon due presentation of a Note, payment is improperly withheld or refused or to the extent that there is failure in its subsequent payment to the Noteholders).

Save as otherwise expressly provided herein and in the Trust Deed, no proprietary or other direct interest in the Issuer's right under or in respect of the Loan Agreement, the Loan, the Deed of Guarantee, the Guarantees, the Account or the Charged Property (each as defined in the Trust Deed) exists for the benefit of the Noteholders. Subject to the terms of the Trust Deed, no Noteholder will have any entitlement to enforce the Loan Agreement or direct recourse to the Borrower, nor to enforce the Deed of Guarantee or have direct recourse to the Guarantors, except through action by the Trustee pursuant to the relevant Security Interests granted to the Trustee in the Trust Deed. Neither the Issuer nor, following the enforcement of the Security Interests created in the Trust Deed, the Trustee shall be required to take any steps, actions or proceedings to enforce payment under the Loan Agreement or the Deed of Guarantee unless it has been indemnified and/or secured and/or prefunded by the Noteholders to its satisfaction.

Notwithstanding any other provision hereof, the obligations of the Issuer under the Notes shall be solely to make payments of amounts in aggregate equal to each sum actually received and retained by or for the account of the Issuer (after deduction or withholding or payment of such taxes or duties as may be required to be made by the Issuer by law in respect of payments pursuant to such sum or in respect of the Notes and for which the Issuer has not received a corresponding payment (also after deduction or withholding or payment of such taxes or duties as may be required to be made by the Issuer in respect thereof) pursuant to the Loan Agreement or the Deed of Guarantee, as the case may be) from the Borrower or the Guarantors, as the case may be, in respect of principal, interest or, as the case may be, other amounts relating to the Loan pursuant to the Loan Agreement and amounts relating to the Guarantees pursuant to the Deed of Guarantee (less in each case any amounts in respect of the Reserved Rights), the right to receive which will, *inter alia*, be assigned to the Trustee as security for the Issuer's payment obligations in respect of the Notes. Accordingly, all payments to be made by the Issuer under the Notes will be made only from and to the extent of such sums received and retained or recovered by or on behalf of the Issuer or the Trustee (following a Relevant Event (as defined in the Trust Deed) or (if applicable) an Event of Default (as defined in the Loan Agreement)). Noteholders shall look solely to such sums for payments to be made by the Issuer under the Notes, the obligation of the Issuer to make payments in respect of the Notes will be limited to such sums and Noteholders will have no further recourse to the Issuer or any of the

Issuer's other assets in respect thereof. In the event that the amount due and payable by the Issuer under the Notes exceeds the sums so received or recovered, the right of any person to claim payment of any amount exceeding such sums shall be extinguished, and Noteholders may take no further action to recover such amounts.

None of the Noteholders or the other creditors (nor any other person acting on behalf of any of them) shall be entitled at any time to institute against the Issuer, or join in any institution against the Issuer of, any bankruptcy, administration, moratorium, reorganisation, controlled management, arrangement, insolvency, examinership, winding-up or liquidation proceedings or similar insolvency proceedings under any applicable bankruptcy or similar law in connection with any obligation of the Issuer relating to the Notes or otherwise owed to the creditors, save for lodging a claim in the liquidation of the Issuer which is initiated by another party or taking proceedings to obtain a declaration or judgment as to the obligations of the Issuer.

No Noteholder shall have any recourse against any director, shareholder, or officer of the Issuer in respect of any obligations, covenants or agreement entered into or made by the Issuer in respect of the Notes, except to the extent that any such person acts in bad faith or is negligent in the context of its obligations.

2 Guarantors

The Initial Guarantors have guaranteed and any Further Guarantors will guarantee in the Deed of Guarantee (or, in the case of Further Guarantors, may alternatively guarantee in a deed of guarantee substantially in the form of the Deed of Guarantee) unconditionally, irrevocably and jointly and severally (with each other Guarantor (present or future)) in favour of the Issuer (as lender under the Loan Agreement), the payment when due of all sums expressed to be payable by the Borrower under the Loan Agreement. The Initial Guarantors' obligations and any Further Guarantors' obligations (as applicable) are set forth in detail in the Deed of Guarantee.

3 Form, Denomination, Register and Transfers

3.1 Form and denomination: Notes are issued in registered form, in the denominations of U.S.\$200,000 or integral multiples of U.S.\$1,000 in excess thereof (each, an "**Authorised Holding**").

3.2 Register, Title and Transfers:

(a) *Register*

The Registrar will maintain registers (each, a "**Register**") in respect of the Notes in accordance with the provisions of the Paying Agency Agreement. In these Conditions the "**holder**" of a Note means the person in whose name such Note is for the time being registered in the relevant Register (or, in the case of a joint holding, the first named thereof) and "**Noteholder**" shall be construed accordingly. A certificate (a

"**Certificate**") will be issued to each Noteholder in respect of its registered holding of Notes.

(b) *Title*

Title to the Notes will pass by and upon registration in the relevant Register. The holder of each Note shall (except as otherwise required by law) be treated as the absolute owner of such Note for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing on the Certificate relating thereto (other than the endorsed form of transfer) or any notice of any previous loss or theft of such Certificate) and no person shall be liable for so treating such holder.

(c) *Transfers*

Subject to paragraph (e) of this Condition 3.2, a Note may be transferred upon surrender of the relevant Certificate, with the endorsed form of transfer duly completed, at the specified office of the Registrar or at the specified office of the Transfer Agent, together with such evidence as the Registrar or the Transfer Agent may reasonably require to prove the title of the transferor and the authority of the individuals who have executed the form of transfer; provided however, that a Note may not be transferred unless the principal amount of the Notes transferred and (where not all of the Notes held by a holder are being transferred) the principal amount of the balance of the Notes not transferred are Authorised Holdings. Where not all the Notes represented by the surrendered Certificates are the subject of the transfer, a new Certificate in respect of the balance of the Notes not transferred will be issued to the transferor.

(d) *Registration and delivery of Definitive Certificates*

Subject to paragraph (e) of this Condition 3.2, within five business days of the surrender of a Certificate in accordance with the immediately preceding paragraph above, the Registrar will register the transfer in question and deliver a new Certificate to each relevant holder at its specified office or (at the request and risk of such relevant holder) by uninsured first class mail (airmail if overseas) to the address specified for the purpose by such relevant holder. In this paragraph, "**business day**" means a day on which commercial banks are open for business (including dealings in foreign currencies) in the city where the Registrar has its specified office. In the case of the transfer of only a part of the Notes, a new Certificate in respect of the balance of the Notes not transferred will be so delivered or (at the risk and, if mailed at the request of the transferor otherwise than by ordinary uninsured mail, at the expense of the transferor) sent by mail to the transferor.

The transfer of Notes will be effected without charge but against such indemnity as the Registrar or the Transfer Agent, as applicable, may require in respect of any tax or

other duty of whatsoever nature which may be levied or imposed in connection with such transfer.

Noteholders may not require transfers to be registered during the period of 15 days ending on the due date for any payment of principal or interest in respect of the Notes.

(e) *Regulations concerning Transfers and Registration*

All transfers of Notes and entries on the relevant Register are subject to the detailed regulations concerning the transfer of Notes scheduled to the Paying Agency Agreement. The regulations may be changed by the Issuer with the prior written approval of the Trustee and the Registrar. A copy of the current regulations will be mailed (free of charge) by the Registrar to any Noteholders who requests in writing a copy of such regulations.

4 Restrictive Covenant

As provided in the Trust Deed, so long as any of the Notes remains outstanding, the Issuer will not, without the prior written consent of the Trustee or an Extraordinary Resolution, agree to any amendment to or any modification or waiver of, or authorise any breach or proposed breach of, the terms of the Loan Agreement or the Deed of Guarantee and will act at all times in accordance with any instructions of the Trustee from time to time with respect to the Loan Agreement and the Deed of Guarantee, except as otherwise expressly provided in the Trust Deed, Loan Agreement or the Deed of Guarantee, as the case may be. Any such amendment, modification, waiver or authorisation made with the consent of the Trustee shall be binding on the Noteholders and any such amendment or modification shall be notified by the Issuer to the Noteholders in accordance with Condition 14.

Save as provided above, so long as any Note remains outstanding, the Issuer, without the prior written consent of the Trustee or an Extraordinary Resolution, shall not, *inter alia*, incur any other indebtedness for borrowed moneys other than the issue of notes on a limited recourse basis for the sole purpose of making loans to the Borrower or any Guarantor, engage in any business (other than entering into any agreements related to the Notes or any other issue of notes as aforesaid (including derivative transactions on a limited recourse basis associated with the issue of such notes) and performing any acts incidental to or necessary in connection with the Notes or such related agreements (including the holding of any security in connection therewith), making the Loan to the Borrower pursuant to the Loan Agreement or any future loans to the Borrower or any Guarantor in connection with the issue of notes as aforesaid and performing any act incidental to or necessary in connection therewith), declare any dividends, have any subsidiaries or employees (save for its directors), purchase, own, lease or otherwise acquire any real property (including office premises or like facilities), consolidate or merge with any other person or convey or transfer its properties or assets substantially as an entity (to the extent the same is within control

of the Issuer) to any person (otherwise than as contemplated in these Conditions and the Trust Deed), issue any further shares (except that the Issuer may issue shares to the extent necessary to convert the status of the Issuer to that of a public limited company) or make any distribution to its shareholders, give any guarantee or assume any other liability, or, subject to the laws of Ireland, petition for any winding-up or bankruptcy.

5 Interest

On each Interest Payment Date (or, if later, one Business Day following such date as amounts equivalent to amounts of interest are received) the Issuer shall account to the Noteholders for an amount equal to the amount of interest actually received and retained by or for the account of the Issuer pursuant to the Loan Agreement and/or the Deed of Guarantee, as the case may be, which interest under the Loan is payable at a rate of 5.35 per cent. per annum as set out in clause 4 of the Loan Agreement.

Interest shall cease to accrue on each Note on the due date for redemption unless, upon due presentation, payment is improperly withheld or refused, in which event interest shall continue to accrue (after as well as before judgment) at the rate of interest and until the time set out in clause 4 of the Loan Agreement.

In these Conditions, "**Interest Payment Date**" means 8 February and 8 August of each year commencing on 8 August 2021.

6 Redemption and Purchase

(a) Final Redemption

Unless previously prepaid or repaid pursuant to clauses 5.2, 5.3, 5.4, 5.5, 5.6 or 10 of the Loan Agreement, the Borrower, failing whom the Guarantors, will be required to repay the Loan not later than 10:00 a.m. (London time) one Business Day prior to the Repayment Date and, subject to such repayment, as set forth in the Loan Agreement, all the Notes then remaining outstanding will on 8 February 2028 (the "**Repayment Date**") (or, if later, one Business Day following the date on which such repayment is made by the Borrower or the Guarantors, as applicable) be redeemed or repaid by the Issuer at 100 per cent. of the principal amount thereof together with accrued interest.

(b) Early Redemption

Under the Loan Agreement:

- (i) the Borrower may, in the circumstances set out in clause 5.2 of the Loan Agreement prepay the Loan in whole but not in part; or
- (ii) the Issuer may require the Borrower to prepay the Loan in whole but not in part in the circumstances set out in clause 5.3 of the Loan Agreement.

If the Loan should become repayable (and be repaid) prior to the Repayment Date pursuant to clauses 5.2, 5.3 or 10 of the Loan Agreement, all Notes then remaining outstanding will thereupon become due and redeemable or repayable at 100 per cent.

of the principal amount together with accrued interest and (subject to the Loan being repaid together with accrued interest or equivalent amounts being paid under the Guarantee) shall be redeemed or repaid by the Issuer on the date specified pursuant to the Loan Agreement and the Issuer will endeavour to give not less than 14 days' notice thereof to the Trustee and the Noteholders in accordance with Condition 14.

(c) *Optional Redemption at the option of the Issuer under Make Whole Call Option*

At any time prior to the Repayment Date the Borrower may, at its option, (provided that not less than 30 nor more than 60 days' notice has been given to the Issuer, which notice shall be irrevocable and shall specify the date fixed for prepayment (the "**Make Whole Optional Prepayment Date**")), prepay the Loan in whole but not in part at the Make Whole Prepayment Amount (as defined in the Loan Agreement) plus accrued and unpaid interest on the Loan so prepaid to but excluding the Make Whole Optional Prepayment Date (the "**Make Whole Call Option**").

Immediately on receipt of such notice, the Issuer shall forward it to the Noteholders (in accordance with Condition 14), the Trustee and the Principal Paying Agent. If, as a result of the Make Whole Call Option, the Loan is repaid by the Borrower as set forth in the Loan Agreement prior to the Repayment Date, the Notes will thereupon become due and repayable and the Issuer shall, subject to receipt of the relevant amounts from the Borrower under the Loan, redeem the Notes on the Make Whole Optional Prepayment Date.

The Issuer's obligations in respect of this Condition 6(c) to redeem and make payment for the Notes shall constitute an obligation only to account to Noteholders on the Make Whole Optional Prepayment Date for an amount equivalent to the sums received by or for the account of the Issuer pursuant to the Loan Agreement.

Any notice of redemption given under this Condition **Error! Reference source not found.** will override any notice of redemption given (whether previously or the same date, or subsequently) under Condition **Error! Reference source not found.**

(d) *Optional Redemption at the option of the Issuer under Par Call Option*

At any time on or after the date falling three months prior to the Repayment Date, the Borrower may, (provided that not less than 30 nor more than 60 days' notice has been given to the Issuer, which notice shall be irrevocable and shall specify the date fixed for prepayment (the "**Par Optional Prepayment Date**")), prepay in whole or in part the Loan at its principal amount plus accrued and unpaid interest on the Loan so prepaid to but excluding the Par Optional Prepayment Date (the "**Par Call Option**").

Immediately on receipt of such notice, the Issuer shall forward it to the Noteholders (in accordance with Condition 14), the Trustee and the Principal Paying Agent. If, as a result of the Par Call Option, the Loan is repaid by the Borrower as set forth in the

Loan Agreement prior to the Repayment Date, the Notes will thereupon become due and repayable and the Issuer shall, subject to receipt of the relevant amounts from the Borrower under the Loan, redeem the Notes on the Par Optional Prepayment Date.

In the case of a partial redemption, the Notes to be redeemed shall be selected either: (a) in accordance with the procedures of the relevant clearing systems; or (b) if the Notes are not held in a clearing system or if the relevant clearing systems prescribe no method of selection, the Notes will be redeemed on a pro rata basis according to the holding of each Noteholder; subject, in each case, to compliance with any applicable laws and stock exchange or other relevant regulatory requirements. Neither the Trustee nor any Agent shall have any liability for any selection made pursuant to this Condition **Error! Reference source not found.**

The Issuer's obligations in respect of this Condition 6(d) to redeem and make payment for the Notes shall constitute an obligation only to account to Noteholders on the Par Optional Prepayment Date for an amount equivalent to the sums received by or for the account of the Issuer pursuant to the Loan Agreement.

Any notice of redemption given under this Condition **Error! Reference source not found.** will override any notice of redemption given (whether previously or the same date, or subsequently) under Condition **Error! Reference source not found.**

(e) *Change of control*

If a Change of Control Put Event (shall have occurred, the holder of a Note will have the option (the "**Change of Control Put Option**") to require the Issuer to redeem such Note on the Change of Control Put Settlement Date (as defined below) its principal amount together with accrued interest (if any) to (and excluding) the Change of Control Put Settlement Date.

Promptly upon the Issuer becoming aware (either by receiving written notice from the Borrower or otherwise) that a Change of Control Put Event has occurred, the Issuer shall give notice (a "**Change of Control Put Event Notice**") to the Noteholders in accordance with Condition 14, specifying the details relating to the occurrence of the Change of Control Put Event and the procedure for exercising the Change of Control Put Option.

In order to exercise the Change of Control Put Option, the holder of a Note must deliver no later than 30 days after the Change of Control Put Event Notice is given (the "**Change of Control Put Period**"), to the Specified Office of the Principal Paying Agent, evidence satisfactory to the Principal Paying Agent of such holder's entitlement to such Note and a duly completed put option exercise notice (a "**Change of Control Put Option Notice**") specifying the principal amount of the Notes in respect of which the Change of Control Put Option is exercised, in the form obtainable from the Principal Paying Agent. The Principal Paying Agent will provide such

Noteholder with a non-transferable receipt. On the Business Day following the end of the Change of Control Put Period, the Principal Paying Agent shall notify in writing the Issuer and the Borrower of the exercise of the Change of Control Put Option specifying the aggregate principal amount of the Notes to be redeemed in accordance with the Change of Control Put Option. Provided that the Notes that are the subject of any such Change of Control Put Option Notice have been delivered to the Principal Paying Agent prior to the expiry of the Change of Control Put Period, then the Issuer shall (subject to the receipt of sufficient funds to do so from the Borrower under the Loan Agreement) redeem all such Notes on the date falling five Business Days from the last day of the Change of Control Put Period (the "**Change of Control Put Settlement Date**"). No Change of Control Put Option Notice, once delivered in accordance with this Condition 6(e), may be withdrawn.

"**Change of Control Put Event**" means the occurrence of a Change of Control (as defined in the Loan Agreement).

(f) *Purchases*

Clause 5.6 of the Loan Agreement provides that the Issuer, the Borrower or any member of the Group (as defined in the Loan Agreement) may, among other things, purchase Notes from time to time having an aggregate principal value of at least U.S.\$1,000,000, in the open market or by tender or by a private agreement at any price. The Issuer, the Borrower or any such member of the Group, may, at its option, hold, reissue, resell or, in the case of Borrower or such member of the Group, from time to time deliver such Notes to the Issuer for cancellation, whereupon the Issuer shall, pursuant to the Paying Agency Agreement, instruct the Registrar to cancel such Notes. Upon the cancellation of such Notes, the Loan shall be treated as prepaid by the Borrower in an amount corresponding to the aggregate principal amount of the Notes surrendered for cancellation, together with accrued interest (if any) thereon and no further payments shall be made or required to be made by the Borrower or any Guarantor in respect of such Notes nor shall such Notes be reissued.

The Issuer may compel any beneficial owner of Notes initially sold pursuant to Rule 144A under the Securities Act to sell its interest in such Notes, or may sell such interest on behalf of such holder, if such holder is a U.S. person that is not a qualified institutional buyer (as defined in Rule 144A under the Securities Act) and a qualified purchaser (as defined in Section 2(a)(51)(A) of the U.S. Investment Company Act of 1940).

7 **Payments**

(a) *Principal*

Payments of principal shall be made by transfer to a U.S. Dollar account maintained by the payee with a bank in New York City upon surrender (or, in the case of a partial

payment, endorsement) of the relevant Certificates at the specified office of the Principal Paying Agent or at the specified office of the Transfer Agent.

(b) *Interest*

Payments of interest shall be made by transfer to a U.S. Dollar account maintained by the payee with a bank in New York City and (in the case of interest payable on redemption) upon surrender (or, in the case of a partial payment, endorsement) of the relevant Certificates at the specified office of the Principal Paying Agent or at the specified office of the Transfer Agent.

(c) *Payments subject to fiscal law*

All payments in respect of the Notes are subject in all cases to any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 8. No commissions or expenses shall be charged to the Noteholders in respect of such payments.

(d) *Payments on business day*

A Note may only be presented for payment on a day which is a business day in the place of presentation. If the due date for payment of interest or principal is not a business day, the holder of a Note shall not be entitled to payment of the amount due until the next following business day and shall not be entitled to any further interest or other payment in respect of any such delay. In this paragraph, "**business day**" means a day on which, if on that day a payment is to be made hereunder, commercial banks generally are open for business in New York City, Moscow and in the city where the specified office of the Principal Paying Agent is located.

(e) *Record Date*

Subject to the provisions of the Notes whilst held in global form, each payment in respect of a Note will be made to the person shown as the holder in the relevant Register at the opening of business (in the place of the Registrar's specified office) on the fifteenth day before the due date for each payment (the "**Record Date**").

(f) *Agents*

The Paying Agency Agreement provides that the Issuer may at any time, with the prior written approval of the Trustee, appoint a successor Registrar or Principal Paying Agent and/or additional or successor paying agents or transfer agents provided that for so long as the Notes are listed and/or admitted to trading on any stock exchange, the Issuer will at all times maintain (i) a Principal Paying Agent, (ii) a Registrar having a specified office outside the United Kingdom, (iii) a Transfer Agent, and (iv) such other agents as may be required by any stock exchange on which the Notes may be listed, in each case, as approved by the Trustee. Notice of any such change will be provided to Noteholders as described in Condition 14.

In acting under the Paying Agency Agreement and in connection with the Notes, the Agents act solely as agents of the Issuer and (to the extent provided therein) the Trustee and do not assume any obligations towards or relationship of agency or trust for or with any of the Noteholders.

(g) *Accrued Interest*

In addition, if the due date for redemption or repayment of a Note is not an Interest Payment Date, interest accrued from the preceding Interest Payment Date or, as the case may be, from the date of issuance of the Notes, shall be payable only as and when actually received and retained by or for the account of the Issuer pursuant to the Loan Agreement or the Deed of Guarantee, as the case may be.

(h) *Payments by the Borrower*

Save as directed by the Trustee at any time after the Security Interests created in the Trust Deed become enforceable, the Issuer will require the Borrower to make all payments of principal, interest and any additional amounts to be made pursuant to the Loan Agreement, or require the Guarantors to make all payments which may become due under the Deed of Guarantee, to the Principal Paying Agent to an account in the name of the Issuer with the Account Bank. Pursuant to the Charge, the Issuer will charge by way of first fixed charge, all its rights, title and interest in and to all sums of money (with the exception of sums relating to the Reserved Rights) then or in the future so deposited in such account and the debts represented thereby to the Trustee for the benefit of the Trustee and the Noteholders.

(i) *Currency other than U.S. Dollars*

In respect of the Issuer's obligations under Conditions 5, 6 and 8, and subject to the following sentence, if the Issuer receives any amount under the Loan Agreement or Deed of Guarantee in a currency other than U.S. Dollars, the Issuer's obligation under the relevant Condition shall be fully satisfied by paying such sum (after deducting any costs of exchange) as the Issuer receives upon conversion of such sum into U.S. Dollars in accordance with customary banking practice in the spot market on the business day immediately following the day on which such sum is received and retained by the Issuer, provided that the Issuer shall use its best efforts to procure any payments due from the Borrower pursuant to clause 12.8 of the Loan Agreement. If the Issuer receives any payment from the Borrower pursuant to clause 12.8 of the Loan Agreement with respect to amounts due under the Notes, the Issuer shall pay such sum to the Noteholders in accordance with this Condition 7.

8 Taxation

All payments in respect of the Notes by or on behalf of the Issuer shall be made free and clear of and without deduction or withholding for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed

or levied, collected, withheld or assessed by or on behalf of Ireland or any political subdivision or any authority thereof or therein having the power to tax, unless the deduction or withholding of such taxes, duties, assessments or governmental charges is required by law.

In such event, the Issuer shall make such additional payments as shall result in the receipt by the Noteholders of such amount as would have been received by them if no such withholding or deduction had been required. However, the Issuer shall only be required to make such additional payments to the extent and at such time as it shall receive equivalent sums from the Borrower under the Loan Agreement and/or from the Guarantors under the Deed of Guarantee. To the extent that the Issuer does not receive any such equivalent sum, the Issuer shall account to the relevant Noteholder for an additional amount equivalent to a *pro rata* proportion of such additional amount (if any) as is actually received and retained by, or for the account of, the Issuer pursuant to the provisions of the Loan Agreement and/or the Deed of Guarantee on the date of, in the currency of, and subject to any conditions attaching to the payment of such additional amount to the Issuer provided that no such additional amount will be payable:

- (i) to a Noteholder (a) who is liable for such taxes or duties by reason of his having some connection with Ireland other than the mere holding of such Notes or the receipt of payments in respect thereof or (b) is able to avoid such deduction or withholding by satisfying any statutory requirements or by making a declaration of non-residence or other claim for exemption to the relevant tax authority; or
- (ii) in respect of a Note presented for payment of principal or interest on redemption more than 30 days after the Relevant Date except to the extent that such additional payment would have been payable if such Note had been presented for payment on such thirtieth day; or
- (iii) in respect of a Note held by or on behalf of a Noteholder who would have been able to avoid such withholding or deduction by arranging to receive the relevant payment through another Paying Agent; or
- (iv) in respect of any FATCA Withholding (as defined below).

Notwithstanding any other provision of these Conditions, any amounts to be paid on the Notes by or on behalf of the Issuer will be paid net of any deduction or withholding imposed or required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**"), or otherwise imposed pursuant to Sections 1471 through 1474 of the Code (or any regulations thereunder or official interpretations thereof) or an intergovernmental agreement between the United States and another jurisdiction facilitating the implementation thereof (or any fiscal or regulatory legislation, rules or practices

implementing such an intergovernmental agreement) (any such withholding or deduction, a **"FATCA Withholding"**). Neither the Issuer nor any other person will be required to pay any additional amounts in respect of FATCA Withholding.

As used herein, **"Relevant Date"** means the later of (i) the date on which the equivalent payment under the Loan Agreement first becomes due and (ii) if the full amount payable by the Borrower (or the Guarantors, as the case may be) corresponding to such payment has not been received by, or for the account of, the Issuer pursuant to the Loan Agreement (or pursuant to the Deed of Guarantee, as the case may be) on or prior to such date, it means the date on which such full amount shall have been so received and notice to that effect shall have been duly given to the Noteholders by or on behalf of the Issuer in accordance with Condition 14.

Any reference herein or in the Trust Deed to payments in respect of the Notes shall be deemed also to refer to any additional amounts which may be payable in accordance with the Trust Deed and this Condition 8 or any undertaking given in addition thereto or in substitution therefor pursuant to the Trust Deed. If the Issuer becomes subject to any taxing jurisdiction other than or in addition to Ireland, references in these Conditions to Ireland shall be construed as references to Ireland and/or such other jurisdiction.

9 Enforcement

The Trust Deed provides that only the Trustee (subject to Condition 1) may pursue the remedies under the general law, the Trust Deed, the Loan Agreement, the Deed of Guarantee or the Notes to enforce the rights of the Noteholders and no Noteholder will be entitled to pursue such remedies unless the Trustee (having become bound to do so in accordance with the terms of the Trust Deed) fails to do so within a reasonable period and such failure is continuing.

The Trust Deed also provides that, in the case of an Event of Default, or of a Relevant Event, the Trustee may, and shall, if requested in writing to do so by Noteholders holding at least 25 per cent. in principal amount of the Notes outstanding, or if directed to do so by an Extraordinary Resolution, and, in any such case, subject in each case to its being secured and/or indemnified and/or prefunded to its satisfaction, institute such steps, actions or proceedings as it may think fit to enforce the rights of the Noteholders and the provisions of the Trust Deed, including to declare all amounts payable under the Loan Agreement by the Borrower and/or the Guarantors under the Deed of Guarantee, as the case may be, to be immediately due and payable (in the case of an Event of Default), or exercise any rights under the Security Interests created in the Trust Deed in favour of the Trustee (in the case of a Relevant Event). Upon repayment of the Loan (or an equivalent amount under the Guarantee) following an Event of Default and a declaration as provided herein, the Notes will be redeemed or

repaid at their principal amount together with accrued interest thereon and thereupon shall cease to be outstanding.

10 Meetings of Noteholders; Modification of Notes, Trust Deed, Loan Agreement and Deed of Guarantee; Waiver; Substitution of the Issuer

The Trust Deed contains provisions for convening meetings of Noteholders to consider any matter affecting their interests, including any modification of, or any arrangement in respect of, the Notes, the Loan Agreement, the Deed of Guarantee or the Trust Deed. Noteholders will be entitled to one vote per U.S.\$1,000 in principal amount of Notes held by them. Such a meeting may be convened by the Issuer, the Borrower or the Trustee and shall be convened by the Trustee, subject to its being indemnified and/or secured and/or prefunded to its satisfaction, upon the request in writing of holders of the Notes holding not less than one tenth of the aggregate principal amount of the outstanding Notes. The Trust Deed provides that special quorum provisions apply for meetings of Noteholders convened for the purpose of amending certain terms concerning, *inter alia*, the amount payable on, and the currency of payment in respect of, the Notes and the amounts payable and currency of payment under the Loan Agreement. Under the terms of the Trust Deed, an Extraordinary Resolution means a resolution passed at a meeting of the Noteholders duly convened and held in accordance with the provisions contained therein by the affirmative vote of holders of Notes outstanding present in person or represented by proxy or representative owning in the aggregate not less than 75 per cent. in principal amount of the Notes outstanding owned by the Noteholders who are so present or represented at the meeting. Any resolution duly passed at a meeting of Noteholders will be binding on all the Noteholders, whether present or not.

The Trust Deed provides that a resolution in writing signed by or on behalf of the holders of not less than 90 per cent. in principal amount of the Notes outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Noteholders duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.

The Trustee may agree, without the consent of the Noteholders, to any modification of the Notes and the Trust Deed, the Agency Agreement, the Account Bank Agreement or, following the creation of any Security Interests, the Loan Agreement or the Deed of Guarantee which, in each case following, in the opinion of the Trustee is of a formal, minor or technical nature, is made to correct a manifest error or (except as mentioned in the Trust Deed) in the opinion of the Trustee is not materially prejudicial to the interests of the Noteholders.

The Trustee may also, without the consent of the Noteholders, waive or authorise or agree to the waiving or authorising of any breach or proposed breach by the Issuer of

the Conditions or the Trust Deed or, following the creation of the Security Interests, by the Borrower of the terms of the Loan Agreement or by the Guarantors of the terms of the Deed of Guarantee, or determine that any event which would or might otherwise give rise to a right of acceleration under the Loan Agreement or any Relevant Event shall not be treated as such (in each case other than any such breach or proposed breach in respect of the Reserved Rights), if in the opinion of the Trustee, to do so would not be materially prejudicial to the interests of the Noteholders, provided always that the Trustee may not exercise such power of waiver in contravention of a written request given by holders of 25 per cent. in aggregate principal amount of the Notes then outstanding or any express direction by Extraordinary Resolution (save as provided in the Trust Deed). Any such modification, waiver, authorisation or determination shall be binding on the Noteholders and, unless the Trustee agrees otherwise, shall be promptly notified to the Noteholders in accordance with Condition 14.

The Trust Deed contains provisions to the effect that the Borrower or the Issuer may, provided certain conditions have been met (as further set out in the Trust Deed), and subject to having complied with the requirements set out in the Trust Deed and such requirements as the Trustee may direct in the interest of Noteholders, substitute any entity in place of the Issuer as creditor under the Loan Agreement, as issuer and principal obligor in respect of the Notes and as obligor under the Trust Deed and as beneficiary under the Deed of Guarantee, subject to the substitute's rights under the Loan Agreement and the Deed of Guarantee being charged and assigned to the Trustee as security for the payment obligations of the substitute obligor under the Trust Deed and the Notes. Not later than 14 days after compliance with the aforementioned requirements, notice thereof shall be given by the Issuer to the Noteholders in accordance with Condition 14, failing which the Issuer shall use its best endeavours to ensure that the substitute obligor does so.

In connection with the exercise of any of its powers, trusts, authorities or discretions, the Trustee shall have regard to the interests of the Noteholders as a class and, in particular, shall not have regard to the consequences of such exercise for individual Noteholders resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory. No Noteholder is entitled to claim from the Issuer or the Trustee any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders.

11 Prescription

Notes will become void unless presented for payment within 10 years (in the case of principal) or five years (in the case of interest) from the due date for payment in respect thereof.

12 Indemnification of Trustee

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility in certain circumstances, including provisions relieving it from taking steps, actions or proceedings to enforce payment unless indemnified and/or secured and/or prefunded to its satisfaction, and to be paid its costs and expenses in priority to any claims of Noteholders. In addition, the Trustee is entitled to enter into business transactions with the Issuer and/or the Borrower and/or the Guarantors and/or any entity relating to the Issuer and/or the Borrower and/or the Guarantors without accounting for any profit.

The Trustee's responsibilities are solely those of trustee for the Noteholders on the terms of the Trust Deed. Accordingly, the Trustee makes no representations and assumes no responsibility for the validity or enforceability of the Loan Agreement or the Deed of Guarantee or the security created in respect thereof or for the performance by the Issuer of its obligations under or in respect of the Notes and the Trust Deed or by the Borrower in respect of the Loan Agreement or by the Guarantors in respect of the Deed of Guarantee. The Trustee is entitled to assume that the Borrower is performing all of its obligations pursuant to the Loan Agreement, that the Guarantors are performing their obligations under the Deed of Guarantee and that the Issuer is performing its obligations under the Notes, the Loan Agreement and the Trust Deed (and shall have no liability for doing so) until it has actual knowledge or shall have received express written notice to the contrary.

The Trustee shall have no liability to any Noteholder or any other person for any shortfall it may suffer if it is liable for tax in respect of any payments received by it or as a result of the Security Interests being enforced by it.

13 Replacement of Notes

If a Certificate shall become mutilated, defaced, lost, stolen or destroyed it may, subject to all applicable laws and regulations and requirements of any stock exchange on which the Notes are from time to time listed or quoted, be replaced at the specified offices of the Registrar and the Transfer Agents (or any other place of which notice shall have been given to the Noteholders in accordance with Condition 14) on payment of such costs, expenses, taxes and duties as may be incurred in connection therewith and on such terms as to evidence, security and indemnity and otherwise as may reasonably be required by or on behalf of the Issuer and/or the Transfer Agents and/or the Registrar. Mutilated or defaced Certificates must be surrendered before replacements will be issued.

14 Notices

Notices to the Noteholders will be sent to them by first class mail (or its equivalent) or (if posted to an overseas address) by airmail at their respective addresses on the relevant Register. Any such notice shall be deemed to have been given on the fourth

day after the date of mailing. The Issuer shall also ensure that all notices are duly published (if such publication is required) in a manner which complies with the rules and regulations of any stock exchange or other relevant authority on which the Notes are for the time being listed and/or admitted to trading. Any such notice shall be deemed to have been given on the date of such notice.

In case by reason of any other cause it shall be impracticable to publish any notice to holders of Notes as provided above, then such notification to such holders as shall be given with the approval of the Trustee in accordance with the rules of the stock exchange or other relevant authority on which the Notes are for the time being listed and/or admitted to trading shall constitute sufficient notice to such holders for every purpose hereunder.

15 Further Issues

The Issuer may from time to time, with the consent of the Borrower but without the consent of the Noteholders and in accordance with the Trust Deed, create and issue further notes or bonds having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest on them) so as to be consolidated and form a single series with the Notes. Such further notes shall be issued under a deed supplemental to the Trust Deed containing such provisions as the Trustee may require. In relation to any further issue which is to be consolidated and form a single series with the Notes, the Issuer will enter into a loan agreement with the Borrower on substantially the same terms as the Loan Agreement and supplemental to the Loan Agreement, or may amend and restate the same with the Borrower on substantially the same terms as the Loan Agreement and will advance the proceeds of such further issue pursuant to such supplemented or amended loan agreement and procure the initial Guarantees required by the provisions thereof. The Issuer will provide a first fixed charge in favour of the Trustee in respect of certain of its rights and interests under such loan agreement and any further deed of guarantee and will assign absolutely to the Trustee certain of its rights under such loan agreement and any further deed of guarantee, which will secure both the Notes and such further notes and which will supplement the Security Interests in relation to the existing Notes and/or may amend and supplement the Security Interests for such purpose. Any further securities forming a single series with the outstanding securities of any series (including the Notes) constituted by the Trust Deed shall, and any other securities may (with the consent of the Trustee), be constituted by a deed supplemental to the Trust Deed. Application will be made for such further notes or bonds to be listed and admitted to trading on the stock exchange on which the Notes are from time to time listed or quoted.

16 Contracts (Rights of Third Parties) Act 1999

No person shall have any right to enforce any term or condition of the Notes or the Trust Deed under the Contracts (Rights of Third Parties) Act 1999.

17 Governing Law

The Notes, these Conditions, the Trust Deed, the Loan Agreement, the Deed of Guarantee and any non-contractual obligations arising out of or in connection with them shall be governed by and construed in accordance with English law. The Issuer has submitted in the Trust Deed to the jurisdiction of the courts of England and has appointed an agent for the service of process in England.

Without prejudice to the foregoing provisions, (i) the Issuer has in the Loan Agreement and the Deed of Guarantee, (ii) the Borrower has in the Loan Agreement and (iii) the Guarantors have in the Deed of Guarantee, agreed that any disputes which may arise out of or in connection with the Loan Agreement or the Deed of Guarantee (as the case may be), including any questions regarding their existence, validity or termination may be referred to and finally resolved by arbitration under the LCIA rules.

SUMMARY OF THE PROVISIONS RELATING TO THE NOTES IN GLOBAL FORM

The Global Certificates

The Regulation S Notes will be evidenced on issue by the Regulation S Global Certificate registered in the name of a nominee for, and deposited with a common depository on behalf of, Euroclear and Clearstream, Luxembourg. Beneficial interests in the Regulation S Global Certificate may be held only through Euroclear or Clearstream, Luxembourg at any time. See "*—Clearing and Settlement—Book-Entry Procedures for the Global Certificates*". By acquisition of a beneficial interest in the Regulation S Global Certificate, the purchaser thereof will be deemed to represent, among other things, that it is not a U.S. person, that it is located outside the United States and that, if it determines to transfer such beneficial interest prior to the expiration of the "40-day distribution compliance period" (as such term is defined in Rule 902 of Regulation S), it will transfer such interest only (a) to a person who is not a U.S. person in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S or (b) in accordance with Rule 144A to a person that it and any person acting on its behalf reasonably believe is a QIB that is also a QP purchasing for its own account or the account of a QIB that is also a QP, in each case in accordance with any applicable securities laws of any state of the United States. See "*—Transfer Restrictions*".

The Rule 144A Notes will be evidenced on issue by the Rule 144A Global Certificate deposited with a custodian for, and registered in the name of a nominee of, DTC. Beneficial interests in the Rule 144A Global Certificate may only be held through DTC at any time. See "*—Clearing and Settlement—Book-Entry Procedures for the Global Certificates*". By acquisition of a beneficial interest in the Rule 144A Global Certificate, the purchaser thereof will be deemed to represent, among other things, that it is a QIB that is also a QP and that, if in the future it determines to transfer such beneficial interest, it will transfer such interest in accordance with the procedures and restrictions contained in the Trust Deed. See "*—Transfer Restrictions*".

Beneficial interests in the relevant Global Certificates will be subject to certain restrictions on transfer set forth therein and in the Trust Deed and the Paying Agency Agreement and the Global Certificates will bear the applicable legends regarding the restrictions set forth under "*Transfer Restrictions*". A beneficial interest in the Regulation S Global Certificate may be transferred to a person who takes delivery in the form of an interest in the Rule 144A Global Certificate only in denominations greater than or equal to the minimum denominations applicable to interests in the Rule 144A Global Certificate and only upon receipt by the Registrar of a written certification (in the form provided in the Paying Agency Agreement) to the effect that the transferor reasonably believes that the transferee is a QIB that is also a QP and that such transaction is in accordance with any applicable securities laws of any state of the United States or any other jurisdiction. Beneficial interests in the Rule 144A Global Certificate may be transferred to a person who takes delivery in the form of an interest in the Regulation S Global Certificate only upon receipt by the Registrar of a written certification (in the form provided in the Paying Agency Agreement) from the transferor to the effect that the transfer is being made in an offshore transaction in accordance with Regulation S.

Any beneficial interest in the Regulation S Global Certificate that is transferred to a person who takes delivery in the form of an interest in the Rule 144A Global Certificate will, upon transfer, cease to be an interest in the Regulation S Global Certificate and become an interest in the Rule 144A Global Certificate, and, accordingly, will thereafter be subject to all transfer

restrictions and other procedures applicable to beneficial interests in the Rule 144A Global Certificate for as long as it remains such an interest. Any beneficial interest in the Rule 144A Global Certificate that is transferred to a person who takes delivery in the form of an interest in the Regulation S Global Certificate will, upon transfer, cease to be an interest in the Rule 144A Global Certificate and become an interest in the Regulation S Global Certificate and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to beneficial interests in the Regulation S Global Certificate for so long as it remains such an interest. No service charge will be made for any registration of transfer or exchange of Notes, but the Registrar may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

Except in the limited circumstances described below, owners of beneficial interests in Global Certificates will not be entitled to receive physical delivery of Definitive Certificates. The Notes are not issuable in bearer form.

Exchange for Definitive Certificates

Exchange

Each Global Certificate will be exchangeable in whole, but not in part (free of charge to the holder but subject to the receipt of funds necessary therefor from the Borrower) if: (i) a Global Certificate is held by or on behalf of (A) DTC, and DTC notifies the Issuer that it is no longer willing or able to discharge properly its responsibilities as depository with respect to the Global Certificate or ceases to be a "**clearing agency**" registered under the U.S. Securities Exchange Act of 1934, as amended (the "**Exchange Act**") or if at any time it is no longer eligible to act as such, and the Issuer is unable to locate a qualified successor within 90 days of receiving notice or becoming aware of such ineligibility on the part of DTC or (B) Euroclear or Clearstream, Luxembourg, as the case may be, and Euroclear or Clearstream, Luxembourg, as the case may be, is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention to permanently cease business or does in fact do so, by the holder giving notice to the Registrar or any Transfer Agent and the Issuer or (ii) the Issuer would suffer a material disadvantage in respect of the Notes as a result of a change in the laws or regulations (taxation or otherwise) of any jurisdiction referred to in Condition 8 which would not be suffered were the Notes in definitive form and a note to such effect signed by the requisite number of signatories of the Issuer is delivered to the Trustee, by the Issuer giving notice to the Registrar or any Transfer Agent and the Noteholders of its intention to exchange the relevant Global Certificate for Definitive Certificates on or after the Exchange Date (as defined below) specified in the notice or (iii) the Trustee has instituted or has been directed to institute any judicial proceeding in a court to enforce the rights of the Noteholders under the Notes and the Trustee has been advised by counsel that in connection with such proceeding it is necessary or appropriate for the Trustee to obtain possession of the Notes, by the Trustee giving notice to the Registrar or any Transfer Agent and the Noteholders.

The Registrar will not register the transfer of, or exchange of interests in, a Global Certificate for Definitive Certificates for a period of 15 calendar days ending on the date for any payment of principal or interest in respect of the Notes.

If only one of the Global Certificates (the "**Exchanged Global Certificate**") becomes exchangeable for Definitive Certificates in accordance with the above paragraphs, the transfers of Notes may not take place between, on the one hand, persons holding Definitive

Certificates issued in exchange for beneficial interests in the Exchanged Global Certificate and, on the other hand, persons wishing to purchase beneficial interests in the other Global Certificate.

"Exchange Date" means a day falling not later than 90 days after that on which the notice requiring exchange is given and on which banks are open for business in the city in which the specified office of the Registrar and any Transfer Agent is located.

Delivery

In such circumstances, the relevant Global Certificate shall be exchanged in full for Definitive Certificates and the Issuer will, at the cost of the Issuer (and against such indemnity as the Registrar or any relevant Transfer Agent may require in respect of any tax or other duty of whatever nature which may be levied or imposed in connection with such exchange), cause sufficient Definitive Certificates to be executed and delivered to the Registrar for completion, authentication and dispatch to the relevant Noteholders. A person having an interest in a Global Certificate must provide the Registrar with (a) a written order containing instructions and such other information as the Issuer and the Registrar may require to complete, execute and deliver such Notes and (b) in the case of the Rule 144A Global Certificate only, a fully completed, signed certification substantially to the effect that the exchanging holder is not transferring its interest at the time of such exchange or, in the case of simultaneous sale pursuant to Rule 144A, a certification that the transfer is being made in compliance with the provisions of Rule 144A to a QIB that is also a QP. Definitive Certificates issued in exchange for a beneficial interest in the Rule 144A Global Certificate shall bear the legend applicable to transfer pursuant to Rule 144A, as set forth under **"Transfer Restrictions"**.

Legends

The holder of a Definitive Certificate may transfer the Notes evidenced thereby in whole or in part in the applicable minimum denomination by surrendering it at the specified office of the Registrar or any Transfer Agent, together with the completed form of transfer thereon. Upon the transfer, exchange or replacement of a Rule 144A Definitive Certificate bearing the legend referred to under **"Transfer Restrictions"**, or upon specific request for removal of the legend on a Rule 144A Definitive Certificate, the Issuer will deliver only Rule 144A Definitive Certificates that bear such legend, or will refuse to remove such legend, as the case may be, unless there is delivered to the Issuer and the Registrar such satisfactory evidence, which may include an opinion of counsel, as may reasonably be required by the Issuer that neither the legend nor the restrictions on transfer set forth therein are required to ensure compliance with the provisions of the Securities Act and the Investment Company Act.

In addition, each Global Certificate will contain provisions which modify the Terms and Conditions of the Notes as they apply to the Notes evidenced by a Global Certificate. The following is a summary of these provisions:

Payments

Payments of principal and interest in respect of Notes evidenced by a Global Certificate shall be made to the person who appears at the relevant time on the register of Noteholders as holder of the relevant Global Certificate against presentation (in the case of payment of interest) and (if no further payment falls to be made on it) surrender thereof to or to the order

of the Principal Paying Agent (or to or to the order of such other Paying Agent as shall have been notified to the Noteholders for this purpose) which shall endorse such payment or cause such payment to be endorsed in Schedule A to the relevant Global Certificate (such endorsement being prima facie evidence that the payment in question has been made). No person shall however be entitled to receive any payment on the relevant Global Certificate falling due after the Exchange Date, unless the exchange of the relevant Global Certificate for the relevant Definitive Certificates is improperly withheld or refused by or on behalf of the Issuer.

Notices

Notwithstanding Condition 14, so long as a Global Certificate is held by or on behalf of DTC, Euroclear, Clearstream, Luxembourg or any other clearing system (an "**Alternative Clearing System**"), notices to Noteholders represented by such Global Certificate may be given by delivery of the relevant notice to DTC, Euroclear, Clearstream, Luxembourg or (as the case may be) such Alternative Clearing System rather than in the manner specified in Condition 14 (provided that for so long as the Notes are listed thereon, notices will also be given in accordance with the rules and regulations of Euronext Dublin, if required) and shall be deemed to be given to holders of interests in such Global Certificate with the same effect as if they had been given to such Noteholder in accordance with Condition 14.

Payment

All payments in respect of Notes represented by a Global Certificate will be made to, or to the order of, the person whose name is entered on the Register at the close of business on the Clearing System Business Day immediately prior to the date for payment, where "**Clearing System Business Day**" means Monday to Friday inclusive, except 25 December and 1 January.

Meetings

The holder of a Global Certificate will be treated as being two persons for the purposes of any quorum requirements of, or the right to demand a poll at, a meeting of Noteholders and in any such meeting as having one vote in respect of each U.S.\$1,000 in principal amount of Notes represented by the relevant Global Certificate.

Trustee's Powers

In considering the interests of Noteholders whilst a Global Certificate is held on behalf of a clearing system, the Trustee, to the extent it considers it appropriate to do so in the circumstances, may have regard to any information provided to it by such clearing system or its operator as to the identity (either individually or by category) of its accountholders with entitlements to such Global Certificate and may consider such interests, and treat such accountholders, as if such accountholders were the holders of such Global Certificate.

Redemption at the option of the Issuer

Any option of the Issuer provided for in the Conditions shall be exercised by the Issuer giving notice to the Noteholders within the time limits set out in and containing the information required by the Conditions except that the notice shall not be required to contain the serial numbers of Notes drawn in the case of a partial exercise of an option and accordingly no

drawing of Notes shall be required. In the event that any option of the Issuer is exercised in respect of some but not all of the Notes, the rights of accountholders with a clearing system in respect of the Notes will be governed by the standard procedures of Euroclear, Clearstream, Luxembourg, DTC or any Alternative Clearing System (as the case may be), save that if the relevant clearing system prescribes no method of selection of the Notes to be redeemed, the Notes will be redeemed on a pro rata basis according to the holding of each Noteholder.

Cancellation

Cancellation of any Note required by the Conditions to be cancelled will be effected by reduction in the principal amount of the relevant Global Certificate by a record made in the Register and notation of the relevant Global Certificate.

Prescription

Claims in respect of principal, interest and other amounts payable in respect of the Global Certificates will become void unless they are presented for payment within a period of 10 years (in the case of principal) and five years (in the case of interest or any other amounts) from the due date for payment in respect thereof.

Redemption at the Option of Noteholders

The option of the Noteholders provided for in Condition 6(c) may be exercised by the holder of a Global Certificate giving notice to the Principal Paying Agent within the time limits relating to the deposit of Notes as set out in Condition 6(c), substantially in the form of the Change of Control Put Exercise Notice available from the Principal Paying Agent and stating the principal amount of the Notes in respect of which the option is exercised and at the same time presenting the Global Certificate to the Principal Paying Agent for annotation.

Without prejudice to the above provisions, for so long as all of the Notes are represented by a Global Certificate and such Global Certificate is held on behalf of Euroclear, Clearstream, Luxembourg, DTC or any Alternative Clearing System, the option of the Noteholders provided for in Condition 6(c) will be subject to the normal rules and operating procedures of Euroclear, Clearstream, Luxembourg, DTC or any Alternative Clearing System (as the case may be).

Enforcement

For the purposes of enforcement of the provisions of the Trust Deed against the Trustee, the persons named in a certificate of the holder of the Notes in respect of which the relevant Global Certificate is issued shall be recognised as the beneficiaries of the trusts set out in the Trust Deed to the extent of the principal amount of their interest in the Notes set out in the certificate of the holder as if they were themselves the holders of Notes in such principal amounts.

Benefit of the Conditions

Unless a Global Certificate has been exchanged or cancelled the holder hereof shall, except as provided in the relevant Global Certificate, be entitled to the same rights and benefits and subject to the Conditions as if such holder were the holder of the relevant Definitive Certificates for which the Global Certificate may be exchanged.

Each Global Certificate shall not be valid or become obligatory for any purpose until authenticated by or on behalf of the Registrar.

The Global Certificates and any non-contractual obligations arising out of or in connection with them shall be governed by and construed in accordance with English law.

TRANSFER RESTRICTIONS

Rule 144A Notes

Each purchaser of Rule 144A Notes, by accepting delivery of these Listing Particulars and the Notes, will be deemed to have represented, agreed and acknowledged that:

1. It is (a) a QIB that is also a QP, (b) not a broker-dealer that owns and invests on a discretionary basis less than U.S.\$25 million in securities of unaffiliated issuers, (c) not a participant-directed employee plan, such as a 401(k) plan, (d) acquiring such Notes for its own account, or for the account of one or more QIBs each of which is also a QP, (e) not formed for the purpose of investing in the Notes or the Issuer, and (f) aware, and each beneficial owner of such Notes has been advised, that the seller of such Notes to it may be relying on Rule 144A.
2. It will (a) along with each account for which it is purchasing, hold and transfer beneficial interests in the Rule 144A Notes in a principal amount that is not less than U.S.\$200,000 and (b) provide notice of these transfer restrictions to any subsequent transferees. In addition, it understands that the Issuer may receive a list of participants holding positions in its securities from one or more book-entry depositories.
3. It understands that the Rule 144A Notes have not been and will not be registered under the Securities Act and may not be offered, sold, pledged or otherwise transferred except (a) in accordance with Rule 144A to a person that it and any person acting on its behalf reasonably believe is a QIB that is also a QP purchasing for its own account or for the account of one or more QIBs that are also QPs each of which is purchasing not less than U.S.\$200,000 principal amount of Notes or (b) in an offshore transactions to a person that is not a U.S. person (within the meaning of Regulation S) in accordance with Rule 903 or Rule 904 of Regulation S under the Securities Act, and in each case in accordance with any applicable securities laws of any State of the United States.
4. It understands that the Issuer has the power under the Trust Deed to compel any beneficial owner of Rule 144A Notes that is not a QIB and also a QP to sell its interest in the Rule 144A Notes, or may sell such interest on behalf of, or purchase such interest from, such owner at a price equal to the least of (x) the purchase price therefor paid by the beneficial owner, (y) 100 percent of the principal amount thereof or (z) the fair market value thereof. The Issuer has the right to refuse to honour the transfer of an interest in the Rule 144A Notes to a U.S. person who is not a QIB and also a QP.
5. It understands that the Rule 144A Notes, unless otherwise agreed between the Issuer and the Trustee in accordance with applicable law, will bear a legend to the following effect:

THIS NOTE AND THE GUARANTEES IN RESPECT OF THE LOAN RELATING TO SUCH NOTE HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933 (THE "**SECURITIES ACT**") OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) IN

ACCORDANCE WITH RULE 144A UNDER THE SECURITIES ACT ("**RULE 144A**") TO A PERSON THAT THE HOLDER AND ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT (A "**QIB**") THAT IS A QUALIFIED PURCHASER (A "**QP**") WITHIN THE MEANING OF SECTION 2(a)(51) OF THE U.S. INVESTMENT COMPANY ACT OF 1940 (THE "**INVESTMENT COMPANY ACT**") PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QIB THAT IS ALSO A QP WHOM THE HOLDER HAS INFORMED, IN EACH CASE, THAT SUCH OFFER, SALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A UNDER THE SECURITIES ACT, AND IN AN AMOUNT FOR EACH ACCOUNT OF NOT LESS THAN U.S.\$200,000 PRINCIPAL AMOUNT OF NOTES OR (2) TO PERSONS WHO ARE NOT U.S. PERSONS (WITHIN THE MEANING OF REGULATION S UNDER THE SECURITIES ACT ("**REGULATION S**")) IN OFFSHORE TRANSACTIONS IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S, AND IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES, AND THE HOLDER WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY PURCHASER FROM IT OF THE NOTES IN RESPECT HEREOF OF THE RESALE RESTRICTIONS REFERRED TO ABOVE. TRANSFER IN VIOLATION OF THE FOREGOING WILL BE OF NO FORCE OR EFFECT, WILL BE VOID AB INITIO AND WILL NOT OPERATE TO TRANSFER ANY RIGHTS TO THE TRANSFEREE, NOTWITHSTANDING ANY INSTRUCTIONS TO THE CONTRARY TO THE ISSUER OF THIS NOTE, THE TRUSTEE OR ANY INTERMEDIARY. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF ANY EXEMPTION UNDER THE SECURITIES ACT FOR REALES OF THIS NOTE.

EACH BENEFICIAL OWNER HEREOF REPRESENTS THAT (1) IT IS A QIB THAT IS ALSO A QP; (2) IT IS NOT A BROKER-DEALER THAT OWNS AND INVESTS ON A DISCRETIONARY BASIS LESS THAN U.S.\$25,000,000 IN SECURITIES OF UNAFFILIATED ISSUERS; (3) IT IS NOT A PARTICIPANT-DIRECTED EMPLOYEE PLAN, SUCH AS A 401 (k) PLAN; (4) IT IS HOLDING THIS NOTE FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ANOTHER QIB THAT IS ALSO A QP; (5) IT WAS NOT FORMED FOR THE PURPOSE OF INVESTING IN THE ISSUER OR THIS NOTE; (6) IT, AND EACH ACCOUNT FOR WHICH IT HOLDS NOTES, WILL HOLD AND TRANSFER AT LEAST U.S.\$200,000 IN PRINCIPAL AMOUNT OF NOTES; (7) IT UNDERSTANDS THAT THE ISSUER MAY RECEIVE A LIST OF PARTICIPANTS HOLDING POSITIONS IN ITS SECURITIES FROM ONE OR MORE BOOK-ENTRY DEPOSITORIES AND (8) IT WILL PROVIDE NOTICE OF THE FOREGOING TRANSFER RESTRICTIONS TO ITS SUBSEQUENT TRANSFEREES.

THE BENEFICIAL OWNER HEREOF HEREBY ACKNOWLEDGES THAT, IF AT ANY TIME WHILE IT HOLDS AN INTEREST IN THIS NOTE IT IS A PERSON WHO IS NOT A QIB THAT IS ALSO A QP, THE ISSUER MAY (A) COMPEL IT TO SELL ITS INTEREST IN THIS NOTE TO A PERSON (1) WHO IS ALSO A QIB THAT IS ALSO A QP AND WHO IS OTHERWISE QUALIFIED TO PURCHASE THIS NOTE IN A TRANSACTION EXEMPT FROM

REGISTRATION UNDER THE SECURITIES ACT OR (2) IN AN OFFSHORE TRANSACTION TO A PERSON THAT IS NOT A U.S. PERSON IN ACCORDANCE WITH RULE 903 OR 904 OF REGULATION S OR (B) COMPEL THE BENEFICIAL OWNER TO SELL ITS INTEREST IN THIS NOTE TO THE ISSUER OR AN AFFILIATE OF THE ISSUER OR TRANSFER ITS INTEREST IN THIS NOTE TO A PERSON DESIGNATED BY OR ACCEPTABLE TO THE ISSUER AT A PRICE EQUAL TO THE LEAST OF (X) THE PURCHASE PRICE THEREFOR PAID BY THE BENEFICIAL OWNER, (Y) 100 PERCENT OF THE PRINCIPAL AMOUNT THEREOF OR (Z) THE FAIR MARKET VALUE THEREOF. THE ISSUER HAS THE RIGHT TO REFUSE TO HONOUR A TRANSFER OF AN INTEREST IN THIS NOTE TO A PERSON WHO IS NOT A QIB AND ALSO A QP. THE ISSUER HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE INVESTMENT COMPANY ACT.

EACH BENEFICIAL OWNER HEREOF OR OF ANY INTEREST HEREIN IS DEEMED TO REPRESENT AND WARRANT THAT FOR SO LONG AS IT HOLDS THIS NOTE OR ANY INTEREST HEREIN (1) IT IS NOT AND IS NOT USING ASSETS OF A BENEFIT PLAN INVESTOR (AS DEFINED IN SECTION 3(42) OF THE UNITED STATES EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("**ERISA**")), (2) IF IT IS A GOVERNMENTAL, CHURCH OR NON-U.S. PLAN THAT IS SUBJECT TO ANY FEDERAL, STATE, LOCAL OR NON-U.S. LAW THAT IS SUBSTANTIALLY SIMILAR TO THE PROVISIONS OF SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE OR ANY ENTITY WHOSE ASSETS ARE TREATED AS ASSETS OF ANY SUCH PLAN, THE PURCHASE AND HOLDING OF THIS NOTE OR ANY INTEREST HEREIN DOES NOT RESULT IN A VIOLATION OF ANY STATUTE, REGULATION, ADMINISTRATIVE DECISION, POLICY OR ANY OTHER LEGAL AUTHORITY APPLICABLE TO SUCH PLAN AND (3) IT WILL NOT SELL OR OTHERWISE TRANSFER ANY SUCH NOTE OR INTEREST TO ANY PERSON WITHOUT FIRST OBTAINING THESE SAME FOREGOING DEEMED REPRESENTATIONS AND WARRANTIES. "**BENEFIT PLAN INVESTORS**" INCLUDE (1) ANY EMPLOYEE BENEFIT PLAN (AS DEFINED IN SECTION 3(3) OF ERISA) THAT IS SUBJECT TO PART 4, SUBTITLE B OF TITLE I OF ERISA, (2) ANY PLAN TO WHICH SECTION 4975 OF THE UNITED STATES INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "**CODE**") APPLIES, INCLUDING, WITHOUT LIMITATION, INDIVIDUAL RETIREMENT ACCOUNTS AND KEOGH PLANS (EACH OF (1) AND (2) A "**PLAN**"), AND (3) ANY ENTITY WHOSE UNDERLYING ASSETS INCLUDE PLAN ASSETS BY REASON OF A PLAN'S INVESTMENT IN THE ENTITY PURSUANT TO THE PLAN ASSET REGULATION ISSUED BY THE UNITED STATES DEPARTMENT OF LABOR, 29 C.F.R. SECTION 2510.3-101, AS MODIFIED BY SECTION 3(42) OF ERISA (INCLUDING, FOR THIS PURPOSE, THE GENERAL ACCOUNT OF AN INSURANCE COMPANY, ANY OF THE UNDERLYING ASSETS OF WHICH CONSTITUTE "**PLAN ASSETS**" UNDER SECTION 401(c) OF ERISA).

THE ISSUER MAY COMPEL EACH BENEFICIAL OWNER HEREOF TO CERTIFY PERIODICALLY THAT SUCH OWNER IS A QIB AND ALSO A QP.

6. It understands and acknowledges that its purchase and holding of such Notes constitutes a representation and agreement by it that, by its purchase and holding of such Notes or any interest therein, the purchaser and/or holder thereof and each transferee will be deemed to have represented (1) it is not and is not using assets of a Benefit Plan Investor (as defined in Section 3(42) of the United States Employee Retirement Income Security Act of 1974, as amended ("**ERISA**")), (2) if it is a governmental, church or non-U.S. plan that is subject to any federal, state, local or non-U.S. law that is substantially similar to the provisions of Section 406 of ERISA or Section 4975 of the Code or any entity whose assets are treated as assets of any such plan, the purchase and holding of the Notes or any interest therein does not result in a violation of any statute, regulation, administrative decision, policy or any other legal authority applicable to such plan, and (3) it will not sell or otherwise transfer any such Note or interest therein to any person without first obtaining these same foregoing representations and warranties. "**Benefit Plan Investors**" include (1) any employee benefit plan (as defined in Section 3(3) of ERISA), that is subject to Part 4, Subtitle B, of Title I of ERISA, (2) any plan to which Section 4975 of the United States Internal Revenue Code of 1986, as amended (the "**Code**") applies, including, without limitation, individual retirement accounts and Keogh plans (each of (1) and (2) a "**Plan**"), and (3) any entity whose underlying assets include plan assets by reason of a Plan's investment in the entity pursuant to the Plan Asset Regulation issued by the United States Department of Labor, 29 C.F.R. Section 2510.3-101, as modified by Section 3(42) of ERISA (including, for this purpose, the general account of an insurance company, any of the underlying assets of which constitute "**plan assets**" under section 401(c) of ERISA). It acknowledges that the Issuer, Borrower, the Guarantors, the Registrar, the Joint Lead Managers and their respective affiliates, and others will rely upon the truth and accuracy of the above acknowledgements, representations and agreements and agrees that, if any of the acknowledgements, representations or agreements deemed to have been made by it by its purchase of Rule 144A Notes is no longer accurate, it shall promptly notify the Issuer, Borrower, the Guarantors and the Joint Lead Managers. If it is acquiring any Notes as a fiduciary or agent for one or more investor accounts who are QIBs that are also QPs, it represents that it has sole investment discretion with respect to each such account, and that it has full power to make the above acknowledgements, representations and agreements on behalf of each such account.

The purchaser and any fiduciary causing it to acquire an interest in any Notes agrees to indemnify and hold harmless the Issuer, the Joint Lead Managers, the Trustee and the Agents and their respective affiliates, from and against any cost, damage or loss incurred by any of them as a result of any of the foregoing representations and agreements being or becoming false.

In the event that the Issuer determines that any Note is held by a Benefit Plan Investor, the Issuer may cause a sale or transfer of such Note.

Any purported acquisition or transfer of any Note or beneficial interest therein to an acquirer or transferee that does not comply with the requirements of this paragraph 6 shall be null and void *ab initio*.

7. It understands that the Rule 144A Notes will be evidenced by the Rule 144A Global Certificate. Before any interest in the Rule 144A Global Certificate may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an

interest in the Regulation S Global Certificate, it will be required to provide a Transfer Agent with a written certification (in the form provided in the Paying Agency Agreement) as to compliance with applicable securities laws.

Prospective purchasers are hereby notified that sellers of the Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A.

Regulation S Notes

Each purchaser of Regulation S Notes, by accepting delivery of these Listing Particulars and the Regulation S Notes, will be deemed to have represented, agreed and acknowledged that:

1. It is, or at the time Regulation S Notes are purchased will be, the beneficial owner of such Regulation S Notes and (a) it is not a U.S. person and it is located outside the United States (within the meaning of Regulation S) and (b) it is not an affiliate of the Issuer, Borrower or a person acting on behalf of such an affiliate.
2. It understands that the Regulation S Notes have not been and will not be registered under the Securities Act and that, prior to the expiration of the "distribution compliance period" (as such term is defined in Rule 902 of Regulation S), it will not offer, sell, pledge or otherwise transfer such Notes except (a) in accordance with Rule 144A to a person that it and any person acting on its behalf reasonably believes is a QIB that is also a QP purchasing for its own account or for the account of a QIB that is also a QP or (b) in an offshore transaction to a person that is not a U.S. person in accordance with Rule 903 or Rule 904 of Regulation S, in the case of (a) and (b), in accordance with any applicable securities laws of any state of the United States.
3. It understands that the Regulation S Notes will be evidenced by the Regulation S Global Certificate. Before any interest in the Regulation S Global Certificate may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in the Rule 144A Global Certificate, it will be required to provide a Transfer Agent with a written certification (in the form provided in the Paying Agency Agreement) as to compliance with applicable securities laws.
4. It understands and acknowledges that its purchase and holding of such Notes constitutes a representation and agreement by it that, by its purchase and holding of such Notes or any interest therein, the purchaser and/or holder thereof and each transferee will be deemed to have represented and warranted at the time of its purchase and throughout the period that it holds such Note or any interest therein, (1) it is not and is not using assets of a Benefit Plan Investor (as defined in Section 3(42) of the United States Employee Retirement Income Security Act of 1974, as amended ("**ERISA**")), (2) if it is a governmental, church or non-U.S. plan that is subject to any federal, state, local or non-U.S. law that is substantially similar to the provisions of Section 406 of ERISA or Section 4975 of the Code or any entity whose assets are treated as assets of any such plan, the purchase and holding of the Notes or any interest therein does not result in a violation of any statute, regulation, administrative decision, policy or any other legal authority applicable to such plan, and (3) it will not sell or otherwise transfer any such note or interest to any person without first obtaining these same foregoing representations and warranties. "**Benefit Plan Investors**" include (1) any employee benefit plan (as defined in Section 3(3) of ERISA), that is subject to Part 4, Subtitle B, of Title I of ERISA, (2) any plan to

which Section 4975 of the United States Internal Revenue Code of 1986, as amended (the "**Code**") applies, including, without limitation, individual retirement accounts and Keogh plans (each of (1) and (2) a "**Plan**"), and (3) any entity whose underlying assets include plan assets by reason of a Plan's investment in the entity pursuant to the Plan Asset Regulation issued by the United States Department of Labor, 29 C.F.R. Section 2510.3-101, as modified by Section 3(42) of ERISA (including, for this purpose, the general account of an insurance company, any of the underlying assets of which constitute "**plan assets**" under section 401(c) of ERISA). It acknowledges that the Issuer, Borrower, the Initial Guarantors, the Registrar, the Joint Lead Managers and their affiliates and others will rely upon the truth and accuracy of the above acknowledgements, representations and agreements and agrees that, if any of the acknowledgements, representations or agreements deemed to have been made by it by its purchase of Notes is no longer accurate, it shall promptly notify the Issuer, Borrower, the Initial Guarantors and the Joint Lead Managers. If it is acquiring any Notes as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each of those accounts and that it has full power to make the above acknowledgements, representations and agreements on behalf of each account.

The purchaser and any fiduciary causing it to acquire an interest in any Notes agrees to indemnify and hold harmless the Issuer, the Joint Lead Managers, the Trustee and the Agents and their respective affiliates, from and against any cost, damage or loss incurred by any of them as a result of any of the foregoing representations and agreements being or becoming false.

In the event that the Issuer determines that any Note is held by a Benefit Plan Investor, the Issuer may cause a sale or transfer of such Note.

Any purported acquisition or transfer of any Note or beneficial interest therein to an acquirer or transferee that does not comply with the requirements of this paragraph 4 shall be null and void *ab initio*.

CLEARING AND SETTLEMENT

Book-Entry Procedures for the Global Certificates

Custodial and depository links are to be established between Euroclear, Clearstream, Luxembourg and DTC to facilitate the initial issue of the Notes and cross-market transfers of the Notes associated with secondary market trading. See "*— Book-Entry Ownership*" and "*— Settlement and Transfer of Notes.*"

Euroclear and Clearstream, Luxembourg

Euroclear and Clearstream, Luxembourg each hold securities for their customers and facilitate the clearance and settlement of securities transactions through electronic book-entry transfer between their respective accountholders. Indirect access to Euroclear and Clearstream, Luxembourg is available to other institutions which clear through or maintain a custodial relationship with an accountholder of either system. Euroclear and Clearstream, Luxembourg provide various services including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg also deal with domestic securities markets in several countries through established depository and custodial relationships. Euroclear and Clearstream, Luxembourg have established an electronic bridge between their two systems across which their respective customers may settle trades with each other. Their customers are worldwide financial institutions including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Investors may hold their interests in the Regulation S Global Certificate directly through Euroclear or Clearstream, Luxembourg if they are accountholders ("**Direct Participants**") or indirectly ("**Indirect Participants**" and together with Direct Participants, "**Participants**") through organisations which are accountholders therein. The address of Euroclear is 1 Boulevard du Roi Albert 11, B-1210 Brussels, Belgium, and the address of Clearstream, Luxembourg is 42 Avenue J.F. Kennedy, L-1855, Luxembourg.

DTC

DTC has advised the Issuer as follows: DTC is a limited-purpose trust company organised under the laws of the State of New York, a "**banking organisation**" under the laws of the State of New York, a member of the U.S. Federal Reserve System, a "**clearing corporation**" within the meaning of the New York Uniform Commercial Code and a "**clearing agency**" registered pursuant to the provisions of Section 17A of the Exchange Act. DTC was created to hold securities for its participants ("**DTC Participants**") and facilitate the clearance and settlement of securities transactions between DTC Participants through electronic computerised book-entry changes in accounts of its DTC Participants, thereby eliminating the need for physical movement of certificates. DTC Participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. Indirect access to DTC is available to others, such as banks, securities brokers, dealers and trust companies, that clear through or maintain a custodial relationship with a DTC Participant, either directly or indirectly.

Investors may hold their interests in the Rule 144A Global Certificate directly through DTC if they are DTC Participants in the DTC system, or indirectly through organisations which are DTC Participants in such system.

DTC has advised the Issuer that it will take any action permitted to be taken by a holder of Notes only at the direction of one or more DTC Participants and only in respect of such portion of the aggregate principal amount of the relevant Rule 144A Global Certificate as to which such DTC Participant or DTC Participants has or have given such direction.

Book-Entry Ownership

Euroclear and Clearstream, Luxembourg

The Regulation S Global Certificate will have an ISIN and a Common Code and will be registered in the name of a nominee for, and deposited with a common depository on behalf of, Euroclear and Clearstream, Luxembourg.

The address of Euroclear is 1 Boulevard du Roi Albert 11, B-1210 Brussels, Belgium, and the address of Clearstream, Luxembourg is 42 Avenue J.F Kennedy, L-1855, Luxembourg.

DTC

The Rule 144A Global Certificate will have a CUSIP number, an ISIN and a Common Code and will be deposited with a custodian (the "**Custodian**") for, and registered in the name of a nominee of, DTC. The Custodian and DTC will electronically record the principal amount of the Notes held within the DTC, system. The address of DTC is 55 Water Street, New York, New York 10041, United States of America.

Relationship of Participants with Clearing Systems

Each of the persons shown in the records of Euroclear, Clearstream, Luxembourg or DTC as the holder of a Note evidenced by a Global Certificate must look solely to Euroclear, Clearstream, Luxembourg or DTC (as the case may be) for his share of each payment made by the Issuer to the holder of such Global Certificate and in relation to all other rights arising under that Global Certificate, subject to and in accordance with the respective rules and procedures of Euroclear, Clearstream, Luxembourg or DTC (as the case may be). The Issuer expects that, upon receipt of any payment in respect of Notes evidenced by a Global Certificate, the common depository by whom such Note is held, or nominee in whose name it is registered, will immediately credit the relevant participants' or accountholders' accounts in the relevant clearing system with payments in amounts proportionate to their respective beneficial interests in the principal amount of the relevant Global Certificate as shown on the records of the relevant clearing system or its nominee. The Issuer also expects that payments by Direct Participants or DTC Participants (as the case may be) in any clearing system to owners of beneficial interests in such Global Certificate held through such Direct Participants or DTC Participants (as the case may be) in any clearing system will be governed by standing instructions and customary practices. Save as aforesaid, such persons shall have no claim directly against the Issuer in respect of payments due on the Notes for so long as the Notes are evidenced by such Global Certificate and the obligations of the Issuer will be discharged by payment to the registered holder, as the case may be, of such Global Certificate in respect of each amount so paid. None of the Issuer, the Trustee or any Agent will have any responsibility or liability for any aspect of the records relating to or payments made on account of ownership interests in any Global Certificate or for maintaining, supervising or reviewing any records relating to such ownership interests.

Settlement and Transfer of Notes

Subject to the rules and procedures of each applicable clearing system, purchases of Notes held within a clearing system must be made by or through Direct Participants or DTC Participants (as the case may be), which will receive a credit for such Notes on the clearing system's records. The ownership interest of each actual purchaser of each such Note (the "**Beneficial Owner**") will in turn be recorded on the Direct Participants', Indirect Participants' or DTC Participants' records (as the case may be).

Beneficial Owners will not receive written confirmation from any clearing system of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct Participant, Indirect Participant or DTC Participant (as the case may be) through which such Beneficial Owner entered into the transaction.

Transfers of ownership interests in Notes held within the clearing system will be affected by entries made on the books of Direct Participants, Indirect Participants or DTC Participants (as the case may be) acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in such Notes, unless and until interests in any Global Certificate held within a clearing system are exchanged for Definitive Certificates.

No clearing system has knowledge of the actual Beneficial Owners of the Notes held within such clearing system and their records will reflect only the identity of the Direct Participants or DTC Participants (as the case may be) to whose accounts such Notes are credited, which may or may not be the Beneficial Owners. The Direct Participants or the DTC Participants (as the case may be) will remain responsible for keeping account of their holdings on behalf of their customers. Conveyance of notices and other communications by the clearing systems to Direct Participants or DTC Participants (as the case may be), by Direct Participants to Indirect Participants, and by Direct Participants, Indirect Participants or DTC Participants (as the case may be) to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

The laws of some jurisdictions may require that certain persons take physical delivery in definitive form of securities. Consequently, the ability to transfer interests in the Global Certificates to such persons may be limited. In particular, because DTC can only act on behalf of DTC Participants the ability of a person having an interest in the Rule 144A Global Certificate to pledge such interest to persons or entities that do not participate in DTC, or otherwise take actions in respect of such interest, may be affected by the lack of a physical certificate in respect of such interest.

Trading between Euroclear and/or Clearstream, Luxembourg Participants

Secondary market sales of book-entry interests in the Notes held through Euroclear or Clearstream, Luxembourg to purchasers of book-entry interests in the Notes held through Euroclear or Clearstream, Luxembourg will be conducted in accordance with the normal rules and operating procedures of Euroclear and Clearstream, Luxembourg and will be settled using the procedures applicable to conventional Eurobonds.

Trading between DTC Participants

Secondary market sales of book-entry interests in the Notes between DTC Participants will occur in the ordinary way in accordance with DTC rules and will be settled using the procedures applicable to U.S. corporate debt obligations in DTC's Same-Day Funds Settlement system in same-day funds, if payment is effected in U.S. Dollars, or free of payment, if payment is not effected in U.S. Dollars. Where payment is not effected in U.S. Dollars, separate payment arrangements outside DTC; are required to be made between DTC Participants.

Trading between DTC Seller and Euroclear/Clearstream, Luxembourg Purchaser

When book-entry interests in Notes are to be transferred from the account of a DTC Participant holding a beneficial interest in the Rule 144A Global Certificate to the account of a Euroclear or Clearstream, Luxembourg accountholder wishing to purchase a beneficial interest in the Regulation S Global Certificate (subject to the certification procedures provided in the Paying Agency Agreement), the DTC Participant will deliver instructions for delivery to the relevant Euroclear or Clearstream, Luxembourg accountholder to DTC by 12:00 p.m., New York time, on the settlement date. Separate payment arrangements are required to be made between the DTC Participant and the relevant Euroclear or Clearstream, Luxembourg Participant. On the settlement date, the custodian of the Rule 144A Global Certificate will instruct the Registrar to (1) decrease the amount of Notes registered in the name of Cede & Co. and evidenced by the Rule 144A Global Certificate of the relevant class and (2) increase the amount of Notes registered in the name of the nominee of the common depository for Euroclear and Clearstream, Luxembourg and evidenced by the Regulation S Global Certificate. Book-entry interests will be delivered free of payment to Euroclear or Clearstream, Luxembourg, as the case may be, for credit to the relevant accountholder on the first business day following the settlement date.

Trading between Euroclear/Clearstream, Luxembourg Seller and DTC Purchaser

When book-entry interests in the Notes are to be transferred from the account of a Euroclear or Clearstream, Luxembourg accountholder to the account of a DTC Participant wishing to purchase a beneficial interest in the Rule 144A Global Certificate (subject to the certification procedures provided in the Paying Agency Agreement), the Euroclear or Clearstream, Luxembourg participant must send to Euroclear or Clearstream, Luxembourg delivery free of payment instructions by 7:45 p.m., Brussels or Luxembourg time, one business day prior to the settlement date. Euroclear or Clearstream, Luxembourg, as the case may be, will in turn transmit appropriate instructions to the common depository for Euroclear and Clearstream, Luxembourg and the Registrar to arrange delivery to the DTC Participant on the settlement date. Separate payment arrangements are required to be made between the DTC Participant and the relevant Euroclear or Clearstream, Luxembourg accountholder, as the case may be. On the settlement date, the common depository for Euroclear and Clearstream, Luxembourg will (a) transmit appropriate instructions to the custodian of the Rule 144A Global Certificate who will in turn deliver such book-entry interests in the Notes free of payment to the relevant account of the DTC Participant and (b) instruct the Registrar to (1) decrease the amount of Notes registered in the name of the nominee of the common depository for Euroclear and Clearstream, Luxembourg and evidenced by the Regulation S Global Certificate; and (2) increase the amount of Notes registered in the name of Cede & Co. and evidenced by the Rule 144A Global Certificate.

Although Euroclear, Clearstream, Luxembourg and DTC have agreed to the foregoing procedures in order to facilitate transfers of beneficial interest in Global Certificates among participants and accountholders of Euroclear, Clearstream, Luxembourg and DTC, they are under no obligation to perform or continue to perform such procedure, and such procedures may be discontinued at any time. None of the Issuer, the Trustee or any Agent will have the responsibility for the performance, by Euroclear, Clearstream, Luxembourg or DTC or their respective Direct Participants, Indirect Participants or DTC Participants, as the case may be, of their respective obligations under the rules and procedures governing their operations.

Pre-issue Trades Settlement

It is expected that delivery of Notes will be made against payment therefor on the Closing Date (as defined in the Loan Agreement), which is expected to be the fifth business day following the date of pricing the Notes. Pursuant to Rule 15c6-1 under the Exchange Act, trades in the secondary market generally are required to settle in two business days, unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade Notes on the date of pricing or the next succeeding business day will be required, by virtue of the fact that the Notes initially will settle five business days following the pricing date (T+5), to specify an alternate settlement cycle at the time of any such trade to prevent a failed settlement. Purchasers of Notes who wish to trade Notes on the date of pricing or the next succeeding business day should consult their own advisor.

SUBSCRIPTION AND SALE

Each of J.P. Morgan Securities plc, Raiffeisen Bank International AG and Société Générale (the "**Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers**"), AO "ALFA-BANK" (acting jointly with Alfa Capital Markets Ltd), Alfa Capital Markets Ltd (acting jointly with AO "ALFA-BANK"), Renaissance Securities (Cyprus) Limited or Public Joint-Stock Company "Sovcombank" (the "**Joint Bookrunners and Joint Lead Managers**" and, together with the Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers, the "**Joint Lead Managers**" and each a "**Joint Lead Manager**") have, in a subscription agreement dated 4 February 2021 (the "**Subscription Agreement**") among the Issuer, the Borrower, the Guarantors and the Joint Lead Managers upon the terms and subject to the conditions contained therein, jointly and severally, agreed to subscribe and pay for the Notes at their issue price of 100 per cent. of their principal amount. Notwithstanding the foregoing, as part of the allocation process of the offering of the Notes, a significant portion of the aggregate principal amount of the Notes has been allocated to certain of the Joint Bookrunners and Joint Lead Managers or their affiliates for their own account and not for distribution.

The Joint Lead Managers are entitled to commissions and reimbursement of certain expenses pursuant to the Subscription Agreement. The Joint Lead Managers are entitled in certain circumstances to be released and discharged from their obligations under the Subscription Agreement prior to the closing of the issue of the Notes.

The Joint Lead Managers and their respective affiliates may have performed various financial advisory, investment banking and commercial banking services for, and may arrange loans and other non-public market financing for, and enter into derivative transactions with, the Company and its affiliates (including its shareholders and the Issuer) and for which they may receive customary fees and expenses. Each of the Joint Lead Managers and their respective affiliates may, from time to time, engage in further transactions with, and perform services for, the Issuer and the Group in the ordinary course of their respective businesses.

Allocations of Notes

The Issuer will, in connection with the allocation of the Notes, consider among other factors, whether or not the relevant investor seeking an allocation of Notes has validly tendered any 2021 LPNs and/or 2023 LPNs (the "**Existing Notes**") held by it and/or voted in favour of the Mandatory Early Redemption (as the case may be) pursuant to the Offers, and, if so, the aggregate principal amount of such Existing Notes tendered and/or voted in favour of the Mandatory Early Redemption (as the case may be) by such investor. When considering allocations of Notes, the Issuer intends to look favourably upon those investors who have prior to the allocation of Notes, validly tendered Existing Notes or voted in favour of the Mandatory Early Redemption, however, the Issuer is not obliged to allocate any Notes to any such investor. Any allocations of Notes, while being considered by the Issuer as set out above, will be made in accordance with customary allocation processes and procedures.

Prohibition of Sales to EEA Retail Investors

Each Joint Lead Manager has severally represented, warranted and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any retail investor in the EEA.

For the purposes of this provision the expression "**retail investor**" means a person who is one (or more) of the following:

- (a) a retail client as defined in point (11) of Article 4(1) of MiFID II; or
- (b) a customer within the meaning of Directive 2002/92/EC, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID.

United States of America

The Notes and the Guarantees in respect of the Loan (the "**Securities**") have not been and will not be registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States, and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in accordance with Regulation S or pursuant to an exemption from, or a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Securities are being offered and sold only to (1) QIBs, in reliance on Rule 144A, that are also QPs and (2) to persons who are not U.S. persons in reliance on Regulation S.

Each Joint Lead Manager has severally represented and warranted that it has offered and sold the Securities, and agrees that it will offer and sell the Securities (i) as part of their distribution at any time and (ii) otherwise until 40 days after the later of the commencement of the offering and the Closing Date, (the "**Distribution Compliance Period**") only in accordance with Rule 903 of Regulation S, except that the Joint Lead Managers may offer or sell the Securities within the United States to QIBs who are also QPs in reliance on Rule 144A as set forth below, and it will have sent to each dealer to which it sells Notes (other than a sale pursuant to Rule 144A) during the Distribution Compliance Period a confirmation or other notice setting for the restrictions on offers and sales of the Notes within the United States or to or for the account or benefit of U.S. persons.

Terms used in this paragraph and not otherwise defined herein have the meanings given to them by Regulation S.

The Subscription Agreement provides that the Joint Lead Managers may directly or through their respective U.S. broker-dealer affiliates arrange for the offer and resale of the Notes in the United States only to persons whom it reasonably believes are QIBs and QPs who can represent that (A) they are QPs who are QIBs within the meaning of Rule 144A; (B) they are not broker-dealers who own and invest on a discretionary basis less than U.S.\$25 million in securities of unaffiliated issuers; (C) they are not participant-directed employee plans, such as a 401(k) plan; (D) they are acting for their own account, or the account of one or more QIBs each of which is a QP; (E) they are not formed for the purpose of investing in the Notes or the Issuer; (F) each account for which they are purchasing will hold and transfer at least U.S.\$200,000 in principal amount of Notes at any time; (G) they understand that the Issuer may receive a list of participants holding positions in its securities from one or more book-entry depositories; and (H) they will provide notice of the transfer restrictions set forth in the Listing Particulars to any subsequent transferees.

In addition, until 40 days after the commencement of the offering of the Notes, an offer or sale of Notes within the United States by any dealer (not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A.

The Issuer and the Joint Lead Managers reserve the right to reject any offer to purchase the Notes, in whole or in part, for any reason. These Listing Particulars do not constitute an offer to any person in the United States or to any U.S. person other than any QIB who is also a QP and to whom an offer has been made directly by one of the Joint Lead Managers or its U.S. broker-affiliate.

United Kingdom

Prohibition of sales to UK Retail Investors

Each Joint Lead Manager has severally represented, warranted and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any retail investor in the UK.

For the purposes of this provision the expression "**retail investor**" means a person who is one (or more) of the following:

- (a) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; or
- (b) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000, as amended ("**FSMA**") and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA.

Other regulatory restrictions

Each Joint Lead Manager has severally represented, warranted and agreed that:

- 1. it has only communicated or caused to be communicated, and will only communicate or cause to be communicated, any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer or the Initial Guarantors; and
- 2. it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

Russian Federation

Each Joint Lead Manager has severally represented, warranted and agreed that the Notes will not be offered, transferred or sold as part of their initial distribution or at any time thereafter to or for the benefit of any persons (including legal entities) resident, incorporated, established or having their usual residence in the Russian Federation or to any person located within the territory of the Russian Federation unless and to the extent otherwise permitted under Russian Law.

Ireland

Each Joint Lead Manager has severally represented, warranted and agreed that:

- (a) it will not underwrite the issue of, or place, the Notes otherwise than in conformity with the provisions of the European Union (Markets in Financial Instruments) Regulations 2017 (as amended, the "**MiFID II Regulations**"), including, without limitation, Regulation 5 (Requirement for authorisation (and certain provisions concerning MTFs and OTFs)) thereof or any codes of conduct made under the MiFID II Regulations and the provisions of the Investor Compensation Act 1998 (as amended);
- (b) it will not underwrite the issue of, or place, the Notes otherwise than in conformity with the provisions of the Companies Act 2014 (as amended, the "**Companies Act**"), the Central Bank Acts 1942-2018 (as amended) and any codes of practice made under Section 117(1) of the Central Bank Act 1989 (as amended);
- (c) it will not underwrite the issue of, or place, or do anything in Ireland in respect of, the Notes otherwise than in conformity with the provisions of the Prospectus Regulation, the European Union (Prospectus) Regulations 2019 and any rules and guidance issued by the Central Bank of Ireland (the "**Central Bank**") under Section 1363 of the Companies Act; and
- (a) it will not underwrite the issue of, place or otherwise act in Ireland in respect of, the Notes otherwise than in conformity with the provisions of the Market Abuse Regulation (EU 596/2014) (as amended), the European Union (Market Abuse) Regulation 2016 (as amended) and any rules and guidance issued by the Central Bank under Section 1370 of the Companies Act.

Cyprus

Each Joint Lead Manager has represented, warranted and agreed that (a) the Notes have not been offered, marketed or sold and will not be offered, marketed or sold, and (b) copies of these Listing Particulars or any offering material relating to the Notes will not be circulated or distributed or caused to be circulated or distributed, directly or indirectly, in Cyprus in contravention of the Public Offering and Prospectus Law (Law No. 114(I) of 2005) as amended (the "**Cyprus Prospectus Law**").

As the denomination of the Notes will be more than €100,000 and as the Notes will not be offered for sale in Cyprus, there is no obligation under the Prospectus Regulation and the Cyprus Prospectus Law to file or register the Listing Particulars with any competent authority in Cyprus.

Each Joint Lead Manager has represented, warranted and agreed that it has not and will not provide any "Investment Services" or "Ancillary Services" or perform any "Investment Activities" (as such terms are defined in the Cyprus law on Investment Services and Activities and Regulated Markets Law, L.87(I)/2017, as amended (the "**Investment Services Law**")) in Cyprus in relation to the Notes, and has not and will not provide any Investment Services or Ancillary Services to residents or persons domiciled in Cyprus, in each case in contravention of the Investment Services Law and/or any applicable regulations adopted pursuant thereto or in relation thereto.

Isle of Man

Each Joint Lead Manager has severally and not jointly nor jointly and severally represented, warranted and undertaken that the Notes will not be offered to any person in the Isle of Man other than in compliance with the licensing requirements of the Isle of Man Financial Services Act 2008 or in accordance with any relevant exclusion contained in the Isle of Man Regulated Activities Order 2011 or exemption contained in the Isle of Man Financial Services (Exemptions) Regulations 2011.

General

Each Joint Lead Manager has severally and not jointly nor jointly and severally agreed that it has in all material respects (to the best of its knowledge and belief) complied and will comply with applicable laws and regulations in each jurisdiction in which it offers, sells or delivers Notes and it has not taken, nor will it take, any action in any jurisdiction that would, or is intended to, permit a public offering of the Notes, or possession or distribution of any offering materials (in preliminary, proof or final form) in relation thereto, in any country or jurisdiction where action for that purpose is required.

Accordingly, each Joint Lead Manager has severally and not jointly nor jointly and severally undertaken to the Issuer and the Borrower that it will use its reasonable efforts not to, directly or indirectly, offer or sell any Notes in any country or jurisdiction except under circumstances that will (to the best of its knowledge and belief) result in compliance with any applicable securities laws and regulations and all offers and sales of Notes by it will be made on the same terms.

These selling restrictions may be modified by the agreement of the Issuer, the Borrower and the Joint Lead Managers following a change in a relevant law, regulation or directive.

TAXATION

The following is a general description of certain tax laws relating to the Notes and does not purport to be a comprehensive discussion of the tax treatment of the Notes. Prospective investors in the Notes should consult their own tax advisors as to the tax consequences of the purchase, ownership and disposition of the Notes in light of their particular circumstances, including but not limited to the consequences of receipt of interest and sale or redemption of the Notes.

The Russian Federation

Taxation of the Notes

General

The following is an overview of certain Russian tax considerations relevant to the purchase, ownership and disposal of the Notes as well as the taxation of interest income on the Loan. This overview is based on the laws of the Russian Federation in effect on the date of these Listing Particulars, which are subject to potential change (possibly with retroactive effect). This overview does not seek to address the applicability of, or procedures in relation to, taxes levied by regions, municipalities or other non-federal level authorities of the Russian Federation, nor does it seek to address the availability of double tax treaty relief in respect of income payable on the Notes, or practical difficulties connected with claiming such double tax treaty relief.

Prospective investors should consult their own tax advisers regarding the tax consequences of investing in the Notes that may arise in their own particular circumstances. No representation with respect to the Russian tax consequences of investing in, owning or disposing of the Notes pertinent to any particular Noteholder is made hereby.

Many aspects of the Russian tax laws are subject to significant uncertainty and lack of interpretive guidance, resulting in inconsistent interpretations and application thereof. Further, provisions of the Russian Tax Code applicable to financial instruments and the interpretation and application of those provisions by the Russian tax authorities may be subject to more rapid and unpredictable changes (possibly with retroactive effect) and inconsistent interpretation than in jurisdictions with more developed capital markets or more developed taxation systems. In particular, the interpretation and application of such provisions will in practice rest substantially with local tax inspectorates and relevant interpretations may constantly change. In practice, interpretation by different tax inspectorates may be inconsistent or contradictory, and may result in the imposition of conditions, requirements or restrictions that are not explicitly stated in the Russian Tax Code. Similarly, in the absence of binding precedents, court rulings on tax or other related matters taken by different Russian courts relating to the same or similar facts and circumstances may also be inconsistent or contradictory.

For the purposes of this overview, the term "**Resident Noteholder**" means:

- (a) a Noteholder which is a legal entity or an organisation and is:
 - (i) a Russian legal entity;

- (ii) a foreign legal entity or organisation recognised as a Russian tax resident based on Russian domestic law (if the Russian Federation is recognised as the place of management of such legal entity or organisation as determined in the Russian Tax Code unless otherwise envisaged by an applicable double tax treaty);
 - (iii) a foreign legal entity or organisation recognised as a Russian tax resident based on the provisions of an applicable double tax treaty (for the purposes of application of such double tax treaty); or
 - (iv) a foreign legal entity or organisation which holds and/or disposes of the Notes through its permanent establishment in the Russian Federation (a "**Resident Noteholder - Legal Entity**"), or
- (b) a Noteholder who is an individual and is actually present in Russia in total 183 calendar days or more in any period comprised of 12 consecutive months (a "**Resident Noteholder - Individual**").

Presence in the Russian Federation is not considered interrupted if an individual departs for short periods (less than six months) from the Russian Federation for medical treatment or education purposes as well as for the employment or other duties related to the performance of works (services) on offshore hydrocarbon fields. The interpretation of this definition by the Ministry of Finance of the Russian Federation states that, for tax withholding purposes, an individual's tax residence status should be determined on the date of the income payment (based on the number of days in the Russian Federation in the 12-month period preceding the date of the payment). An individual's final tax liability in the Russian Federation for any reporting calendar year should be determined based on the number of days spent in the Russian Federation in such calendar year. Recently the important amendments regarding tax residence of individuals in 2020 were introduced to the Russian Tax Code: the amendments stipulate that individuals may voluntarily declare themselves tax residents if their stay in Russia in 2020 exceeds 90 days. To this end, they are required to file an application (in a free format) with the tax authorities by 30 April 2021.

For the purposes of this overview, the term "**Non-Resident Noteholder**" means any Noteholder (including any individual (a "**Non-Resident Noteholder - Individual**") and any legal entity or an organisation (a "**Non-Resident Noteholder - Legal Entity**")) that does not qualify as a Resident Noteholder.

The Russian tax treatment of interest payments made by the Company to the Issuer under the Loan Agreement may affect the holders of the Notes. See "*Taxation of Interest Income on the Loan*" below. Noteholders should seek professional advice on their tax status in Russia.

Non-Resident Noteholders

Legal entities and organisations

Acquisition of the Notes

The acquisition of the Notes by a Non-Resident Noteholder - Legal Entity (whether upon issuance or in the secondary market) should not constitute a taxable event under Russian tax

law. Consequently, the acquisition of the Notes should not trigger any Russian tax implications for a Non-Resident Noteholder - Legal Entity.

Interest and repayment of principal on the Notes

Non-Resident Noteholders - Legal Entities generally should not be subject to any Russian taxes in respect of interest payments and repayments of principal on the Notes received from the Issuer subject to the conditions and requirements described in "*Taxation of Interest Income on the Loan*".

Disposal of the Notes

Non-Resident Noteholders - Legal Entities generally should not be subject to any Russian taxes in respect of gain or other income realised on sale, redemption or a disposal of the Notes, provided that no portion of proceeds from such sale, redemption or other disposal of the Notes is received from either a source within the Russian Federation or from a Russian tax resident which is a legal entity and no portion thereof is attributable to accrued interest.

There is some uncertainty regarding the tax treatment of the portion of the sales or disposal proceeds, if any, attributable to accrued interest (coupon) on the bonds (i.e. debt obligations) where proceeds from sale or other disposition of the Notes are received from a source within Russia by a Non-Resident Noteholder – Legal Entity, which is caused by isolated precedents in which the Russian tax authorities challenged the non-application of the Russian tax to the amount of accrued interest (coupon) embedded into the sale price of the Notes. Although the Ministry of Finance of the Russian Federation in its most recent clarification letters opined that the amount of sale or other disposal proceeds attributable to the accrued interest paid to a non-Russian organisation should not be regarded as Russian source income and on this basis should not be subject to taxation in Russia, there remains a possibility that a Russian entity or a foreign entity having a registered tax presence in Russia which purchases the Notes or acts as an intermediary may seek to assess Russian withholding tax at the rate of 20 per cent. (or such other rate as could be effective at the time of such sale or other disposal) on the accrued interest portion of the disposal proceeds.

Non-Resident Noteholders - Legal Entities should consult their own tax advisers with respect to the tax consequences of the acquisition and disposal of the Notes and the tax consequences of the receipt of proceeds from a source within the Russian Federation in respect of a sale, redemption or other disposal of the Notes and applicability of double tax treaty relief.

Individuals

Acquisition of the Notes

The taxation of income of Non-Resident Noteholders - Individuals will depend on whether the income is characterised as received from a Russian or non-Russian source. In certain circumstances, the acquisition of the Notes by Non-Resident Noteholders - Individuals (either at original issuance if the Notes are not issued at par or in the secondary market) may constitute a taxable event for Russian personal income tax purposes. In particular, if Non-Resident Noteholders - Individuals acquire the Notes in the Russian Federation or from a Russian entity and the acquisition price of the Notes is below fair market value (calculated under a specific procedure for the determination of market prices of securities for Russian personal income tax purposes), this may constitute a taxable event pursuant to the provisions

of the Russian Tax Code relating to material benefit (deemed income) received by individuals as a result of acquiring securities. Although the Russian Tax Code does not contain any provisions as to how the source of the related material benefit should be determined, in practice the Russian tax authorities may infer that such income should be considered as Russian source income if the Notes are purchased "in the Russian Federation". In the absence of any additional guidance as to what should be considered as a purchase of securities in the Russian Federation, the Russian tax authorities may apply various criteria to determine the source of the related material benefit, including looking at the place of conclusion of the acquisition transaction, the location of the seller, or other similar criteria. In such a case, the Non-Resident Noteholders - Individuals may be subject to the Russian personal income tax at a rate of 30 per cent. on an amount equal to the difference between the fair market value (calculated under the Russian Tax Code) and the purchase price of the Notes.

There is no assurance therefore that as a result any material benefit received by the Non-Resident Noteholders – Individuals in connection with the acquisition of the Notes will not become taxable in Russia. However, when the Notes are initially issued at par, the above provisions are likely to be relevant for the acquisition of the Notes in the secondary market only.

The tax may be withheld at source of payment or, if the tax is not withheld, the Non-Resident Noteholder - Individual may be required to declare its income in the Russian Federation by filing a tax return and/or paying the tax.

Interest and repayment of principal on the Notes

Non-Resident Noteholders - Individuals generally should not be subject to any Russian taxes in respect of interest payments and repayments of principal on the Notes received from the Issuer.

Taxation of interest payable on the Notes may be affected however by the tax treatment of interest payable on the Loan (please see "*Disposal of the Notes*" and "*Taxation of Interest Income on the Loan*" below).

Disposal of the Notes

Individual Non-Resident Noteholder generally should not be subject to any Russian taxes in respect of gain or other income realised on a redemption, sale or disposal of the Notes outside the Russian Federation, provided that the proceeds of such sale, redemption, or other disposal of the Notes are not received from either a source within the Russian Federation or from a Russian tax resident, which is a legal entity.

If proceeds from the sale, redemption or other disposal of the Notes, including any portion of such proceeds attributable to accrued interest income under the Notes, are received either from a Russian source or from a Russian tax resident, which is a legal entity, Non-Resident Noteholder - Individual will generally be subject to Russian personal income tax at a rate of 30 per cent. (or such other tax rate as may be effective at the time of disposal) in respect of the gross proceeds from such sale, redemption or other disposal less any available deduction of expenses incurred by the Noteholder (which includes the purchase price of the Notes) subject to any available double tax treaty relief, as discussed below in "*Double Tax Treaty Relief*".

Income received from a sale, redemption or disposal of securities should be treated as having been received from a Russian source if such sale, redemption or disposal occurs in the Russian Federation. In absence of any guidance as to what should be considered as a sale, redemption or other disposal of securities "in the Russian Federation", the Russian tax authorities may apply various criteria in order to determine the source of the sale, redemption or other disposal, including looking at the place of conclusion of the transaction, the location of the buyer, or other similar criteria. There is no assurance, therefore, that proceeds received by Non-Resident Noteholders - Individuals from a sale, redemption or disposal of the Notes will not become subject to tax in the Russian Federation.

In case the sales or other disposal proceeds are considered to be derived from Russian sources, Russian personal income tax will apply to the gross amount of proceeds decreased by the amount of any available cost deductions (including the original acquisition costs of the Notes and expenses relating to the acquisition, holding and sale or other disposal) provided that duly executed supporting documentation is provided to the person obliged to calculate and withhold Russian personal income tax in relation to this income in a timely manner. There is a risk that, if the documentation supporting the cost deductions is deemed insufficient by the Russian tax authorities or by the person remitting the proceeds to a Non-Resident Noteholder-Individual (where such person is considered the tax agent, obliged to calculate and withhold Russian personal income tax and remit it to the Russian budget), the cost deductions may be disallowed and the tax will apply to the gross amount of the sale, redemption or disposal proceeds.

Furthermore, there is also some uncertainty regarding tax treatment of the portion of the sales or disposal proceeds derived by a Non-Resident Noteholder – Individual from Russian sources in connection with the sale or disposal of the Notes, that is attributable to accrued interest on the Notes, if any. The Russian tax authorities could argue that such portion should be subject to Russian personal income tax at the rate of 30% (or such other tax rate as may be effective at the time of payment), even if the sale or other disposal of the Notes results in a loss.

In certain circumstances, if the sale and/or disposal proceeds (including accrued interest on the Notes) are paid to a Non-Resident Noteholder - Individual by a licensed broker or an asset manager, who carries out operations in the Russian Federation in the interests of a Non-Resident Noteholder - Individual under an asset management agreement, a brokerage service agreement, an agency agreement or a commission agreement; or by a Russian legal entity or an individual entrepreneur under a purchase-sale or a swap agreement, the applicable Russian personal income tax at the rate of 30 per cent. (or such other tax rate as may be effective at the time of payment) should be withheld at source by such person who will be considered as the tax agent. The withholding tax rate should generally be applied to the difference between the proceeds paid to the Non-Resident Noteholder - Individual and the amount of duly documented deductions relating to the original purchase cost and related expenses incurred by the Noteholder on the purchase, holding and sale of the Notes to the extent that such deductions and expenses can be determined by the entity making the payment. The person making the payment would be required to report to the Russian tax authorities the income received by and a deduction allowed to the Non-Resident Noteholder - Individual and tax withheld upon the sale of the Notes not later than 1 March of the year following the reporting year.

If a Russian personal income tax obligation arises as a result of the sale, redemption or other disposal of the Notes but the tax has not been withheld in the absence of a tax agent, a Non-

Resident Noteholder - Individual is required to file a personal income tax return in the Russian Federation to report the amount of income received to the Russian tax authorities and apply for a deduction in the amount of the acquisition cost and other expenses related to the acquisition, holding, sale or other disposal of the Notes, based on the provision of supporting documentation. The applicable personal income tax will then have to be paid by the individual on the basis of the filed personal income tax return.

If a Russian personal income tax obligation arises as a result of the sale, redemption or other disposal of the Notes but the tax agent was not able to withhold the tax and reported this fact to the Russian tax authorities, the tax is payable by the Non-Resident Noteholder - Individual based on a tax assessment issued by the Russian tax authorities.

Under certain circumstances, gains received and losses incurred by a Non-Resident Noteholder - Individual as a result of the sale, redemption or other disposal of the Notes and other securities of the same category (i.e., securities qualified as traded or non-traded for Russian personal income tax purposes) occurring within the same tax year may be aggregated for Russian personal income tax purposes, which would affect the total amount of personal income of a Non-Resident Noteholder - Individual subject to taxation in the Russian Federation.

Since the sales, redemption or other disposal proceeds and deductible expenses for Russian tax purposes are calculated in Roubles, the taxable base may be affected by fluctuations in the exchange rates between the currency in which the Notes were acquired, the currency in which the Notes were sold and Roubles, i.e. there could be a loss or no gain in the currency of the Notes but a gain in Roubles which could be potentially subject to taxation.

Non-resident Noteholders - Individuals should consult their tax advisers with respect to the tax consequences of the acquisition and disposal of the Notes and the tax consequences of the receipt of proceeds from a source within the Russian Federation in respect of a sale, redemption or other disposal of the Notes.

Resident Noteholders

A Resident Noteholder will generally be subject to all applicable Russian taxes and responsible for complying with any documentation requirements that may be established by law or practice in respect of gain from the sale, redemption or other disposal of the Notes and interest income received on the Notes.

Resident Noteholders should consult their own tax advisors with respect to the effect that the acquisition, holding and disposal of the Notes may have on their tax position.

Legal entities and organisations

A Resident Noteholder - Legal Entity should, *prima facie*, be subject to Russian profits tax at the rate of up to 20 per cent. on interest (coupon) income on the Notes as well as on the capital gain from the sale, redemption or other disposal of the Notes (including such income received by the Non-Resident Noteholders - Legal Entities which are recognised as controlled by such Resident Noteholders - under the Russian CFC rules). Generally, Resident Noteholders - Legal Entities are required to submit Russian profits tax returns, and assess and pay tax on capital gains and interest (coupon) income (including such income received by the

Non-Resident Noteholders - Legal Entities which are recognised as controlled by such Resident Noteholders - Legal Entities under the Russian CFC rules).

Individuals

A Resident Noteholder–Individual should generally be subject to personal income tax at a rate of 13 per cent. (or 15 per cent, please see below) on (i) deemed income resulting from the acquisition of the Notes at a price below fair market value, (ii) interest (coupon) income on the Notes and (iii) income received from the sale, redemption or other disposal of the Notes (including such income received by the Non-Resident Noteholders - Legal Entities which are recognised as controlled by such Resident Noteholders - under the Russian CFC rules). If such income is paid to a Resident Noteholder - Individual by a tax agent, the applicable Russian personal income tax of 13 per cent. (or such other tax rate as may be effective at the time of payment) should be withheld at source by such tax agent.

For the purposes of taxation of interest (coupon) income and income received from a sale, redemption and/or other disposal of the Notes, a tax agent is *inter alia* a licensed broker or an asset manager who carries out operations in the interest of a Resident Noteholder - Individual under an asset management agreement, a brokerage service agreement, an agency agreement or a commission agreement; or in certain cases a Russian legal entity or an individual entrepreneur under a purchase-sale or a swap agreement, . If the Russian personal income tax has not been withheld (if there was no tax agent) Resident Noteholders - Individuals are required to submit annual personal income tax returns, assess and pay the tax. If the tax agent in Russia was not able to withhold the tax and reported this fact to the Russian tax authorities, the tax is payable by the Non-Resident Noteholder - Individual based on a tax assessment issued by the Russian tax authorities.

It should be noted that on 23 November 2020, a new Federal Law in relation to taxation of individuals was introduced. The Law introduces progressive income tax rate on personal income: starting from 1 January 2021, personal income tax will amount to:

- 13 per cent. on income below or equal to RUB 5 million;
- 15 per cent. on income above RUB 5 million.

Resident Noteholders should consult their tax advisers with respect to their tax position regarding the Notes.

Double Tax Treaty Relief

The Russian Federation has concluded double tax treaties with a number of countries and is a successor of some double tax treaties concluded by the former Union of Soviet Socialist Republics. These double tax treaties may contain provisions that allow for the reduction or elimination of Russian withholding taxes with respect to income or proceeds received by Non-Resident Noteholders from a source within Russia, including income or proceeds from the sale, redemption or other disposal of the Notes. To the extent double tax treaty relief is available and the Russian Tax Code requirements are met (i.e. the "beneficial ownership" concept and the concept of the "tax residency"), a Non-Resident Noteholder must comply with the information, documentation and reporting requirements which are then in force in the Russian Federation in order to obtain such relief.

A Non-Resident Noteholder - Legal Entity who is the beneficial owner of income or proceeds in terms of an applicable double tax treaty and the Russian Tax Code would need to provide the payer of the income or proceeds with a certificate of tax residence issued by the competent tax authority of the relevant treaty country in advance of payment of income or proceeds in order to obtain a relief from Russian withholding taxes under a double tax treaty. This certificate should confirm that the respective Non-Resident Noteholder - Legal Entity is a tax resident of the relevant double tax treaty country in the particular calendar year during which the income or proceeds is paid. This certificate should be apostilled or legalised and needs to be renewed on an annual basis. A notarised Russian translation of the certificate may be required. However, the payer of the income or proceeds in practice may request additional documents confirming the eligibility of the Non-Resident Noteholder - Legal Entity for the benefits of the double tax treaty. In order to enjoy benefits under an applicable double tax treaty, the person claiming such benefits must be the beneficial owner of the relevant income or proceeds according to the respective requirements of the Russian Tax Code. In addition to a certificate of tax residency, the Russian Tax Code obliges the Non-Resident Noteholder - Legal Entity to provide the tax agent with a confirmation that it is the beneficial owner of the relevant income or proceeds in advance of payment of income or proceeds. There can be no assurance that the treaty relief at source will be available in practice.

Currently, in order to obtain a full or partial exemption from taxation in Russia under an applicable double tax treaty at source, a Non-Resident Noteholder - Individual should confirm to a tax agent that he or she is a tax resident in a relevant foreign jurisdiction having a double tax treaty with the Russian Federation by providing the tax agent with (i) a passport of a foreign resident, or (ii) another document envisaged by an applicable federal law or recognised as a personal identity document of a foreign resident in accordance with an international treaty, and (iii) if such passport/document does not confirm tax resident status in a foreign country, upon request of the tax agent, an official confirmation issued by the competent authorities evidencing his or her status of a tax resident in the respective country. A notarised Russian translation of such official confirmation is required. The above provisions are intended to provide a tax agent with the opportunity of applying reduced (or zero) withholding tax rates under an applicable double tax treaty at source.

The law does not clearly establish how the tax agent shall determine whether a passport is sufficient to confirm the individual's eligibility to double tax treaty benefits. There are no requirements under the Russian Tax Code for the individuals to provide evidence that they can be deemed as actual recipients (beneficial owners) of income from the Russian sources.

The procedure of elimination of double taxation of Non-Resident Noteholders – Individuals in case of absence of a tax agent is not explicitly indicated in the Russian Tax Code.

Non-Resident Noteholders should consult their own tax advisers with respect to the applicability of any double tax treaty relief and the relevant procedures required in Russia.

Refund of Tax Withheld

If (i) Russian withholding tax on income derived from either Russian sources, or from a Russian tax resident, which is a legal entity, by a Non-Resident Noteholder has been withheld at source or (ii) tax on such income has been paid by a Non-Resident Noteholder on the basis of a tax return, and such Non-Resident Noteholder is entitled to relief from tax on such income under an applicable double tax treaty allowing it not to pay the tax or to pay the tax at a reduced rate, a claim for a refund of such tax can be filed within three years from

the end of the tax period in which the tax was withheld or paid (subject to limitations described below).

In order to obtain a refund, a Non-Resident Noteholder - Legal Entity would need to file with the Russian tax authorities a duly notarised, apostilled and translated certificate of tax residence issued by the competent tax authority of the relevant double tax treaty country and other documents confirming the right for a refund under the Russian Tax Code (including the above Russian Tax Code requirements under the "beneficial ownership" concept).

The Russian tax authorities may, in practice, require a broad range of documents to confirm a Noteholder's right to benefits under a double tax treaty. Such documentation, in practice, may not be explicitly required by the Russian Tax Code or the relevant double tax treaty and may to a large extent depend on the position of the local tax inspectors.

If a Non-Resident Noteholder - Individual wishes to obtain a refund, he or she should provide a claim for a refund of the tax withheld and documents confirming the right for a refund under the Russian Tax Code to the tax agent (if there is an agent in Russia). If there is no tax agent on the date of receipt by the individual of confirmation of its tax residence status in a relevant foreign jurisdiction having an applicable double tax treaty with the Russian Federation, the individual can file a claim for a refund and documents confirming the right for a refund directly with the Russian tax authorities.

Obtaining a refund of Russian taxes withheld may be a time-consuming process and can involve considerable practical difficulties, including the possibility that a tax refund may be denied for various reasons. Non-Resident Noteholders should consult their tax advisors regarding the procedures required to be fulfilled in order to obtain a refund of Russian income tax which was excessively withheld at source.

Taxation of Interest Income on the Loan

In general, interest payments on borrowed funds made by a Russian legal entity or permanent establishment of a foreign organisation to a non-resident legal entity or organisation having no permanent establishment in the Russian Federation are subject to Russian withholding income tax at a rate of 20 per cent. and 30 per cent. in respect of non-resident individuals (or such other tax rate as may be effective at the time of payment), subject to reduction or elimination pursuant to the terms of an applicable double tax treaty and applicable provisions of the Russian Tax Code (i.e. the "beneficial ownership" concept and the concept of "tax residency").

No Russian withholding tax obligations should arise for Russian companies in Eurobond structures, including the transaction described in these Listing Particulars, by virtue of the release from tax agent obligations envisaged by the Russian Tax Code which provides that Russian borrowers should be fully released from the obligation to withhold Russian income tax from interest payments made on debt obligations provided that:

- (a) interest is paid on debt obligations of Russian entities that arose in connection with the issuance of "quoted bonds" (as defined below) by foreign organisations;
- (b) there is a double tax treaty between Russia and the jurisdiction of tax residence of the recipient of interest of the loan (i.e., the Issuer) which can be confirmed by a tax residency certificate issued by the competent authorities of his/her country of residence for tax purposes and effective as at the time of income payment.

According to the Russian Tax Code, the above exemption established for the interest payments is also applicable to

- (i) income payable by a Russian legal entity in connection with a guarantee, surety or other security granted by such Russian organisation with respect to a debt obligation to a foreign organisation and/or with respect to quoted bonds; and
- (ii) to other income payable by a Russian organisation providing that the payment of such income is established by the provisions of the respective debt obligation or such income is paid due to a change in the terms and conditions of the respective quoted bonds and/or debt obligations including the cases of their early repurchase or redemption.

A debt obligation is treated as connected with the issuance of quoted bonds by a foreign organisation if this is explicitly stated in the agreement governing the relevant debt obligation, including the terms and conditions, and/or prospectus of issuance of the quoted bonds, or if this fact is confirmed by the actual transfer of funds upon the issuance of the quoted bonds.

This exemption is also applicable to the foreign organisations, which are either recognised as Russian tax residents, or as those organisations, which activities are leading to recognition of a permanent establishment in Russia.

If the Company's Russian representative office is recognised as a permanent establishment for tax purposes and the payments under the Loan Agreement transferred to and made by this representative office are associated with its activities in the Russian Federation, the above tax exemption should be applicable to the Company.

However, if the Company's representative office is not recognised as a permanent establishment for tax purposes in the Russian Federation, the above tax exemption related to "quoted bonds" could not apply to the Company. In this situation, notwithstanding the fact that the foreign organisations, which do not have a permanent establishment in the Russian Federation, should not be obligated to withhold Russian withholding tax from their interest payments on borrowed funds, there is a risk that interest payments made by the Company to the Issuer under the Loan Agreement could be recognised as Russian source income and subject to Russian withholding tax at a rate of 20 per cent with respect to Non-Resident Noteholders - Legal Entities (or, potentially, 30 per cent. in respect of non-resident individual Noteholders) (or such other tax rate as may be effective at the time of payment).

For the purpose of the above exemption, the term "quoted bonds" means bonds and other debt obligations which (1) passed the listing procedure and/or (2) were admitted to circulation on one or more foreign stock exchanges and/or (3) rights to which are recorded by a foreign depository clearing organisation, provided such foreign stock exchanges and depository clearing organisations are specified in the List. The List includes the Irish Stock Exchange amongst the recognised foreign stock exchanges, Euroclear Bank S.A./N.V. ("*Евроклир Банк*") and Clearstream Banking S.A. (CBL) ("*Клирстрим Бэнкинг Люксембург*") amongst the recognised foreign depository-clearing organisations.

Criteria (1) and (2) should be satisfied in this case as the Notes will be listed on the Irish Stock Exchange. The Regulation S Notes should also satisfy criterion (3) because the Regulation S Notes will be cleared through Euroclear and Clearstream, Luxembourg, which

for the purposes of the Russian Tax Code essentially should mean that the rights to the Notes are "recorded" with one of the above foreign depository-clearing organisations. With respect to the Rule 144A Notes, the List does include Depository Trust and Clearing Company (DTCC) while DTC, which is a subsidiary of DTCC, is not directly and explicitly included in the List. Therefore, there is a risk that the Russian tax authorities could apply a formalistic approach and take a view that DTC is not a qualifying foreign depository organisation, in which case criterion (3) would not be satisfied for the Rule 144A Notes.

In any case, according to the Russian Tax Code, in order to be treated as "quoted bonds" fulfilment of one of the above criteria is sufficient. Therefore, the Notes should be recognised as "quoted bonds" for purposes of the Russian Tax Code.

The Company, based on professional advice received, believes that its Russian representative office (recognised as a permanent establishment for tax purposes) should not be obligated to withhold Russian withholding tax from interest payments made to the Issuer under the Loan Agreement because: (i) the Notes should be considered "quoted bonds" as described above; and (ii) the Loan is financed from the funds received from the issue of the Notes; provided the Issuer duly confirms its Irish tax residence.

If the Rule 144A Notes are delisted from Euronext Dublin, then such notes may potentially not fall within the definition of traded bonds under the Russian Tax Code (as DTC is not explicitly mentioned in the List), and therefore, there is a risk that the Company may be required to withhold Russian withholding tax from interest payments made by the Company to the Issuer. In any case, if the Notes are simultaneously (i) delisted from the Irish Stock Exchange and (ii) exchanged for duly executed and authenticated registered Notes in definitive form in the limited circumstances specified in the Global Certificates, the above exemption related to "quoted bonds" could not apply and the Company's permanent establishment in Russia will be required to withhold Russian withholding income tax from interest payments made by such permanent establishment to the Issuer.

Release from the tax agent duty effectively means that, in practice, income tax on interest payments under the Loan should not arise in Russia, because currently there is no mechanism or requirement for foreign income recipients that are legal entities to self-assess and pay the tax (provided that such legal entities are neither Russian tax residents, nor foreign entities, which are recognised as controlled by the Russian tax residents under the Russian CFC Rules). However, there can be no assurance that such mechanism will not be introduced in the future or that the Russian tax authorities would not seek to collect the tax from foreign income recipients.

In addition, in the event that the Issuer's interest expenses on the Notes (and on any other "quoted bonds" issued by the Issuer) represent less than 90 per cent. of the total expense of the Issuer in any financial year, there is a risk that tax residence rules established by the Russian Tax Code may be applied to the Issuer and the Issuer may be treated as a tax resident of Russia for Russian tax law purposes in case the Issuer is recognised as managed from Russia under applicable Russian tax law. In that case, payments of interest under the Notes made by the Issuer to the Noteholders could be recognised by Russian tax authorities as subject to Russian withholding tax at a rate of 20 per cent. or 30 per cent. with respect to Non-Resident Noteholders – Individuals (or such other tax rate as may be effective at the time of payment). However, the Russian Tax Code provides an exemption from the obligation to withhold tax from interest paid by a Russian organisation under "quoted bonds" issued in accordance with the legislation of the foreign jurisdiction (this exemption is

also applicable to the foreign organisations, which are either recognised as Russian tax residents, or as those organisations, which activities are leading to creation of a permanent establishment in Russia). Based on the above, the Issuer should be released from the obligation to withhold Russian withholding tax from interest payments made to the Noteholders under the Notes provided that the Notes continue to be recognised as "quoted bonds" for the purposes of the Russian Tax Code as outlined above.

If the payments under the Loan are subject to Russian withholding tax for any reason (as a result of which the Issuer may reduce payments made under the Notes by the amount of such withholding taxes), the Company is required (subject to certain conditions) to increase payments under the Loan Agreement as may be necessary so that the Issuer (or the Noteholders, as applicable) receive a net amount equal to the full amount they would have received in the absence of such withholding.

It should be noted, however, that it is currently unclear whether the provisions obliging the Company to gross up interest payments under the Loan will be enforceable in the Russian Federation. There is a risk that a gross-up for withholding tax will not take place and that the interest payments made by the Company under the Loan Agreement will be reduced by the amount of the Russian income tax withheld by the Company, at the rate of 20 per cent. (or such other rate as may be in force at the time of payment) or, potentially, with respect to Non-Resident Noteholders-Individuals Russian personal income tax at a rate of 30 per cent. (or such other rate as may be in force at the time of payment). If the Company is obliged to increase payments under the Loan Agreement, it may (without premium or penalty), subject to certain conditions, prepay the Loan in full. In such case, all outstanding Notes would be redeemable at par together with accrued and unpaid interest and additional amounts, if any, to the date of the redemption.

Taxation of Payments under the Guarantees

Non-Resident Noteholders

Payments following enforcement of the Guarantee to be made by the Initial Guarantors being Russian legal entities or Russian permanent establishment of foreign organisations to the non-resident Noteholders relating to interest on the Notes are likely to be characterised as Russian source income. Accordingly, there is a risk that such payments may be subject to withholding tax at a rate of 20 per cent. (or such other tax rate as may be effective at the time of payment) in the event that a payment under the Guarantee is made to a non-resident Noteholder that is a legal entity or organisation which in each case is not organised under Russian law and which holds the Notes otherwise than through a permanent establishment in the Russian Federation, subject to the provisions outlined in Section "*Double Tax Treaty Relief*" above. In the event a payment under the Guarantees is made to an Individual Non-Resident Noteholder, such payment may be subject to withholding tax at a rate of 30 per cent. (or such other tax rate as may be effective at the time of payment), subject to the provisions outlined in Section "*Double Tax Treaty Relief*" above.

The Issuer and the Initial Guarantors cannot offer any assurance that: (i) the exemption established for "quoted bonds" (as described above) or double tax treaty advance relief (or a refund of any taxes withheld) will be available to a Non Resident Noteholder with respect to payments under the Guarantees or (ii) that such withholding tax would not be imposed upon the entire payment under the Guarantees, including with respect to the principal amount of

the Notes. The imposition or the possibility of the imposition of this withholding tax could adversely affect the value of the Notes.

If the payments under the Guarantees are subject to any withholding taxes for any reason (as a result of which the Initial Guarantors would be obligated to reduce the payments to be made under the Guarantees by the amount of such taxes to be withheld), the Initial Guarantors is required to increase the payments as may be necessary so that the net amounts received in respect of such payments after such withholding or deduction will equal the respective amounts that would have been received in respect of such payments in the absence of such withholding or deduction. It is currently unclear whether the provisions obliging the Initial Guarantors to gross-up payments will be enforceable in Russia. There is a risk that the tax gross-up for withholding tax will not take place and that the full amount of the payments made by the Initial Guarantors will be subject to reduction by the Russian income tax at a rate of 20 per cent. or 30 per cent. in respect of Individual Non-Resident Noteholders. (or such other tax rate as may be effective at the time of payment)

Non-Resident Noteholders should consult their tax advisors with respect to the tax consequences of the receipt of payments under the Guarantees, including applicability of any available double tax treaty relief.

Resident Noteholders

A Resident Noteholder is subject to all applicable Russian taxes and responsible for complying with any documentation requirements that may be established by law or practice in respect of payments to be received by such Noteholder under the Guarantees.

Resident Noteholders should consult their tax advisers with respect to the tax consequences of the receipt of payments under the Guarantees.

Russian VAT

Payments under the Guarantees attributable to the principal amount or interest under the Notes and the additional tax gross-up amounts, should not be subject to Russian VAT. The payments under the Guarantees attributable to compensation of other expenses (if any) could be subject to Russian VAT.

All payments made by the Initial Guarantors with respect to the Guarantees will, except in certain limited circumstances, be made free and clear of and without withholding or deduction for, or on account of, any present or future taxes unless the withholding or deduction for, or on account of, such taxes is then required by law. In the event of such a deduction or withholding, the Initial Guarantors, as applicable, will pay such additional amounts as may be necessary in order that the net amounts received in respect of such payments after such withholding or deduction will equal the respective amounts that would have been received in respect of such payments in the absence of such withholding or deduction. While the Listing Particulars provide for the Initial Guarantors to pay such corresponding amounts in these circumstances, it is unclear whether a tax gross-up clause such as that contained in the Listing Particulars is enforceable in the Russian Federation. There is a risk that the tax gross-up for VAT will not take place and that the portion of the payments under the Guarantees attributable to compensation of other expenses (if any) made by the Initial Guarantors, which is a Russian legal entity, will be reduced by Russian VAT at a rate of 20 per cent.

Noteholders should consult their tax advisers with respect to the Russian VAT consequences of the receipt of payments under the Guarantees.

Ireland

The following is a summary of the principal Irish withholding tax consequences for individuals and companies of ownership of the Notes based on the laws and practice of the Irish Revenue Commissioners currently in force in Ireland and may be subject to change. It deals with Noteholders who beneficially own their Notes as an investment. Particular rules not discussed below may apply to certain classes of taxpayers holding Notes, such as dealers in securities, trusts, etc. The summary does not constitute tax or legal advice and the comments below are of a general nature only. Prospective investors in the Notes should consult their professional advisers on the tax implications of the purchase, holding, redemption or sale of the Notes and the receipt of interest thereon under the laws of their country of residence, citizenship or domicile.

Taxation of Noteholders

Withholding Tax

In general, tax at the standard rate of income tax (currently 20 per cent.) is required to be withheld from payments of Irish source interest which should include interest payable on the Notes. The Issuer will not be obliged to make a withholding or deduction for or on account of Irish income tax from a payment of interest on a Note where:

- (a) the Notes are Quoted Eurobonds, i.e. securities which are issued by a company (such as the Issuer), which are listed on a recognised stock exchange (such as Euronext Dublin) and which carry a right to interest; and
- (b) the person by or through whom the payment is made is not in Ireland, or if such person is in Ireland, either:
 - (i) the Notes are held in a clearing system recognised by the Irish Revenue Commissioners; (DTC, Euroclear and Clearstream, Luxembourg are, amongst others, so recognised); or
 - (ii) the person who is the beneficial owner of the Notes is not resident in Ireland and has made a declaration to a relevant person (such as a paying agent located in Ireland) in the prescribed form.

Thus, subject to the discussion below, so long as the Notes continue to be quoted on Euronext Dublin and are held in a clearing system recognised by the Irish Revenue Commissioners (DTC, Euroclear, Clearstream, Luxembourg are, amongst others, so recognised) interest on the Notes can be paid by any Paying Agent acting on behalf of the Issuer free of any withholding or deduction for or on account of Irish income tax. If the Notes continue to be quoted but cease to be held in a recognised clearing system, interest on the Notes may be paid without any withholding or deduction for or on account of Irish income tax provided such payment is made through a Paying Agent outside Ireland.

Interest or other distributions paid on the Notes which are profit dependent or any part of which exceeds a reasonable commercial return could, under certain anti-avoidance provisions, be re-characterised as a non-deductible distribution and be subject to dividend withholding tax in certain circumstances. However, this should not apply on the basis of a confirmation by the Issuer that, at the time the Notes were issued, the Issuer was not in

possession or aware of any information which could reasonably be taken to indicate that interest or other distributions paid on the Notes would not be subject, without reduction computed by reference to the amount of such interest or other distribution, to a tax in a relevant territory which generally applies to profits, income or gains received in that relevant territory by persons from sources outside that relevant territory, where the term "relevant territory" means a member state of the European Union (other than Ireland) or a country with which Ireland has signed a double tax treaty.

Encashment Tax

Irish tax will be required to be withheld at the rate of 25 per cent. from interest on any Note, where such interest is collected or realised by a bank or encashment agent in Ireland on behalf of any Noteholder. There is an exemption from encashment tax where the beneficial owner of the interest is not resident in Ireland and has made a declaration to this effect in the prescribed form to the encashment agent or bank.

Stamp Duty

No stamp duty or similar tax is imposed in Ireland on the issue, transfer or redemption of the Notes provided the Issuer is a qualifying company for the purposes of Section 110 of the Taxes Consolidation Act 1997 and the proceeds of the Notes are used in the course of the Issuer's business.

Isle of Man

The following is a summary based on the laws and practices currently in force in the Isle of Man regarding taxation and should be treated with appropriate caution. The summary does not constitute tax or legal advice and the comments below are of a general nature only. Prospective investors in the Notes should consult their professional advisers on the tax implications of the purchase, holding, redemption or sale of the Notes and the receipt of interest thereon under the laws of their country of residence, citizenship or domicile.

The Isle of Man operates a zero rate of tax for most corporate taxpayers. This will include Airport Management Company Limited (the "**Isle of Man Guarantor**"). Under the regime, the Isle of Man Guarantor will technically be subject to taxation on income in the Isle of Man, but the rate of tax will be zero; there will be no withholding to be made by the Isle of Man Guarantor on account of Isle of Man tax in respect of payments made by the Isle of Man Guarantor under the Deed of Guarantee.

The Isle of Man Guarantor is resident for taxation purposes in the Isle of Man by virtue of being incorporated in the Isle of Man.

Holders of the Notes resident in the Isle of Man will, depending upon their particular circumstances, be liable to Manx income tax on principal, premium (if any) and interest in respect of the Notes.

The EU Savings Tax Directive (2003/48/EC) came into force on July 1, 2005. The Isle of Man has entered into bilateral agreements with the EU Member States which effectively require the Isle of Man to comply with the requirements of the directive.

There is no capital gains tax, inheritance tax, stamp duty or stamp duty reserve tax in the Isle of Man. A probate fee may be payable in respect of the estate of a deceased holder of the Notes, up to a current maximum of £8,391.50.

Republic of Cyprus

The following is a summary based on the laws and practices currently in force in Cyprus regarding the tax position of investors beneficially owning their Notes and should be treated with appropriate caution. Particular rules may apply to certain classes of taxpayers holding Notes. The summary does not constitute tax or legal advice and the comments below are of a general nature only. Prospective investors in the Notes should consult their professional advisers on the tax implications of the purchase, holding, redemption or sale of the Notes and the receipt of interest thereon under the laws of their country of residence, citizenship or domicile.

Tax residency and tax basis

Individuals

An individual is considered to be a tax-resident of Cyprus if he or she is physically present in Cyprus for an aggregate total of more than 183 days in one year.

In addition, an individual who does not reside in any other country for one or more periods which would add up to more than 183 days in a year and who is not a tax resident of any other country for the same tax year is considered to be tax resident in Cyprus for that year, provided that the following conditions are satisfied:

- (i) He/she stays in Cyprus for at least 60 days in a year; and
- (ii) He/she has a business in Cyprus or is employed in Cyprus or holds an office in a person which is tax resident in Cyprus at any period in the tax year; and
- (iii) He/she has a permanent residence in Cyprus which is owned or rented by that person.

Companies

A company is considered to be tax resident in Cyprus if its management and control is exercised in Cyprus. There is no definition in the Cyprus Income tax laws as to what constitutes "management and control". In practice, the OECD model convention definition of "resident of a contracting state" is followed by the Cyprus tax authorities. "Resident of a contracting state" is defined as "any person who, under the laws of that state, is liable to tax therein by reason of his domicile, residence, place of management or any other criterion of a similar nature" and "where a person other than an individual is a resident of both contracting states, it shall be deemed to be a resident of that state in which its place of effective management is situated". The OECD's commentary regarding the model convention states: "The place of effective management is the place where key management and commercial decisions that are necessary for the conduct of the entity's business are in substance made. The place of effective management will ordinarily be the place where the most senior person or group of persons (for example a board of directors) makes its decisions, the place where the actions to be taken by the entity as a whole are determined; however, no definitive rule can be given and all relevant facts and circumstances must be examined to determine the

place of effective management. An entity may have more than one place of management, but it can have only one place of effective management at any one time".

A company is regarded as having a "permanent establishment" in Cyprus if it has a fixed place of business through which the trade of the business is carried out fully or partially, and including a management base, a branch or an office.

Tax basis

All Cyprus tax residents are taxed on their worldwide income. Non-Cyprus tax residents are taxed on income derived from sources in Cyprus or from a business activity which is carried out through a permanent establishment in Cyprus.

Interest Payments

Residents/Permanent Establishments. Interest payments made to residents of Cyprus may be subject to special defence contribution taxes in Cyprus at a rate of 30 per cent, if such interest is characterised as "passive" income. If the interest is characterised as "active" income, it is not subject to any special defence contribution taxes. "Active" income is the income accrued from activities directly related to or closely connected with the ordinary course of business. "Passive" income is the income directly or indirectly from activities that generate investment income.

Interest payments made to individuals who are tax residents of Cyprus will be subject to general health system contribution tax in Cyprus at a rate of 2.65 per cent. National Health Service ("NHS") contributions are capped at EUR 180,000.00 annual income per individual.

Taxation of Interest Income

Resident Individuals

Interest income received by a resident individual is wholly exempt from income tax. However, such interest income is subject to a special defence contribution tax at the rate of 30 per cent. Tax resident individuals who are not Cyprus domiciled are exempt from payment of the special defence contribution tax.

Interest payments made to individuals who are tax residents of Cyprus will be subject to general health system contribution tax in Cyprus at a rate of 2.65 per cent. NHS contributions are capped at EUR 180,000.00 annual income per individual.

Resident Legal Entities/Permanent Establishments

Any interest received that is deemed to be of an "active" nature will be subject to corporation income tax in Cyprus at a rate of 12.5 per cent. (after deduction of expenses wholly and exclusively incurred for the production of income) and will be exempt from the special defence contribution tax.

Any interest received that is deemed to be of a "passive" nature will be subject to a 30 per cent. special defence contribution tax on the total amount.

Other taxes

Profits realised from the sale of the Notes are exempt from taxation in Cyprus. Interest income is, however, subject to the treatment discussed directly above.

Taxation of Interest on the Loan

Payments, including interest and principal amount payments, made by a Cypriot legal entity in relation to a loan obtained from a non-Cypriot legal entity are made without any withholding taxes imposed in Cyprus.

Stamp duty

Cyprus levies stamp duty on every instrument (agreement or document) if:

- it relates to any property situated in Cyprus; or
- it relates to any matter or thing which is performed or done in Cyprus.

There are instruments (agreements or documents) which are subject to stamp duty in Cyprus at a fixed fee (ranging from EUR 1.00 to EUR 35.00) and instruments which are subject to stamp duty based on the value of the instrument as follows:

- For instruments with a value of EUR 1.00 up to EUR 5,000 there is no stamp duty payable.
- For instruments with a value between EUR 5,000 up to EUR 170,000 the stamp duty payable is of EUR 1.50 for every EUR 1,000 or a part of the EUR 1,000.
- For contracts with a value over EUR 170,000 the stamp duty payable is EUR 2.00 for every EUR 1,000 or a part of the EUR 1,000 with a maximum stamp duty (*i.e.* cap) of EUR 20,000.

Where more than one documents/agreements are used in the same transaction, only the main document will usually attract stamp duty calculated on the basis of the above formula and the remaining documents may be considered as ancillary documents on which a nominal amount of stamp duty at the rate of Euro 2,00 per document will be levied.

The obligation to pay stamp duty arises irrespective of whether the instrument is executed in Cyprus or abroad.

On the basis of the previous practice of the Cyprus Stamp Duty Commissionaire, it is expected that the Loan Agreement will attract stamp duty calculated on the basis of the above formula (calculated on the basis of the value of the facility) and the remaining documents of the transaction will be subject to the nominal value of Euro 2,00 per document.

CERTAIN UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS

The following is a summary of certain U.S. federal income tax consequences of the acquisition, ownership and disposition of Notes by a U.S. Holder (as defined below). This summary deals only with purchasers of Notes that are U.S. Holders acquiring Notes in this offering at their issue price (generally the first price at which a substantial amount of the Notes is sold for money, excluding sales to bond houses, brokers or similar persons or organisations acting in the capacity of underwriters, placement agents or wholesalers) and that will hold the Notes as capital assets (generally, property held for investment). The discussion does not address any U.S. tax consequences to holders of the Notes that are not

U.S. Holders, and does not cover all aspects of U.S. federal income taxation that may be relevant to, or the actual tax effect that any of the matters described herein will have on, the acquisition, ownership or disposition of Notes by particular investors (including consequences under the alternative minimum tax and the tax on net investment income), and does not address U.S. state, local, non-U.S. or non-income tax laws (such as the estate or gift tax laws). This summary also does not discuss all of the tax considerations that may be relevant to certain types of investors subject to special treatment under the U.S. federal income tax laws (such as financial institutions, insurance companies, individual retirement accounts and other tax-deferred accounts, tax-exempt organisations, dealers in securities or currencies traders that elect to mark-to-market, investors that will hold the Notes as part of straddles, hedging transactions or conversion transactions for U.S. federal income tax purposes, persons that have ceased to be U.S. citizens or lawful permanent residents of the United States, investors holding the Notes in connection with a trade or business conducted outside of the United States, investors required to include certain amounts in income no later than the time such amounts are reflected on their financial statements or investors whose functional currency is not the U.S. Dollar).

As used herein, the term "U.S. Holder" means a beneficial owner of Notes that is, for U.S. federal income tax purposes, (i) an individual citizen or resident of the United States, (ii) a corporation created or organised under the laws of the United States, any state thereof or the District of Columbia (iii) an estate the income of which is subject to U.S. federal income tax without regard to its source or (iv) a trust if either a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust, or the trust has validly elected to be treated as a domestic trust for U.S. federal income tax purposes.

The U.S. federal income tax treatment of a partner in an entity or arrangement treated as a partnership for U.S. federal income tax purposes that holds Notes will depend on the status of the partner and the activities of the partnership. Prospective purchasers that are entities or arrangements treated as partnerships for U.S. federal income tax purposes should consult their tax advisers concerning the U.S. federal income tax consequences to them and their partners of the acquisition, ownership and disposition of Notes by the partnership.

The summary below is based on the tax laws of the United States including the Internal Revenue Code of 1986, as amended (the "**Code**"); legislative history, final, temporary, and proposed regulations issued under the Code; published rulings and court decisions; all as of the date hereof and all subject to change at any time, possibly with retroactive effect.

THE SUMMARY OF U.S. FEDERAL INCOME TAX CONSEQUENCES SET OUT BELOW IS FOR GENERAL INFORMATION ONLY. PROSPECTIVE PURCHASERS SHOULD CONSULT THEIR TAX ADVISERS AS TO THE PARTICULAR TAX CONSEQUENCES TO THEM OF ACQUIRING, OWNING AND DISPOSING OF THE NOTES, INCLUDING THE APPLICABILITY AND EFFECT OF U.S. STATE, LOCAL AND NON-U.S. TAX LAWS, NON-INCOME TAX LAWS (SUCH AS ESTATE AND GIFT TAXES) AND OTHER FEDERAL TAX LAWS AND POSSIBLE CHANGES IN TAX LAW.

U.S. Federal Income Tax Characterisation of the Notes

No authority directly addresses the characterisation of securities like the Notes for U.S. federal income tax purposes and no ruling will be requested from the U.S. Internal Revenue

Service (the "**IRS**") as to the characterisation of the Notes for these purposes. To the extent relevant for U.S. federal income tax purposes, the Issuer intends to treat the Notes as indebtedness for these purposes consistent with their form. This characterisation is binding on all U.S. Holders unless the U.S. Holder discloses on its U.S. federal income tax return that it is treating the Notes in a manner inconsistent with the Issuer's characterisation. No assurance can be given that the IRS will not assert, or that a court would not sustain, a position regarding the characterisation of the Notes that is contrary to the Issuer's characterisation. If the IRS were to challenge such characterisation, there is a risk that the Notes may be recast as equity interests for U.S. federal income tax purposes. If this were to happen, certain U.S. Holders may be subject to additional requirements and the failure to comply with such requirements could subject those U.S. Holders to significant penalties. Prospective investors should seek advice from their own tax advisers as to the consequences to them of alternative characterisations of the Notes and the possibility that the Notes will be classified as equity interests. The discussion below assumes that the Notes will be treated as debt for U.S. federal income tax purposes.

Payments of Interest

Interest on a Note will be taxable to a U.S. Holder as ordinary income at the time it is received or accrued, depending on the U.S. Holder's method of accounting for U.S. federal income tax purposes.

A U.S. Holder will also be required to include any withholding taxes paid, or deemed paid, on its behalf as ordinary income. Interest and any additional amounts paid by the Issuer on the Notes generally will constitute income from sources outside the United States. U.S. Holders should consult their tax advisers concerning the applicability of the U.S. foreign tax credit and source of income rules to income attributable to the Notes.

Sale and Retirement of Notes

A U.S. Holder will generally recognise gain or loss on the sale or retirement of a Note equal to the difference between the amount realised on the sale or retirement and the U.S. Holder's tax basis in the Note. A U.S. Holder's tax basis in a Note will generally be its cost. The amount realised does not include the amount attributable to accrued but unpaid interest, which will be taxable as interest income to the extent not previously included in income. Gain or loss recognised on the sale or retirement of a Note will be capital gain or loss and will be long-term capital gain or loss if the U.S. Holder's holding period in the Notes exceeds one year. The ability of U.S. Holders to use capital losses is subject to limitations. Gain or loss realised by a U.S. Holder on the sale or retirement of a Note generally will be U.S. source. Consequently, if a Russian or Irish tax is imposed on such gain, the U.S. Holder generally will not be able to use the corresponding foreign tax credit, unless the holder has other foreign-source income of the appropriate type in respect of which the credit may be used. The U.S. foreign tax credit rules are very complex and U.S. Holders should consult their tax advisers with respect to the application of these rules to their particular circumstances.

Substitution of the Issuer

If a successor is substituted for the Issuer, the substitution may, depending on the circumstances, be treated as an exchange of the Notes for deemed new notes of the successor. In such an event, unless a non-recognition provision applies, a U.S. Holder

generally will recognise any gain or loss realised in the deemed exchange in an amount equal to the difference, if any, between (i) the issue price of the new notes (which would be their fair market value assuming the Notes are trading on an established market) and (ii) the U.S. Holder's adjusted tax basis in the Notes. If the stated principal amount of the new notes received in the deemed exchange exceeds their issue price, a U.S. Holder may be required to recognise OID as ordinary income on the new notes as a result of the substitution. The OID would be the amount by which the stated principal amount of the new notes exceeds their issue price. Regardless of its regular method of tax accounting, a U.S. Holder would be required to accrue any OID as ordinary income on a constant yield to maturity basis whether or not it received cash payments, unless the amount of OID was less than 0.25 per cent. of the issue price multiplied by the number of complete years to maturity, in which case such "de minimis OID" generally would result in capital gain upon the sale or retirement of the Notes. U.S. Holders should consult their tax advisers regarding the foregoing.

Backup Withholding and Information Reporting

In general, payments of interest and the proceeds of a sale or retirement of the Notes payable to a U.S. Holder by a U.S. intermediary will be reported to the IRS and to the U.S. Holder as may be required under applicable regulations. Backup withholding may apply to these payments if the U.S. Holder fails to provide an accurate taxpayer identification number or certification of exempt status or fails to comply with applicable certification requirements. Certain U.S. Holders are not subject to backup withholding. The amount of any backup withholding from a payment to a U.S. Holder will be allowed as a credit against the U.S. Holder's U.S. federal income tax liability and may entitle the U.S. Holder to a refund, provided that the required information is timely furnished to the IRS.

U.S. Holders should consult their tax advisers regarding any other reporting obligations they may have as a result of their acquisition, ownership or disposition of Notes. Failure to comply with certain reporting obligations could result in the imposition of substantial penalties.

U.S. Foreign Account Tax Compliance Rules

Pursuant to Sections 1471 through 1474 of the Code (commonly referred to as "**FATCA**") and subject to the proposed regulations discussed below, a "foreign financial institution" (such as the Issuer or another non-U.S. financial institution through which payments on the Notes are made) may be required to withhold U.S. tax on certain "**foreign passthru payments**" to the extent such payments are treated as attributable to certain U.S. source payments. A foreign financial institution may be required to withhold U.S. tax at a rate of 30 per cent. on all, or a portion of, payments made with respect to the Notes if the terms of the Notes and the terms of the Loans are materially modified after the date that is six months after the date on which the final regulations that define "foreign passthru payments" for purposes of FATCA are filed with the U.S. Federal Register (the "**Grandfather Date**"). Moreover, if additional notes (as described under "*Terms and Conditions of the Notes—Further Issues*") that are not distinguishable from previously issued Notes are issued after the Grandfather Date and are subject to withholding under FATCA, then withholding agents may treat all Notes, including the Notes offered prior to the Grandfather Date, as subject to withholding under FATCA. Such withholding tax generally would apply unless the recipient of the relevant payment has entered into an agreement with the IRS to provide certain information on its account holders or is otherwise exempt from or is in deemed-compliance with FATCA. If the Issuer itself is not in compliance with FATCA, payments it receives

may be subject to FATCA withholding. Pursuant to proposed regulations issued under FATCA, any withholding on foreign passthru payments on the Notes that are not otherwise grandfathered would apply to passthru payments made on or after the date that is two years after the date of publication in the U.S. Federal Register of applicable final regulations defining foreign passthru payments. Taxpayers generally may rely on these proposed regulations until final regulations are issued. Non-U.S. governments have entered into agreements with the United States (and additional non-U.S. governments are expected to enter into such agreements) to implement FATCA in a manner that alters the rules described herein. Holders should consult their tax advisers on how these rules may apply to their investment in the Notes.

If an amount in respect of FATCA were to be deducted or withheld from interest, principal or other payments on or with respect to the Notes, the Issuer would have no obligation to pay additional amounts or otherwise indemnify a Noteholder for any such withholding or deduction by the Issuer, the Principal Paying Agent or any other party as a result of the deduction or withholding of such amount. A Noteholder that is withheld upon under FATCA generally will be able to obtain a refund only to the extent an applicable income tax treaty with the United States entitles the Noteholder to a reduced rate of tax on the payment that was subject to withholding under FATCA, provided the required information is furnished in a timely manner to the IRS.

Significant aspects of the application of FATCA are based on regulations, proposed regulations and interim guidance, which may be subject to change. Noteholders should consult their advisers about the application of FATCA, in particular if they may be classified as financial institutions under the FATCA rules.

CERTAIN ERISA CONSIDERATIONS

ERISA imposes fiduciary standards and certain other requirements on employee benefit plans subject thereto (collectively, "**ERISA Plans**"), including collective investment funds, separate accounts, and other entities or accounts whose underlying assets are treated as assets of such plans pursuant to the U.S. Department of Labor "plan assets" regulation, 29 CFR Section 2510.3-101 (the "**Plan Assets Regulation**") as modified by Section 3(42) of ERISA, and on those persons who are fiduciaries with respect to ERISA Plans.

Under a "**look-through rule**", if an ERISA Plan or a plan that is not subject to ERISA but that is subject to Section 4975 of the United States Internal Revenue Code of 1986, as amended (the "**Code**") (collectively, "**Plans**"), invests in an "**equity interest**" of an entity and no other exception applies, the Plan's assets include both the equity interest and an undivided interest in each of the entity's underlying assets. Unless another exception applies, this rule can apply where benefit plan investors own 25 per cent. or more of the value of any class of equity interest in the entity. For purposes of this 25 per cent. determination, the value of equity interests held by persons (other than benefit plan investors) that have discretionary authority or control with respect to the assets of the entity or that provide investment advice for a fee (direct or indirect) with respect to such assets (or any affiliate of such a person) is disregarded. An equity interest does not include a security that is treated as indebtedness (under applicable local law) which does not have substantial equity features. The term "**benefit plan investor**" is defined as (a) an employee benefit plan (as defined in Section 3(3) of ERISA) that is subject to Title I of ERISA, (b) a plan to which Section 4975 of the Code applies, or (c) any entity whose underlying assets include "**plan assets**" by reason of any such plan's investment in the entity. Where the value of an equity interest in an entity, as determined under the Plan Assets Regulation, relates solely to identified property of the entity, that property could be treated as the sole property of a separate entity.

Because the Issuer is not required to and may not possess any assets other than the Loan and the Notes are expected to be paid by the Issuer only to the extent of proceeds and other amounts received under or from the Loan and the Guarantees, they may be regarded for ERISA purposes as indebtedness having substantial equity features or as equity interests in a separate entity whose sole asset is the Loan and the Guarantees. Further, neither the Issuer nor BNY Mellon Corporate Trustee Services Limited as trustee will or be able to monitor the Noteholders' possible status as benefit plan investors. Accordingly, the Notes (and interests in Notes) are not permitted to be acquired by or on behalf of any benefit plan investor.

Governmental plans, certain church plans and certain non U.S. plans, while not subject to the prohibited transaction provisions of ERISA or the provisions of Section 4975 of the Code, may nevertheless be subject to federal, state, local, non U.S. or other laws or regulations that are substantially similar to the foregoing provisions of ERISA or the Code. Fiduciaries of such plans should consult with their counsel before purchasing any of the Notes or any interest therein.

BY ITS PURCHASE AND HOLDING OF THE NOTES (INCLUDING ANY TRANSFEREE), THE PURCHASER THEREOF WILL BE DEEMED TO MAKE THE REPRESENTATIONS AND AGREEMENTS CONCERNING ITS STATUS AS A BENEFIT PLAN INVESTOR OR OTHER EMPLOYEE BENEFIT PLAN AS SET FORTH HEREIN UNDER *TRANSFER RESTRICTIONS*.

The foregoing discussion should not be construed as legal advice. Any potential purchaser of Notes should consult its legal counsel with respect to issues arising under ERISA, Section 4975 of the Code and any Similar Laws and make its own independent decisions.

GENERAL INFORMATION

1. The Notes have been accepted for clearance through Euroclear, Clearstream, Luxembourg and DTC. The Common Code and ISIN for the Regulation S Notes are 227853409 and XS2278534099, respectively. The Common Code, CUSIP and ISIN for the Rule 144A Notes are 227860294, 23291Q AA0 and US23291QAA04, respectively. The address of Euroclear is 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium, the address of Clearstream, Luxembourg is 42 Avenue JF Kennedy, L-1855 Luxembourg and the address for DTC is 55 Water Street, New York, NY 10041, United States of America.
2. The Company has its registered offices at Michalaki Karaoli, 2, office 203, 1095, Nicosia, Cyprus, telephone + 357 22 777 000.
3. Application has been made to Euronext Dublin for the Notes to be admitted to the Official List and to trading on the Global Exchange Market through Arthur Cox Listing Services Limited. Arthur Cox Listing Services Limited is acting solely in its capacity as listing agent for the Issuer in connection with the Notes and is not itself seeking admission of the Notes to the Official List or to trading on the Global Exchange Market.
4. The Legal Entity Identifier of the Issuer is 635400OVV3CKEYWLQV14. The Legal Entity Identifier of the Company is 213800HLA58H1C9UHS43.
5. Copies of the following documents may be inspected (i) in physical format at the offices of or by electronic means from (at the discretion of the Principal Paying Agent) the Principal Paying Agent in London and (ii) in physical format at the registered office of the Issuer during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) for so long as the Notes are listed on Euronext Dublin:
 - (a) a copy of these Listing Particulars, together with any supplement to these Listing Particulars;
 - (b) the constitution of the Issuer;
 - (c) the memorandum and articles of association of the Company and each Initial Guarantor;
 - (d) the Group's Financial Statements;
 - (e) the Issuer's Financial Statements;
 - (f) the Loan Agreement;
 - (g) the Deed of Guarantee;
 - (h) the Paying Agency Agreement; and
 - (i) the Trust Deed, which includes the forms of the Global Certificates and the Definitive Certificates.

The Listing Particulars will be available in hard copy at the offices of the Issuer and the Company.

6. The Loan Agreement has been authorised by a decision of the Board of Directors of the Company, dated 18 January 2021. The issue of the Notes and the granting of the Loan was authorised by a decision of the Board of Directors of the Issuer on 13 January 2021. The Guarantees were approved by the relevant Initial Guarantor by a decision of the general meeting of the shareholders and/or of the board of directors, as applicable, of each Initial Guarantor on 15 January 2021 and 18 January 2021.
7. No consents, approvals, authorisations or orders of any regulatory authorities other than as disclosed in the Listing Particulars are required by the Issuer under the laws of Ireland for maintaining the Loan or the Guarantees or for issuing the Notes.
8. Since 31 December 2019, there has been no material adverse change in the financial position or prospects of the Issuer and no significant change in the financial or trading position of the Issuer. The Issuer has no subsidiaries.
9. Save as disclosed in "*Risk Factors—Risks Relating to the Group, the Group's Business and Industry in which It Operates—The COVID-19 pandemic and measures to reduce the number of cases have had, and will likely continue to have, a material adverse impact on the Group's business, financial condition, results of operations and/or prospects*" and "*Operating and Financial Review—Significant Factors Affecting the Results of Operations—COVID-19 pandemic*", there has been no significant change in the financial or trading position of the Company, the Initial Guarantors or of the Group since the nine months ended 30 September 2020 and no material adverse change in the financial position or prospects of the Company, the Initial Guarantors or of the Group since 31 December 2019.
10. Save for the fees payable to the Joint Lead Managers, the Trustee and the Agents, so far as the Issuer is aware, no person involved in the issue of the Notes has an interest that is material to the issue of the Notes.
11. There have been no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which any of the Issuer, the Company or the Initial Guarantors is aware), during the previous 12 months in relation to the Issuer, the Company or the Initial Guarantors, which may have, or have had in the recent past, significant effects on the Issuer's, the Company's, the Initial Guarantors' and/or the Group's financial position or profitability.
12. The Trust Deed provides, *inter alia*, that the Trustee may rely on any certificate or report prepared by accountants pursuant to the Trust Deed (whether or not addressed to the Trustee), notwithstanding whether or not the accountants' liability in respect thereof is limited by a monetary cap or otherwise.
13. The Company has obtained all necessary consents, approvals and authorisations in the Republic of Cyprus in connection with its entry into, and performance of its obligations under, the Loan Agreement.
14. The Initial Guarantors have obtained all necessary consents, approvals and authorisations in the Russian Federation / Cyprus / Isle of Man, as applicable, in

connection with their entry into, and performance of their obligations under, the Deed of Guarantee.

15. The Bank of New York Mellon SA/NV, Luxembourg Branch will act as Registrar in relation to the Notes.
16. The loan to value ratio of the Notes is 100 per cent.
17. BNY Mellon Corporate Trustee Services Limited is a professional trustee company, which is providing its services in relation to the Notes on an arm's length basis in consideration of a fee. Under the terms of the Trust Deed, the power of appointing new trustees is vested in the Issuer but a trustee so appointed must in the first place be approved by an Extraordinary Resolution of Noteholders. The Noteholders have the power, exercisable by Extraordinary Resolution, to remove any trustee or trustees. The removal of any trustee is only effective if following the removal there remains a trustee (being a trust corporation) in office after such removal. In addition, BNY Mellon Corporate Trustee Services Limited, or any other trustee duly appointed, may retire at any time upon giving not less than three months notice in writing to the Issuer (copied to the Company). The retirement of any trustee is only effective if, following the retirement, there remains a trustee (being a trust corporation) in office after such retirement. If the trustee has given notice of its desire to retire and the Issuer is unable to procure a new trustee to be appointed and the Issuer has not by the expiry of such notice appointed a new trustee, the trustee shall have the power of appointing new trustee(s).

INDUSTRY REGULATION

REGULATION OF AIRPORTS IN RUSSIA

Set forth below are certain key provisions of Russian legislation relating to airport operation, which apply to the Group's business activities. However, this description is not comprehensive and is qualified in its entirety by reference to applicable Russian law.

OVERVIEW OF THE APPLICABLE LEGISLATION

The regulation of airport operation in Russia is primarily based on the following laws and regulations:

- Transport Strategy of the Russian Federation approved by Government executive order No. 1734-r dated 22 November 2008 (the "**Transport Strategy**"): The Transport Strategy regulates the main problems arising in the transportation sector of the Russian economy and establishes direction for its development.

- the Air Code:

The Air Code sets the principles for usage of airspace of the Russian Federation and for the aviation-related activities. The Air Code provides both general fundamental regulation of operations in civil aviation, state defence and flight security assurance, ecological safety and specific regulation of airport activities, including rules concerning issues of admission to airport operations.

- the Civil Code:

The Civil Code regulates proprietary and certain non-proprietary relations between many types of parties, including individuals and legal entities. In particular, the Civil Code establishes: (i) the rules for obtaining and transferring ownership of movable and immovable property; (ii) the basic rules for concluding, amending, performing and terminating contracts; and (iii) the material terms and conditions of a number of contracts (including, but not limited to, forwarding contracts, transportation (carriage) agreements, service agreements, lease agreements, loan and credit agreements).

- Federal Law "On Natural Monopolies" No. 147-FZ dated 17 August 1995, as amended (the "**Natural Monopolies Law**"):

The Natural Monopolies Law defines the legal basis for the federal policy with respect to natural monopolies in the Russian Federation and aims at achieving a balance of interests of consumers and natural monopolies. In accordance with this law, the services within transport terminals and airports are classified as belonging to the natural monopoly sector and the prices (tariffs) charged by airports, such as DME, for such services are regulated by the state.

- Federal Law "On Licensing of Certain Types of Activities" No. 99-FZ dated 4 May 2011, as amended (the "**Licensing Law**"):

The Licensing Law provides for the list of licensing activities in Russia, as well as establishes legislative framework with respect to such activities.

- Federal Law "On Transport Security" No. 16-FZ dated 9 February 2007, as amended (the "**Transport Security Law**");

The Transport Security Law provides a legislative framework for aviation and airport security in the context of general provision of security by the State to the Russian Federation and, until 22 October 2013, requires the Russian Ministry of Transport to establish transportation security requirements for various categories of transportation infrastructure facilities. Since 22 October 2013, the Russian government is required to establish such rules. However, until special rules are adopted in respect of airports, general rules adopted by the Russian Ministry of Transport continue to apply.

- A number of **Government decrees of the Russian Federation** dated 5 October 2020 that set up requirements for transport security:

No. 1603 "On approval of requirements to transportation security including requirements to security and counter-terrorism measures provision at facilities (territory) considering security level for transportation facilities of air transport that is not subject to categorising". The Decree is effective starting from 16 October 2020 until 16 October 2026;

No. 1604 "On approval of requirements to transportation security considering security level for transportation facilities of air transport". The Decree is effective starting from 16 October 2020 until 16 October 2026. Some provisions are effective starting from 1 January 2023 or 1 January 2015 for 6 years;

No. 1605 "On approval of requirements to transportation security including requirements to security and counter-terrorism measures provision at facilities (territory) considering security level for different facility categories of transportation facilities of air transport infrastructure". The Decree is effective starting from 20 October 2020 until 20 October 2026;

- Government decree of the Russian Federation N 1595 dated 3 October 2020 "On approval of rules of categorisation and setting the quantity of the categories for transportation facilities" ("**Decree No. 1595**").

The Decree sets five categories of transport facilities of road, auto, air, railway, sea and river transport and facilities of non-surface transport. The categorisation is proceeded based on the criteria given in Transport Security Law.

- Ministry of Transport of the Russian Federation Order No. 23 dated 26 January 2011 ("**Order No. 23**")

Order No. 23 introduces level of security 2 in Moscow airports, international airports and airports of federal significance. It recommends to implement additional security measures by examining citizens when they enter an airport.

- Federal system of the Aviation Security System ("**the National Programme for Aviation Security**") approved by the cross-agency commission on aviation security, civil flight operating safety and facilitation on 4 April 2019.

The National program establishes legal and operation basis to ensure the aviation (transport) security. The Airports aviation organizations, air traffic service units, legal

entities and persons operating on the territory of the airports must develop and agree with counter-terrorism commissions of the constituents in the Russian Federation roadmaps for regulation of critical emergency, personal manual, set up communications systems, provide training of employees relating to emergencies.

- Article 12 of the Russian Federation Law No. 3-FZ dated 7 February 2011, "On the Police" (the "**Police Law**"):

The Police Law provides generally that maintaining public order and ensuring public safety are responsibilities of police. Pursuant to Article 12 of the Police Law, the police should ensure safety of citizens and public order in airports and should also participate within the boundaries of its competence, in the maintenance of civil aviation security.

- Federal law No. 40-FZ dated 03 April 1995 "On Federal Security Service"
The Federal Security Service among its departments has aviation departments and provides among the function of the body the boundary activity.
- Government Decree No. 2344 dated 29 December 2020, "On the Security Levels for Transportation Infrastructure Facilities and Transport Vehicles and the Procedures for Announcing (Setting) Security Levels" ("**Decree No. 2344**"):

Decree No. 2344 defines three security levels at an airport, 1, 2 and 3, corresponding to the degree of certainty of an existing threat to security. 1 is the default level of security. If the security level is elevated to 2 or 3, the relevant authority at the federal or airport level may decide to implement security screening of people and their belongings at the passenger terminal entrances, using inspection devices.

- Government Decree No. 42 dated 1 February 2011 "On Establishing Rules for Protection of Airports and Their Infrastructure Objects"

According to the rules, airports and their infrastructure objects' protection should be understood as a package of measures ensuring airports and their infrastructure objects security from illegal intrusion into civil aviation activity. Such measures provide for prevention of unauthorised passage of persons and transport vehicles, weapon bringing, explosive substance and other hazardous devices, items and substances on the airport territory.

- Order of the Federal Antimonopoly Service No. 1249/15 dated 11 December 2015 "On change of regulation of activity of subjects of natural monopoly in airports within Moscow and the Moscow district" ("**Order No. 1249/15**"):

Order No. 1249/15 introduces special regulation of airport services including passenger services, take-off, landing and parking, use of terminal, aviation security, fuel storage, fuelling services rendered in airports within Moscow and the Moscow district.

- Several orders of the Ministry of Transport including No. 248 dated 23 July 2020, No. 249 dated 23 July 2020, No. 253 dated 24 July 2020, No. 254 dated 24 July 2020, No. 255 dated 24 July 2020 establishing a new flight structure:

On 3 December 2020, the Moscow aviation zone switched to a new flight structure. As a result of the transition, according to Rosaviatsia, the workload of air traffic controllers is expected to reduce by approximately 50 per cent., the delays of aircraft when manoeuvring before landing at airports is expected to decrease by more than 70 per cent., the throughput of air traffic in the Moscow aviation zone increased by 1.5 times due to the introduction of modern methods and means of navigation while forming the routes. The air traffic management system is able to provide as many take-offs and landings of aircrafts as the ground infrastructure can handle.

- Decree of the Government of the Russian Federation No. 739 dated 5 December 2006 on approval of model concession agreement in relation to airports, buildings and/or constructions designed for taking off, landing, taxi and parking of aircrafts as well as objects of industrial and engineering airport facilities.

The concession agreements in relation of airports and listed objects must be concluded with the model agreement being taken into account.

- Federal Law No. 135-FZ dated 29 July 1998 Concerning Valuation Activities in the Russian Federation.

According to Article 8 of the Federal Law the valuation is mandatory if the transaction relates to objects owned in whole or in part by the Russian Federation, its constituents or municipal units, or in relation to real estate assets of airports of the MAH. Subjects of such agreements are airports, buildings and/or constructions designed for take-off, landing, taxi and parking of aircrafts as well as infrastructure of aircraft and means of service for air traffic, navigation, landing and telecommunication that is designed and engineered for arrangement of civil flights.

Furthermore, as required by various treaties and Russian regulations in the area of aviation security, an Aviation Security Programme for DME was adopted by DME Aviation Security, approved by Order of Director of the Airport No.0064/OB-E25/19 dated 4 February 2019. Its primary objective is to define the actions, duties and procedures required for ensuring aviation security of DME.

THE REGULATORY BODIES

At the federal level, regulatory authority over the Russian airport industry is divided between several federal ministries:

- **the Ministry of Transport** is responsible for the development of governmental policy and legal and regulatory standards in the transportation sector of the Russian economy, including, among others:
 - rules of passenger and cargo transportation;
 - rules of levying and application of tariffs and collection of fees;
 - rules governing civil liability for causing harm to third parties and aircraft;
 - rules of mandatory certification for legal entities providing services in the civil aviation and air navigation areas;
- **the Ministry of Economic Development** is responsible for the development of governmental policy and legal and regulatory standards relating to socioeconomic development and business activity. In the process of conducting its activities, the Ministry of Economic Development approves, *inter alia*: (i) strategic plans for social

and economic development; (ii) the list and order of determination of the indexes of economic efficiency for federal/state unitary enterprises and open joint-stock companies, whose shares are owned by the Russian Federation; and (iii) opines on drafts of legal acts which regulate the relationships between business entities or their relationships with the Russian Federation, which also affect macroeconomic indicators of the Russian Federation; and

- **the Ministry of Finance** determines taxation policy, considers provision of subsidies for the development of aviation and other infrastructure and allocates subsidies to regional budgets.
- **The Ministry of Industry and Trade** issues licenses for repair works in relation to aviation equipment.

However, the above-described federal ministries in Russia do not have authority over compliance control or management of state property and provision of state services. These matters are under the jurisdiction of federal services and agencies. The federal services and agencies that regulate the Russian airport industry are as follows:

- **the Federal Antimonopoly Service** (the "FAS"), which performs a monitoring and supervising role over aviation transport companies, ensuring their compliance with the antimonopoly legislation of the Russian Federation, and exercises legal control over price and tariff regulation for natural monopolies, including airports;
- **the Federal Agency for Air Transport**, which provides state services and manages state property in the aviation sector of the Russian economy. Its functions include, *inter alia*:
 - entering into state contracts and managing state property in the aviation sector;
 - certifying organisations that provide aviation services, ground handling, security, and other aviation-related services; granting licenses for air traffic; certifying aviation personnel;
 - registering airfields and airports for civil aviation; maintaining the State register of airfields for civil aviation of the Russian Federation and the State register of airports of the Russian Federation;
 - registering aircraft for civil aviation (as air vehicles); maintaining the State register of aircraft for civil aviation of the Russian Federation;
 - admitting foreign certified entities to aviation activities on the territory of the Russian Federation;
 - providing air navigation services and organising the radio navigation system on the territory of the Russian Federation; maintaining the Unified air traffic management system of the Russian Federation; and
 - approving airport and aircraft security plans and policies;
- **the Federal Transport Supervision Service**, which supervises usage of airspace of the Russian Federation, rendering of air navigation services and provision of transportation security. The Federal Transport Supervision Service performs, among others, the following functions:
 - supervision of compliance with legislation relating to the airport industry;
 - granting of licences to organisations providing aviation security services and road transport services (development, production, testing and repairing of aviation equipment, transportation of passengers and other persons by bus); and
 - entering into contracts for rendering of services to the state.

The federal services and agencies listed above directly regulate and supervise the Russian aviation industry. There are certain other government bodies, which, together with their subdivisions, exercise general regulatory functions, in the spheres of emergency procedures, customs, taxation and others, and thereby may affect the Group's business.

LICENSING

DME is required to obtain licences, permits and authorisations from Russian governmental authorities to conduct its operations. The Licensing Law, as well as other laws and regulations, list activities which can only be performed with a licence issued by the relevant Russian authorities and establish procedures for issuing such licences. To conduct its principal operations, the Group requires the following licences:

- Licence for non-department (private) security activity;
- Licence for subsoil use with a view to extracting fresh water;
- Licence for performing activities and (or) services in the sphere of state secret protection;
- Licence for use of explosive/flammable and chemically dangerous industrial facilities of the first, second, and third security levels;
- Licence for performing of fire-fighting activities;
- Licence for use of radiation sources;
- Licence for transportation of passengers in motor vehicles;
- Licence for medical activities;
- Licence for activities in the sphere of using ionising radiation sources;
- Licence for training and education activities.

As of the date of these Listing Particulars, the Group has valid licences for the activities listed above.

A licence may be suspended if the licensee repeatedly breaches the terms and conditions of the licence in a material way. If a licensee fails to mitigate any breach of the licence granted to it within the period established by the licensing authority, the authority may apply to a court for the cancellation of the licence. A court may also cancel the licence in certain other cases (for example, if the breach of the terms and conditions of a licence by the licensee involves infringement of or harm to the rights, legal interests and health of individuals). Licensing regulations and the terms of its licences and permits require DME to comply with numerous standards, employ qualified personnel, maintain certain equipment and a system of quality controls, maintain insurance coverage, monitor operations, make appropriate filings and, upon request, submit specified information to the licensing authorities that control and inspect its activities.

Certificates

In addition to licences, to conduct its operations DME is required to obtain a number of mandatory compliance certificates (the "**Certificates**"). The most important ones include:

- Certificate of operability for the airport
A Certificate of operability for the airport indicates the airport's ability to perform activities relating to aircraft arrival and departure and air transit of goods. Obtaining such a certificate is a prerequisite for state registration of the airport with the State

register of airfields for civil aviation of the Russian Federation and the State register of airports of the Russian Federation, which registrations are required for carrying out airport activities. A Certificate of Operability is granted by the Federal Agency for Air Transport upon expert investigation, and is valid for up to three years. DME currently operates under a certificate No. ФАБТ АО-099 granted on 10 September 2019, which is valid for two years.

- Certificates of compliance and operability for airport equipment, vehicles and special-purpose machinery

An example includes a certificate relating to warehouses of temporary storage. Receipt of certificates for all facilities and equipment specific to airport activity are prerequisites for an airport to be granted a Certificate of Operability. The airport operator must maintain the due quality of the certified equipment and services during the term of the certificate. These certificates are renewed after the inspection held by the relevant authorities, which also specify the term of the certificate's validity. The certificates cannot be transferred to third parties.

In addition to the mandatory Certificates, DME obtains a number of voluntary Certificates to confirm high quality and safety standards of the services provided. These voluntary Certificates include:

- ISO 9001 Certificate of compliance (quality management system – ground handling of passengers and cargoes);
- ISO 9001 Certificate of compliance (quality management system - warehousing);
- Certificate of compliance with ISAGO standards (ground handling).

As of the date of these Listing Particulars, the Group has valid certificates for the activities and assets listed above.

REGULATION OF TARIFFS

Order No. 1249/15 stipulates that aviation services including passenger services, use of terminal, take-off, landing, parking rendered in airports within Moscow and the Moscow district are not subject to tariff regulation.

SECURITY REGULATION

The Air Code provides for general regulation of aviation security. Measures on assuring aviation security include:

- preventing unauthorised persons and vehicles from entering the controlled zone of the airport;
- safeguarding aircraft in the parking zone;
- preventing unauthorised persons from carrying weapons aboard the aircraft;
- pre-flight and post-flight inspections;
- implementation of measures to counteract unlawful interference in aviation activities; and
- protection of civil aviation operators from acts of unlawful interference.

Article 83 of the Air Code defines aviation security as a condition where aviation is protected from unlawful interference in aviation-related activities. Aviation security is provided by the on-site airfield/ airport security services, by units of the agency police under the federal

government executive office responsible for transportation, as well as by internal affairs ministry agencies, aviation operators' corporate aviation security services, and other authorities duly empowered by federal law.

According to the Police Law, maintenance of public order and ensuring public safety in a public unrestricted area is within the realm of police duties, as specifically applied to the provision of aviation security by Article 12 Clause 1 item 32 of the Police Law. The boundaries of the restricted and unrestricted area are defined by each airport's aviation security programme.

According to the Federal Aviation Rules on Aviation Security in the Airports, approved by Order No. 142 of the Ministry of Transport on 28 November 2005 (as amended), airports develop programmes for security assurance and pass control on their territory, which are to be approved upon consent of the Federal Transport Supervision Service. The Aviation Security Programme for DME was developed and approved by all relevant authorities in 2009. The secure zone at DME, as defined by DME's Aviation Security Programme, constitutes the area between the security checkpoint and the departure gate. DME security personnel are responsible for provision of security within this secure area. On arrival, within the secure area (where access to general public remains restricted) between the arrival gate and the arrivals hall, DME security shares responsibility with the security force of those airports where passengers passing through this area originated and where they and their luggage had been inspected.

The Transport Security Law prescribes that Transportation infrastructure entities (legal entities and private individuals that are owners of transportation infrastructure facilities, such as the Group) are responsible for providing transportation security for transportation infrastructure facilities and transport vehicles. Further, pursuant to Article 8 of the Transport Security Law, until 22 October 2013, the Russian Ministry of Transport is required to establish transportation security requirements for various categories of transportation infrastructure facilities. Since 22 October 2013, the Russian government is required to establish such rules. However, until this is done, the rules adopted by the Russian Ministry of Transport remain in force. Decree No. 1595 sets out five categories of facilities, subdivided into three security levels. The security levels are defined by Decree No. 2344 and constitute the following:

- Security Level 1 – protection of a transportation facility from potential threats (consisting of all probable conditions and factors combining to create a certain risk of an act of unlawful interference);
- Security Level 2 – protection of a transportation facility from impending threats (consisting of all specific conditions and factors combining to create a certain risk of an act of unlawful interference);
- Security Level 3 – protection of a transportation facility from immediate threats (consisting of all conditions and factors combining to create a certain risk of an act of unlawful interference).

For MAH airports security level 2 for airport infrastructure was instituted by Order No. 23. This new framework, however, does not change the division of responsibilities between the governmental authorities and airport security personnel when providing security services at an airport, including DME. The Russian Federation remains responsible for all areas outside of the secure zone described above, including the parking lot and the entrance to the terminal and conducts all the relevant security activities, such as for instance, searching and/or

detaining of individuals. The Group's security teams also patrol outside of the secure zone but will continue to not have a right to demand identification or detain any person, having that power only within the secure area of the airport. All security equipment in the DME terminal, whether it is used by police authorities or members of the Group, is purchased and installed by the Group.

AMENDMENTS TO LEGISLATION FOLLOWING THE TERRORIST ATTACK AT DME IN JANUARY 2011

Programme for Strengthening Aviation Security

As a result of the terrorist attack at DME, the President of the Russian Federation, on 28 January 2011, signed a list of instructions regarding measures to ensure the safety of people on modes of transport and in facilities of the transportation infrastructure and in other places (No. Pr-216). In particular, the Russian government was instructed to submit proposals for strengthening aviation security measures and measures for assuring security in the public places of the Russian transport system and for enforcing anti-terrorist protection of public facilities. Following the adoption of the list of instructions, several governmental regulations were introduced. In addition, in execution of the prescriptions, a number of draft laws and regulations were prepared, amended the existing Federal Law "On Federal Security Service" No. 40-FZ dated 3 April 1995, President Decree on Counter Terrorism and Security Act No. 116 dated 15 February 2006 and a number of Ministries' orders on security of facilities were adopted.

Legislation on Disclosure of Ultimate Beneficial Owners

Federal Law dated 23 June 2016 No. 215-FZ (the "**UBO Law**") came into effect in the end of December 2017. Pursuant to the UBO Law legal entities are obliged to collect and maintain information on their ultimate beneficial owners ("**UBOs**"). The UBO Law defines UBOs as individuals that ultimately (directly or indirectly) own (have a participation in capital of) more than 25 per cent in a legal entity or have ability to control its actions. The companies should identify their UBOs, take justified and available measures to collect information about them, update such information on an annual basis and keep information on their UBOs or actions conducted to determine such UBOs for a period of not less than 5 years. Failure to perform such obligations should result in administrative fines for the company and its officers.

Amendments to the Transport Security Law

On 3 February 2014, the Transport Security Law was amended to provide for an obligation of subjects of transportation infrastructure, including airports such as DME, and/or carriers to examine and inspect individuals, luggage, and cargo. Moreover, the amendment law envisages three examinations: an initial examination, a supplemental examination and a re-examination.

ENVIRONMENTAL REGULATION

DME is subject to laws, regulations and other legal requirements relating to the protection of the environment, including those governing the discharge of substances into the air and water, the management and disposal of hazardous substances and waste, the clean-up of contaminated sites, and protection of flora, fauna and other wildlife. Issues of environmental

protection in Russia are regulated primarily by Federal Law No. 7-FZ "On Environmental Protection" dated 10 January 2002, as amended (the "**Environment Protection Law**"), as well as by a number of other federal and local laws.

Ecological Approval

Any activities that may affect the environment are subject to state ecological approval by federal authorities in accordance with Federal Law No. 174-FZ "On Ecological Expert Review" dated 23 November 1995, as amended. Conducting operations that may cause damage to the environment without state ecological approval may result in the adverse consequences described under "*— Environmental Liability*" below.

Enforcement Authorities

The Federal Service for the Supervision of the Use of Natural Resources, Rostekhnadzor, the Federal Service for Hydrometeorology, and other state authorities are involved in environmental regulation and implementation and enforcement of environmental laws and regulations. The Government of the Russian Federation and the Ministry of Natural Resources are responsible for coordinating the activities of the regulatory authorities in this area. Such regulatory authorities, along with other state authorities, individuals and public and non-governmental organisations, have the right to initiate lawsuits claiming compensation for damage caused to the environment. The statute of limitations for such lawsuits is 20 years.

Environment Liability

If the operations of a company violate environmental requirements or cause harm to the environment or to any individual or legal entity, environmental authorities may suspend such operations or a lawsuit may be brought to limit or ban such operations and require the company to remedy the effects of the violation. Any company or employees that fail to comply with environmental regulations may be subject to administrative and/or civil liability, and individuals may be held criminally liable. Courts may also impose clean-up obligations on violators in lieu of or in addition to fines.

PROPERTY RIGHTS

Land Use Rights

Russian legislation prohibits carrying out any commercial activity on a land plot without appropriate land use rights. Pursuant to the Land Code, companies generally have one of the following land rights in the Russian Federation: (i) ownership; (ii) lease; or (iii) right of free use.

The majority of land plots in the Russian Federation are owned by federal, regional or municipal authorities which, through public auctions or tenders or through private negotiations, can sell, lease or grant other land use rights to third parties.

DME generally has long-term lease rights in respect of its land plots. A lessee generally has a priority right to enter into a new land lease agreement with a lessor upon the expiration of a land lease. In order to renew a land lease agreement, the lessee must apply to the lessor (usually state or municipal authorities) for a renewal prior to the expiration of the agreement.

Any lease agreement for a period of one year or more must be registered with the relevant state authorities.

In cases where buildings and facilities owned by a lessee are located on the leased land plot, the lessee has the exclusive right to lease that land plot. Should any disagreements arise between the owner of the land plot and the lessee, the relations between them will be determined by a court.

The land plots necessary for construction of airports, airfields, air terminal buildings, take-off runways, or other buildings for rendering aviation services form a category of land, referred to as transport lands. The majority of transport lands for aviation purposes is state-owned and was leased to airports before the demise of the Soviet Union. Such lands have limited transferability and may not be subject to private ownership. However, it does not prevent airports from acquiring other land plots for the purpose of airport development.

In addition, recent amendments to the Air Code establish seven zones of aerodrome environs. The amendments impose additional limitations on the use of land plots depending on the zone in which such land plots are located.

Other Property Rights

DME is recognised as an airport of federal importance, which means that facilities and equipment relating to take-off, landing, taxing, and parking of aircrafts can only be in federal ownership. Such facilities and equipment can be leased to private companies.

The DME complex also includes facilities and movable property not designated for the above mentioned activities (such as in-flight food kitchen, air hotel, administrative buildings). Such facilities can be owned by private companies.

COVID-19 STATE SUPPORT MEASURES

Resolution No. 813

In June 2020, the Russian Government issued a regulation on targeted support of the Russian airports and their affiliated entities through subsidies to partially compensate passenger revenue decrease due to the COVID-19 outbreak. The subsidies are aimed at ensuring business continuity and maintaining headcount. The Government will compensate expenses of the Russian airports incurred in the second quarter 2020 in relation to payroll payments and related social payments, maintenance, management and renovation of buildings, equipment and transport vehicles and other expenses resulting from airport operations.

*Russian Government Resolution No. 582 dated 24 April 2020 as amended ("**Resolution No. 582**")*

Under Resolution No. 582 loans may be provided to system-forming organisations for no more than RUB 3 billion per each borrower. The interest rate may not exceed 5 per cent. The loan is granted for a period of up to 36 months, and this preferential interest rate is applicable for the first 12 months ending by 31 December 2021. The Government will cover the banks' loss of interest through subsidies. Borrowers may also apply for state guarantees to secure the repayment of the loan.

In order to obtain a subsidised loan, a system-forming organisation or its subsidiary shall meet the following criteria:

- it should belong to one of the industries named in Resolution No. 582 (e.g. aviation industry);
- it has not entered into any other loan agreement subsidised under Resolution No. 582;
- the funds are used only for specific purposes (e.g. salaries, rent, transport charges, current repair, communications services, security services);
- the proceeds under the loan agreement are in Roubles;
- it is not in the process of reorganisation, liquidation or bankruptcy;
- it retains at least 90 per cent. of its workforce as of 1 May 2020;
- its income decreased by at least 30 per cent. for the period from 1 April 2020 to 30 June 2020 compared with the same period in 2019;
- it is not a foreign legal entity and the total share of participation of foreign legal entities in its share capital does not exceed 50 per cent.;
- its total headcount for 2019 exceeds 10 thousand;

The borrowers under Resolution No. 582 cannot use received funds to refinance loans they have previously received. While the subsidised interest rate is in effect, they are not permitted to pay dividends without Government approval.

*Russian Government Resolution No. 696 dated 16 May 2020 ("**Resolution No. 696**")*

Resolution No. 696 establishes rules for compensation of the banks' expenses in relation to for their interest income foregone and loan write-off as a part of support measures for companies affected by the COVID-19 pandemic.

These are the key terms of the subsidised loan programme:

- loans may be issued from 1 June 2020 to 1 November 2020 and must be repaid by 30 June 2021;
- the aggregate loan amount cannot exceed minimum wage (including regional multipliers and social security contributions) multiplied by a number of full time equivalent and a reference period (from the date the loan agreement to 1 December 2020);
- the funds from loans may be used to cover business resumption costs, and could not be used to pay dividends, finance buyout, or for charity purposes.

Reference period (from the date of the loan agreement to 1 December 2020)

Loan rate – 2 percent; interest is capitalised.

The following conditions must be satisfied for moving on to the observation period:

- as at the end of each month, staff reduction may not exceed 20 per cent. as compared to 1 June 2020
- the borrower is not undergoing bankruptcy or suspending its operations.

If these prerequisites are not met, the repayment period begins.

Observation period (from 1 December 2020 to 1 April 2021)

During the observation period, the interest rate shall not exceed 2 per cent. and the interest is capitalised.

After the end of the period, the loan principal amount and interest accrued may be fully written off, subject to the following conditions:

- as of 1 March 2021, the headcount is not less than 90 per cent. as compared to 1 June 2020;
- as at the end of each month during the period, the headcount was not less than 80 per cent. of the 1 June 2020 level;
- the borrower is not undergoing bankruptcy;
- the average salary during the observation period was not less than the minimum wage.

The half of the loan principal amount and interest accrued may be fully written off, if as of 1 March 2021 the headcount is maintained at the level of 80 to 90 per cent. as compared to 1 June 2020.

Repayment period (3 months)

During the repayment period, standard interest rates apply and the interest is not capitalised.

During this period, the loan is repaid in three instalments, due:

- if the transfer to the observation period was not made – on 28 December 2020, 28 January 2021, and 1 March 2021;
- if the transfer to the observation period was made, but there was no write-off – on 30 April 2020, 30 May 2021 and 30 June 2021.

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DME LIMITED and subsidiaries

Interim Condensed Consolidated
Financial Information
for the Nine-month Period Ended
30 September 2020 (unaudited)

DME LIMITED AND SUBSIDIARIES

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DME LIMITED AND SUBSIDIARIES

STATEMENT OF MANAGEMENT'S RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2020

Management is responsible for the preparation of the interim condensed consolidated financial information that presents the financial position of DME Limited (the "Company") and its subsidiaries (the "Group") as of 30 September 2020 and the consolidated results of their operations, cash flows and changes in equity for the nine-month period then ended, in compliance with International Accounting Standard ("IAS") 34 "Interim Financial Reporting".

In preparing the interim condensed consolidated financial information, management is responsible for:

- Properly selecting and applying accounting policies;
- Presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- Providing additional disclosures when compliance with the specific requirements in IFRS are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's consolidated financial position and financial performance;
- Making an assessment of the Group's ability to continue as a going concern.

Management is also responsible for:

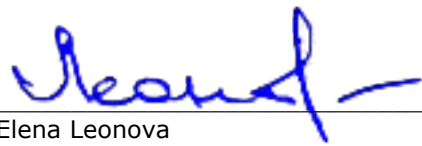
- Designing, implementing and maintaining an effective system of internal controls throughout the Group;
- Maintaining adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the consolidated financial position of the Group, and which enable them to ensure that the interim condensed consolidated financial information of the Group complies with IAS 34;
- Maintaining statutory accounting records in compliance with local legislation and accounting standards in the respective jurisdictions in which the companies of the Group operate;
- Taking such steps that are reasonably available to them to safeguard the assets of the Group; and
- Preventing and detecting fraud and other irregularities.

The interim condensed consolidated financial information for the nine-month period ended 30 September 2020 was approved by management on 19 January 2021.

On behalf of management:



Viktor Ponomarenko
Chief Executive Officer



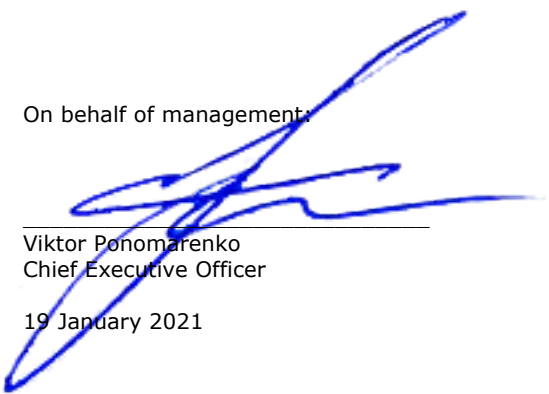
Elena Leonova
Chief Financial Officer

DME LIMITED AND SUBSIDIARIES

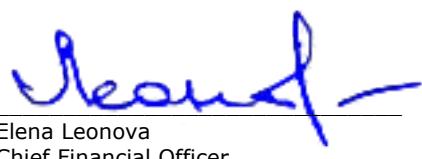
INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2020 (UNAUDITED) (Amounts in millions of Russian Rubles)

	Notes	2020	2019
Revenue	5	15,503	28,444
Operating expenses, net	6	(14,093)	(21,392)
Operating profit		1,410	7,052
Interest expense	7	(2,477)	(1,844)
Interest income		214	227
Foreign exchange (loss)/ gain, net		(10,429)	3,361
(Loss)/ profit before income tax		(11,282)	8,796
Income tax	8	922	(988)
(Loss)/ profit and other comprehensive (loss)/ income for the period		(10,360)	7,808
(Loss)/ profit and other comprehensive (loss)/ income attributable to:			
Owners of the Company		(10,394)	7,813
Non-controlling interests		34	(5)
		(10,360)	7,808

On behalf of management:


Viktor Ponomarenko
Chief Executive Officer

19 January 2021


Elena Leonova
Chief Financial Officer

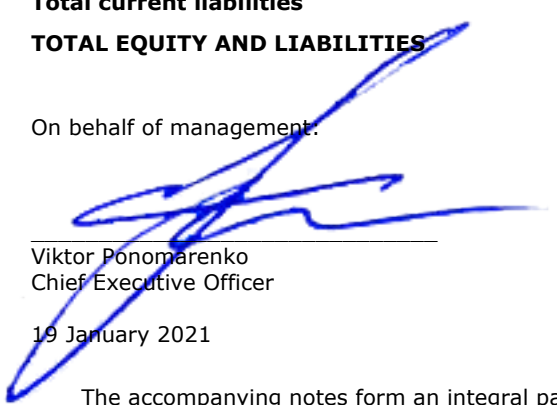
The accompanying notes form an integral part of this interim condensed consolidated financial information.

DME LIMITED AND SUBSIDIARIES

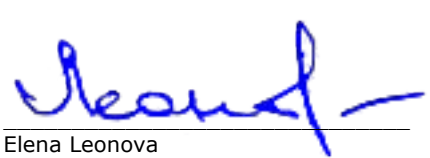
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 30 SEPTEMBER 2020 (UNAUDITED) (Amounts in millions of Russian Rubles)

	Notes	30 September 2020	31 December 2019
ASSETS			
Non-current assets			
Property, plant and equipment	9	101,516	102,635
Advances for acquisition of non-current assets	9	1,074	268
Investment property	10	694	569
Intangible assets		1,303	1,750
Right-of-use assets		204	232
Deferred tax asset		3,991	2,658
Loans issued		442	324
Long-term finance lease receivable	11	346	254
Trade and other receivables	12	946	-
Other non-current assets	13	2,251	1,696
Total non-current assets		112,767	110,386
Current assets			
Inventory	14	1,982	2,070
Trade and other receivables	12	2,347	3,229
Prepayments and other current assets	15	1,869	3,602
Prepaid current income tax		375	1,041
Short-term finance lease receivable	11	206	156
Short-term investments		45	1,287
Cash and cash equivalents	16	10,010	5,003
Total current assets		16,834	16,388
TOTAL ASSETS		129,601	126,774
EQUITY AND LIABILITIES			
Equity			
Share capital	17	11,877	11,877
Retained earnings	17	25,223	35,617
Equity attributable to the owners of the Company		37,100	47,494
Non-controlling interests		(132)	(166)
Total equity		36,968	47,328
Non-current liabilities			
Borrowings, long-term portion	18	1,836	1,672
Deferred tax liability		6,896	6,550
Lease liability, long-term portion		122	166
Debt securities, long-term portion	18	66,064	54,644
Trade and other payables	19	1,355	-
Total non-current liabilities		76,273	63,032
Current liabilities			
Trade and other payables	19	3,762	6,730
Current income tax payable		1,329	1,319
Taxes other than income tax payable	20	2,060	1,134
Dividends payable	17	2,804	3,169
Lease liability, short-term portion		88	77
Accrued expenses and other current liabilities	21	1,620	1,499
Borrowings, short-term portion	18	3,249	1,619
Provisions		-	93
Debt securities, short-term portion	18	1,448	774
Total current liabilities		16,360	16,414
TOTAL EQUITY AND LIABILITIES		129,601	126,774

On behalf of management:


Viktor Ponomarenko
Chief Executive Officer

19 January 2021


Elena Leonova
Chief Financial Officer

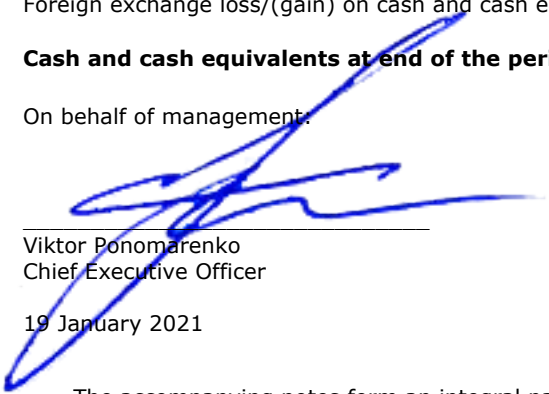
The accompanying notes form an integral part of this interim condensed consolidated financial information.

DME LIMITED AND SUBSIDIARIES

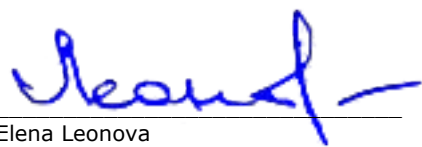
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2020 (UNAUDITED) (Amounts in millions of Russian Rubles)

	2020	2019
Operating activities:		
(Loss)/profit before income tax	(11,282)	8,796
Adjustments for:		
Depreciation and amortization	3,889	3,507
Change in allowance for impairment of accounts receivable, advances to suppliers and advances for acquisition of non-current assets	457	(72)
Interest income	(214)	(227)
Interest expense	2,477	1,844
Foreign exchange loss/(gain), net	10,429	(3,361)
Other non-cash items	4	(821)
	5,760	9,666
Decrease in inventory	66	172
(Increase) in trade and other receivables	(242)	(177)
Decrease in prepayments and other current assets	1,616	1,035
Increase/(decrease) in trade and other payables	9	(246)
(Decrease) in provisions	(93)	-
Increase in taxes other than income tax payable	956	365
Increase in accrued expenses and other current liabilities	139	423
	8,211	11,238
Net cash from operating activities before income tax	8,211	11,238
Income tax refund/(income tax paid)	580	(644)
Cash provided by operating activities	8,791	10,594
Investing activities:		
Purchases of property, plant and equipment	(3,941)	(3,409)
Purchases of intangible and other non-current assets	(110)	(370)
Proceeds from disposal of property, plant and equipment	28	51
Purchase of investments	-	(5,121)
Proceeds from disposal of investments	1,574	3,160
Loans issued	-	(99)
Interest received	193	230
	(2,256)	(5,558)
Net cash used in investing activities	(2,256)	(5,558)
Financing activities:		
Repayments of borrowings	(5,466)	(3,950)
Repayments of lease liabilities	(46)	-
Proceeds from debt securities	-	2,945
Proceeds from borrowings	6,346	4,714
Dividends paid (Note 17)	(1,070)	(3,840)
Interest paid	(2,635)	(2,247)
	(2,871)	(2,377)
Net cash used in financing activities	(2,871)	(2,377)
Net increase in cash and cash equivalents	3,664	2,659
Cash and cash equivalents at beginning of the period	5,003	4,822
Allowance for expected credit losses	-	(5)
Foreign exchange loss/(gain) on cash and cash equivalents	1,343	(177)
	10,010	7,299
Cash and cash equivalents at end of the period (Note 16)	10,010	7,299

On behalf of management:


Viktor Ponomarenko
Chief Executive Officer

19 January 2021


Elena Leonova
Chief Financial Officer

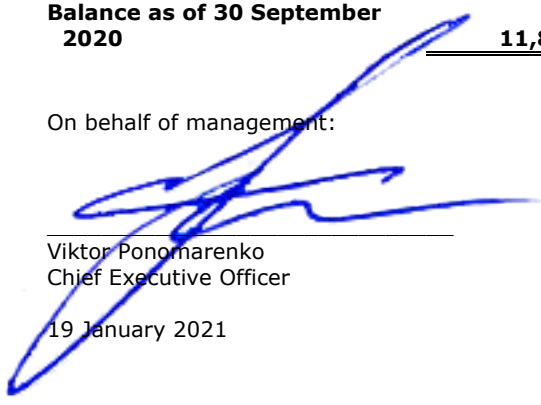
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DME LIMITED AND SUBSIDIARIES

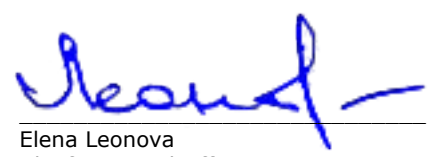
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2020 (UNAUDITED) (Amounts in millions of Russian Rubles)

	Share capital	Retained earnings	Equity attributable to the owners of the Company	Non-controlling interests	Total
Balance as of 1 January 2019	11,877	30,260	42,137	(89)	42,048
Total comprehensive income/(loss) for the period	-	7,813	7,813	(5)	7,808
Dividends (Note 17)	-	(1,496)	(1,496)	-	(1,496)
Balance as of 30 September 2019	11,877	36,577	48,454	(94)	48,360
Balance as of 1 January 2020	11,877	35,617	47,494	(166)	47,328
Total comprehensive (loss)/income for the period	-	(10,394)	(10,394)	34	(10,360)
Balance as of 30 September 2020	11,877	25,223	37,100	(132)	36,968

On behalf of management:


Viktor Ponomarenko
Chief Executive Officer

19 January 2021


Elena Leonova
Chief Financial Officer

The accompanying notes form an integral part of this interim condensed consolidated financial information.

DME LIMITED AND SUBSIDIARIES

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2020 (UNAUDITED) (Amounts in millions of Russian Rubles, unless otherwise stated below)

1. NATURE OF THE BUSINESS

DME Limited (previously FML Limited, hereinafter the "Company") is a limited liability company initially incorporated under the laws of the Isle of Man in February 2001. Immediately following the formation of the Company an entity under common control transferred to the Company a number of entities operating as a group since 1996. The assets and liabilities of the entities were transferred to the Company at their previous carrying amounts. In 2012 the Company transferred its registered office and place of domicile to the Republic of Cyprus.

The principal activities of the Company, together with its subsidiaries (collectively the "Group") are the management, operation and development of Domodedovo airport, including servicing international and domestic passenger and cargo flights. The Group also sells fuel and pre-packaged meals as well as provides airport-related commercial services such as leasing of retail and advertising space, leasing of other commercial properties and car parking services. The Group's principal place of business is Domodedovo airport in the Moscow region, Russia.

The Group operates in three business segments: aviation services, auxiliary aviation services and commercial services.

DME Stichting Administratiekantoor ("DME Administrative Foundation"), a foundation organized and existing under the laws of the Netherlands, together with Atlant Foundation, a private foundation established and governed under the laws of Malta, collectively own 100% of the issued share capital of DME Limited.

The ultimate controlling party of the Group is Mr. Dmitry Kamenshchik.

The interim condensed consolidated financial information of the Group for the nine-month period ended 30 September 2020 was authorized for issue by management on 19 January 2021.

COVID-19

COVID-19 has had an unprecedented impact on the aviation industry as many countries and state authorities have taken preventing measures, including restrictions on travel and closure of borders. On 27 March 2020, the Russian Federation completely closed regular and charter international passenger flights. This resulted in total passenger traffic of Domodedovo airport from April through September reducing by more than 50% compared with the same period of the prior year, which reflects a reduction in international operations by more than 90% and a reduction in domestic flights of more than 40%.

From the start of the COVID-19 outbreak the Group has taken immediate steps to protect its liquidity position and enhance its overall resilience by taking measures to reduce its operating expenses, including but not limited to reducing bonus payments, granting voluntary leave or reduced working hours to employees, deferring or cancelling certain capital expenditure and engaging in negotiation with key suppliers and providers of finance on modification of contractual terms, relaxation of covenants and payment deferrals. Additionally, the Group is actively engaging with all levels of the Russian government (federal, regional and municipal) and applying for support, where available.

Under the Russian Government Resolution No. 813 for targeted support of the Russian airport operators, the Group became entitled for partial compensation of certain employee and other operating expenses incurred during the second quarter of 2020. The government grant in amount of RUB 1,139 million was recognized as Government subsidy as disclosed in Note 6 and in cash flows from operating activities in the Interim Condensed Consolidated Statement of Cash Flows. Additionally in July 2020, the Group obtained short-term bank loans paying reduced rates of interest subsidized by the Russian government as part of COVID-19 support program (Note 18) for partial compensation of certain employee and other operating expenses. The difference between proceeds received and the fair value of the loan based on prevailing market interest rates was recognized as other income in operating expenses of the Group's profit or loss as disclosed in Note 6.

DME LIMITED AND SUBSIDIARIES

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2020 (UNAUDITED) (CONTINUED) (Amounts in millions of Russian Rubles, unless otherwise stated below)

Starting from the second half of May 2020, demand for air travel is recovering due to the partial lifting of travel restrictions and the summer vacation season, and from August 2020 international flights to a limited number of destinations began to resume. Despite all the measures taken, the financial results of the Group in future periods will continue to depend on the duration of continuing travel restrictions and pace of recovery in demand for air travel in Russia and in the world. Consequently, the assumptions underlying management estimates and judgements made in preparation of this interim condensed consolidated financial information may need to be changed or reversed, resulting in material changes to the reported amounts.

2. BASIS OF PRESENTATION OF FINANCIAL INFORMATION

Statement of compliance

This financial information has been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting".

This financial information does not include all the information and disclosures required in annual financial statements, and should be read in conjunction with the Group's audited annual consolidated financial statements for 2019 prepared in accordance with International Financial Reporting Standards ("IFRS").

Exchange rates for the main foreign currencies in which the Group transacts were as follows:

	30 September 2020	31 December 2019
Closing exchange rates		
Russian Ruble/USD	79.69	61.91
Russian Ruble/EUR	93.02	69.34
	30 September 2020	30 September 2019
Average exchange rates for the nine months ended		
Russian Ruble/USD	70.57	65.34
Russian Ruble/EUR	79.31	73.84

Seasonality

The business of the Group is normally subject to significant seasonal fluctuations in its operations, such as a significant increase in passenger traffic in the summer months and September, typically peaking in August, and a decrease in passenger traffic in the first three months of the calendar year, typically reaching the lowest point in February. However, these normal seasonal trends have significantly been affected or overridden by the impact of COVID-19 as highlighted in this interim financial report. In accordance with IFRS, revenue and the related expenses are recognized in the period in which they are realized and incurred, respectively.

Going Concern

This consolidated interim financial information is prepared under the going concern basis of accounting, which implies the realization of assets and settlement of liabilities in the normal course of business.

Management has modelled future cash flows under various scenarios to include the impact of COVID-19 related disruption on the Group. The Group's actual passenger traffic for 2020 declined by 42% compared to 2019 to 16.4 million passengers. The Group's latest base case scenario assumes continuing gradual improvement during 2021 and return to pre-COVID-19 traffic volumes after 2022. Having considered reasonability of assumptions used in the base case scenario and taking into account available cash and other liquid assets of the Group, remaining unused credit facilities, scheduled debt maturities and other short-term obligations, waivers procured from the lenders under some of the Group's credit facilities to avoid the relevant facilities being breached and the likelihood of such waivers being obtained in the future and the Group's ability to continue to access the debt markets, when required, management have concluded that the measures undertaken together with continuing focus on cost containment and safeguarding the

DME LIMITED AND SUBSIDIARIES

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2020 (UNAUDITED) (CONTINUED) (Amounts in millions of Russian Rubles, unless otherwise stated below)

Group's liquidity position would ensure the Group's operations as a going concern for a period not less than the next twelve months from the date of this interim condensed consolidated financial information.

Significant accounting policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those followed in the preparation of the Group's annual financial statements as of 31 December 2019 and for the year then ended, except as discussed below.

Income tax expense – Income tax expenses are recognized in interim periods based on the best accounting estimate of the weighted average annual income tax rate expected for the full financial year.

Government grants – Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received. Government grants are recognized in profit or loss over the periods in which the Group recognizes as expenses the related costs for which the grants are intended to compensate. The benefit of a government loan at a below market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

IFRS and IFRIC interpretations adopted in the current year

During the nine-month period, ended 30 September 2020 the Group has adopted all new and revised standards and interpretations issued by the IASB and the IFRIC of the IASB that are mandatory for adoption in the period beginning on or after 1 January 2020:

Standards and Interpretations

Conceptual Framework – Amendments to References to the Conceptual Framework in IFRS Standards
IFRS 3 (amendments) – *Definition of a Business*
IAS 1 and IAS 8 – *Definition of Material*
IFRS 9, IAS39 and IFRS 7 – *Interest Rate Benchmark Reform and its Effects on Financial Reporting*
IFRS 16 (amendments) – *COVID-19-related Rent Concessions*

These changes and improvements to the standards have not resulted in any significant changes to the financial statements of the Group. The Group does not apply the exemptions adopted by IFRS 16 (amendments).

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In preparing this interim condensed consolidated financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were consistent with those disclosed in the Group's annual consolidated financial statements for 2019 prepared in accordance with IFRS with the exception of additional estimate of recoverable amount of the Group's non-current assets as described further in Note 9.

Judgment in applying IFRIC 12, Service Concession Agreements

On 1 January 2019 the Group reassessed the applicability of IFRIC 12 to its 75-year contract with FGUP "Administration of the Airport Domodedovo" for the use of key airport infrastructure and concluded that the contract was no longer in scope of such interpretation. Instead, the contract is accounted for as a lease since 1 January 2019.

In making their judgment, the Group considered that the Federal Antimonopoly Service, since the issuance in 2016 of the order to end, the regulation of tariffs for airport services rendered by the Group, had no given indications of re-introducing regulated tariffs neither has objected the increases in the fees independently made by the Group and other airports in Moscow.

The Group are satisfied that the above, together with the change in the payment model by the Group to FGUP for the use of the airport assets, effective since 1 January 2019, are enough factors to discontinue service concession accounting since such date.

DME LIMITED AND SUBSIDIARIES

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2020 (UNAUDITED) (CONTINUED) (Amounts in millions of Russian Rubles, unless otherwise stated below)

4. SEGMENT INFORMATION

Information reported to the chief operating decision maker of the Group ("CODM") for the purposes of resource allocation and assessment of segment performance is focused on the nature of services provided.

The Group's reportable segments are as follows:

Aviation services – includes aviation services, such as use of terminal, take-off and landing, and aviation security.

Auxiliary aviation services – includes certain passenger-related services, ground handling, fuelling services, in-flight catering and cargo handling.

Commercial services – includes retail concessions and advertising, leasing of other commercial properties and car parking.

Segment information is prepared based on IFRS measures.

The performance of each reportable segment is assessed by the CODM by reference to segment operating profit. Segment operating profit is calculated after headquarters expenses have been allocated between the reportable segments.

The key financial information for the Group's segments for the nine-month periods ended 30 September 2020 and 2019 is presented below:

		Aviation services	Auxiliary aviation services	Commercial services	Inter- segment eliminations	Group
Third-party revenue	2020	4,465	8,484	2,554	-	15,503
	2019	8,039	15,377	5,028	-	28,444
Intersegment revenue	2020	1,569	289	1,124	(2,982)	-
	2019	2,230	233	1,341	(3,804)	-
Total revenue	2020	6,034	8,773	3,678	(2,982)	15,503
	2019	10,269	15,610	6,369	(3,804)	28,444
Operating (loss)/profit	2020	(1,094)	1,479	1,025	-	1,410
	2019	708	3,547	2,797	-	7,052
Depreciation and amortization	2020	(2,053)	(1,250)	(586)	-	(3,889)
	2019	(1,717)	(1,246)	(544)	-	(3,507)
Change in provision for impairment of receivables and advances to suppliers	2020	(169)	(207)	(81)	-	(457)
	2019	19	28	25	-	72
Charity donations	2020	(29)	(50)	(11)	-	(90)
	2019	(20)	(82)	(8)	-	(110)

The following is the analysis of the Group's largest customers (10% or more of total revenue):

	2020		2019	
	Amount	% of total revenue	Amount	% of total revenue
S7 Group	4,875	31%	5,879	21%
Aviation services segment	1,546		1,900	
Auxiliary aviation services segment	3,074		3,740	
Commercial services segment	255		239	
URAL AIRLINES	1,584	10%	2,269	8%
Aviation services segment	646		943	
Auxiliary aviation services segment	922		1,316	
Commercial services segment	16		10	

DME LIMITED AND SUBSIDIARIES

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2020 (UNAUDITED) (CONTINUED) (Amounts in millions of Russian Rubles, unless otherwise stated below)

Substantially all assets, management and administrative facilities of the Group are located in the Russian Federation and are not separately reported to the CODM. Furthermore, all revenue is earned within the Russian Federation. Accordingly, geographical revenue and asset information is not presented as part of segmental information.

5. REVENUE

	2020	2019
Service revenue		
Ground handling	4,699	7,202
Airport and other related charges	3,266	6,171
Rental income	2,155	4,412
Jet fuelling and storage services	1,473	2,315
Aviation security	1,089	1,741
Parking fees	307	527
Other revenue	358	419
Total service revenue	13,347	22,787
Revenue from goods sold		
Catering	1,440	2,804
Jet fuel sales	716	2,853
Total from goods sold	2,156	5,657
Total revenue	15,503	28,444

Rental income includes rentals contingent on passenger traffic volume and shops' turnover of RUB 1,259 million and RUB 3,252 million for the nine-month periods ended 30 September 2020 and 2019, respectively, and rental income from investment property in the amount of RUB 203 million and RUB 315 million for the nine-month periods ended 30 September 2020 and 2019, respectively.

6. OPERATING EXPENSES, NET

	2020	2019
Payroll and related charges:		
Wages and salaries	4,532	6,455
Social taxes	1,261	2,018
Depreciation and amortization	3,889	3,507
Materials	1,028	1,576
Cost of jet fuel	845	2,824
Maintenance	607	1,580
Change in provision for impairment of receivables, advances to suppliers and advances for acquisition of non-current assets	457	(72)
Cleaning and waste management	408	791
Consulting, audit and other services	401	378
Public utilities	372	503
Rent	329	471
Taxes other than income tax	213	72
Transport	166	292
Charity donations	90	110
Staff development and training	74	235
Certification and licensing	41	100
Communication services expense	27	44
Passenger servicing	15	120
Advertising expenses	1	17
Government subsidy (Note 1,25)	(1,157)	-
Other expenses	494	371
Total operating expenses, net	14,093	21,392

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2020 (UNAUDITED) (CONTINUED) (Amounts in millions of Russian Rubles, unless otherwise stated below)

Other expenses, net include direct expenses arising from investment property of RUB 19 million and RUB 34 million for the nine-month periods ended 30 September 2020 and 2019, respectively.

Rent expenses include variable lease payments that are not dependent on index or rate.

Government subsidy in amount of RUB 752 million related to the compensation of payroll and related charges.

7. INTEREST EXPENSE

	2020	2019
Interest expense on the 2021 LPNs (Note 18)	1,256	1,038
Interest expense on the 2023 LPNs (Note 18)	885	792
Interest expense on five-year RUB debt securities	611	609
Interest expense on three-year RUB debt securities	327	106
Interest expense on bank loans	145	103
Interest expense on lease liability	13	1
	3,237	2,649
Less: capitalized interest (Note 9)	(760)	(805)
Total interest expense	2,477	1,844

8. INCOME TAX

Interim period income tax is accrued based on the estimated average annual effective income tax rate of 8.17% (2019: 11.23%).

	2020	2019
Current income expense	(61)	(1,243)
Deferred income tax benefit	983	255
Income tax	922	(988)

The decrease in the estimated average annual effective tax rate for the nine-month period ended 30 September 2020 is mostly attributable to non-deductible foreign exchange losses recognized in the reporting period.

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9. PROPERTY, PLANT AND EQUIPMENT

	<u>Buildings</u>	<u>Plant and equipment</u>	<u>Other</u>	<u>CIP</u>	<u>Total</u>
Cost					
1 January 2019	81,639	13,046	1,606	25,395	121,686
Additions	901	65	48	4,802	5,816
Transfers	1,763	377	47	(2,187)	-
Disposals	(17)	(140)	(121)	(20)	(298)
30 September 2019	84,286	13,348	1,580	27,990	127,204
Additions	1,449	72	23	550	2,094
Transfers	3,567	112	-	(3,679)	-
Disposals	(25)	(41)	(30)	(2)	(98)
31 December 2019	89,277	13,491	1,573	24,859	129,200
Additions	852	46	12	1,411	2,321
Transfers	3,782	183	9	(3,974)	-
Disposals	(10)	(257)	(16)	(17)	(300)
Reclassified as investment property	(297)	-	-	-	(297)
30 September 2020	93,604	13,463	1,578	22,279	130,924
Accumulated depreciation					
1 January 2019	(13,168)	(8,609)	(1,238)	-	(23,015)
Depreciation charge	(1,901)	(912)	(103)	-	(2,916)
Disposals	4	129	117	-	250
30 September 2019	(15,065)	(9,392)	(1,224)	-	(25,681)
Depreciation charge	(641)	(283)	(39)	-	(963)
Disposals	7	40	32	-	79
31 December 2019	(15,699)	(9,635)	(1,231)	-	(26,565)
Depreciation charge	(2,361)	(797)	(105)	-	(3,263)
Disposals	3	256	15	-	274
Reclassified as investment property	146	-	-	-	146
30 September 2020	(17,911)	(10,176)	(1,321)	-	(29,408)
Net book value					
30 September 2019	69,221	3,956	356	27,990	101,523
31 December 2019	73,578	3,856	342	24,859	102,635
30 September 2020	75,693	3,287	257	22,279	101,516

"Buildings" consist primarily of passenger and cargo terminals, catering facility, car park and auxiliary buildings.

"Plant and equipment" mainly consists of baggage-processing systems, aircraft servicing equipment, tow tractors, passenger shuttles, parking equipment, machines for disposition of de-icing liquids, introsopes and other operating equipment.

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"Construction in-progress" (CIP) consists mainly of capital expenditures related to the extension of passenger terminal T-1, construction of passenger terminal T-2, reconstruction and extension of cargo terminal.

During the nine-month periods ended 30 September 2020 and 2019 the Group capitalized borrowing costs of RUB 760 million and RUB 805 million, respectively.

The weighted average capitalization rate on borrowed funds was 6.6% and 6.3% per annum for the nine-month periods ended 30 September 2020 and 2019, respectively.

As of 30 September 2020, no Group's property, plant and equipment was pledged as collateral for the Group's borrowings.

Impairment review of the Group's property, plant and equipment and other non-current non-financial assets

In accordance with IAS 36 "Impairment of assets", at the end of each reporting period, an entity is required to assess whether there is any indication that assets may be impaired. The Group determined that the impact of COVID-19 on the airline industry is such trigger event and conducted the impairment test as of 30 September 2020. The recoverable value was determined by reference to the value in use, representing the discounted cash flows resulted from the activities. This recoverable amount was compared with the carrying amount of non-current assets engaged in generating respective cash flows. The key assumptions for calculating the recoverable amounts are the discount rate and the passenger traffic recovery period. The discount rate used was the Group's weighted average cost of capital (WACC), which equals 10.6% p.a. for the entire forecasting period. The recovery period of the passenger traffic (the period when passenger traffic will recover to the level of 2019) is set to 2022. Based on the review performed, no impairment charge was recognized.

Advances for acquisition of non-current assets

As of 30 September 2020 and 31 December 2019 advances for acquisition of non-current assets of RUB 1,074 million and RUB 268 million, respectively, consisted of amounts paid for land, construction of the passenger and cargo terminals and implementation of additional functionalities, modernization of planning and resource management system (Note 23). The impairment of advances for acquisition of non-current assets amounted to RUB 27 million as of 30 September 2020 (31 December 2019: RUB 30 million).

10. INVESTMENT PROPERTY

The Group's investment property consists of administrative buildings, which are leased to several airlines, and a hotel building.

	30 September 2020	31 December 2019
Cost	1,115	818
Accumulated depreciation	(421)	(249)
Net book value	694	569

Fair value of the investment properties as of 30 September 2020 was RUB 3,781 million (RUB 6,299 million as of 31 December 2019) and has been arrived at on the basis of a valuation carried out at these dates by an internal professional appraiser with appropriate qualifications and recent experience in the valuation of properties in the relevant locations. The valuation was arrived at by reference to the future cash flows, discounted at an estimated relevant rate (Level 2 category of fair value measurement).

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11. LEASES

The Group as a lessor

The Group leases out one of the Group's hangars under finance lease terms. The remaining lease term is 6 years. Present value of minimum lease payments is recognized as finance lease receivable.

Presented below is the reconciliation between the gross investment in the lease and the present value of minimum lease payments receivable at the end of the reporting period.

	30 September 2020		31 December 2019	
	Minimum lease payments receivable	Present value of minimum lease payments receivable	Minimum lease payments receivable	Present value of minimum lease payments receivable
Due within one year	254	206	197	156
Due after one year but not more than five years	1,016	333	788	234
Due after more than five years	106	13	230	20
Total gross / net investment in the lease	1,376	552	1,215	410
Less unearned finance income	(824)	-	(805)	-
Present value of minimum lease payments	552	552	410	410

Operating lease agreements consist mainly of short-term contracts for the lease of the Group's trading space and catering areas. Lessees are selected based on the results of tenders. Contracts with the selected lessees are signed for a term of less than one year, and contain an automatic extension clause. The contracts are automatically extended for the subsequent period, unless one of the parties exercises, in due time, its option not to extend the rental period. The lessees do not have an option to purchase the property at the end of the lease period.

Total income from operating lease arrangements is presented in Note 5 as rental income.

Group as a lessee

In May 1998 the Group entered into lease arrangement with FGUP "Administration of the Airport Domodedovo" (a state-owned enterprise) for the use of the airport's runways, aprons, taxiways and related equipment for a term of 75 years (the "75-year Lease"). The Group is under the obligation to repair and maintain the assets. The Group also has the right, but not the obligation, to incur capital expenditures or make improvements to the infrastructure. The lessor is obligated to compensate the Group for expenses, incurred in the course of making such improvements provided that they are approved by the lessor. At the end of the agreement, the assets under the agreement (including the improvements made by the Group and certified by the lessor) revert to the lessor. The Group also leases the land on which the airfield is located from the Federal Air Transportation Agency. The term of the lease of land is 49 years from the inception of lease agreement in May 1998.

The most recent revision of the 75-year Lease took place in 2019 and is effective from 1 January 2019. The Group is now required to make monthly payments for the right to use the assets during the remaining term of the agreement based on specific methodology issued by the Russian Government in December 2017. Under this methodology the total amount of annual payments depends on average passengers and cargo volumes for the last three years adjusted for multiplier specified in this additional agreement and investments deflator confirmed by the Ministry of Economic Development of the Russian Federation, subject to a minimum annual payment of RUB 1.5 million.

During the period ended 31 September 2020, the Group has successfully negotiated with the lessor a deferral of June-September 2020 payments under the 75-year Lease to May-December 2021.

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Lease payments under the 75-year Lease could be modified by the lessor no more than once a year and are treated as variable lease payments under IFRS 16, which are not dependent on an index or rate.

The Group also leases buildings, certain items of movable property and land, these lease payments could be modified by the lessor from time to time and are also treated as variable lease payments not dependent on an index or rate under IFRS 16.

Total lease expense in respect of the leases for which the Group has not recognized a liability and the related right-of use asset is reported in Note 6 as 'Rent'.

The Group has negotiated with LLC "RB LIZING" to postpone payments from July and October 2020 to January, April, July and October 2021 by equal parts.

All modifications were accounted under IFRS 16 and had no significant effect on the Group's financial position, but alleviated the cash flows requirements of the Group during the period.

12. TRADE AND OTHER RECEIVABLES

	Outstanding balance, gross	Allowance for expected credit losses	Outstanding balance, net
30 September 2020			
Trade receivables	707	(138)	569
Other receivables	591	(214)	377
Total non-current trade and other receivables (Note 23)	1,298	(352)	946
Trade receivables	3,886	(1,686)	2,200
Other receivables	252	(105)	147
Total current trade and other receivables	4,138	(1,791)	2,347
Total	5,436	(2,143)	3,293
31 December 2019			
Trade receivables	4,173	(1,632)	2,541
Other receivables	837	(149)	688
Total current trade and other receivables	5,010	(1,781)	3,229

The average credit period for the Group's receivables (other than sales carried out on a prepayment basis) is 116 days.

Current trade receivables represented by the trade receivables from air companies, including RUB 1,083 million (RUB 725 million as at 31 December 2019) trade receivables, net of impairment from S7 Group, which was repaid after the reporting date but before the issuance of this financial information.

13. OTHER NON-CURRENT ASSETS

	30 September 2020	31 December 2019
Restricted cash in FBME bank, net of impairment loss recognized	2,205	1,649
Other non-current receivable	46	47
Other non-current assets	2,251	1,696

Restricted cash in FBME represents cash balances held by the Group at a Cyprus branch of Federal Bank of the Middle East Ltd. ("FBME"), registered in Tanzania, whose banking license was revoked by the Central Bank of Cyprus on 21 December 2015 after investigation of the U.S. Department of the Treasury's Financial Crimes Enforcement Network into money laundering.

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The relevant authorities in Cyprus and Tanzania initiated liquidation process for the bank, however there is a continuing legal uncertainty as to the appropriate sequencing of the liquidation process that affects the timing of expected recovery of the Group's cash balances. The bank's liquidation process, which has not yet started, could take a minimum of one to two years to complete.

Based on the information available to the Group, FBME has sufficient solvent funds to honour substantially all of the bank's obligations. The Group expects that once the legal position is finalized and an appropriate liquidator is established the bank's funds will be released, and the Group will recover most of its cash balances with FBME. The Group reassesses an impairment allowance it holds against these balances at each reporting date based on changes in the management's estimate of the likely amounts to be recovered and timing of their receipt. The total amount of lifetime expected credit losses recognized as of 30 September 2020 was RUB 735 million (as of 31 December 2019 – RUB 550 million). The change in the balance of expected credit losses during the period is primarily attributable to currency revaluation.

14. INVENTORY

	30 September 2020	31 December 2019
Spare parts	697	604
Supplies	430	522
Jet fuel	359	363
Raw materials	325	329
Other inventory	171	252
Total inventory	1,982	2,070

15. PREPAYMENTS AND OTHER CURRENT ASSETS

	30 September 2020	31 December 2019
VAT receivable	1,138	2,603
Taxes receivable other than income tax and VAT receivable	364	142
Advances to suppliers, net of impairment	286	740
Other current assets	81	117
Total prepayments and other current assets	1,869	3,602

16. CASH AND CASH EQUIVALENTS

	30 September 2020	31 December 2019
USD-denominated current account balances with banks	7,781	1,088
RUB-denominated cash on hand and balances with banks	1,985	656
EUR-denominated balances with banks	244	160
USD-denominated short-term bank deposits	-	3,104
Allowance for expected credit losses	-	(5)
Total cash and cash equivalents	10,010	5,003

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17. EQUITY

Share capital and dividends

Authorized and issued capital as of 30 September 2020 and 31 December 2019 comprises 304,831,519 ordinary shares with par value EUR 1, of which 274,348,367 represent Class A shares and 30,483,152 represent Class B shares. Class A and Class B shares have equal voting rights and rights on liquidation of DME limited, while Class A shares confer on their holder the exclusive right to receive distributions by way of dividend or return of capital.

There have been no changes in the share capital of the Company during the period.

During nine-month period ended 30 September 2020 no dividends were declared. USD 0.5 million and EUR 13.9 million (RUB 1,070 million at the Central Bank of Russia exchange rate as of the payment date) of dividends declared prior to 1 January 2020 were paid to the shareholders of the Group.

During nine-month period ended 30 September 2019 dividends of USD 23.6 million (RUB 1,495 million at the Central Bank of Russia exchange rate as at the declaration date) were declared. USD 28.6 million, EUR 27.1 million (RUB 3,832 million at the Central Bank of Russia exchange rate as at the payment date) and RUB 8 million of dividends declared prior to 1 January 2019 were paid to the shareholders of the Group.

As of 30 September 2020, the remaining balance of dividends payable is RUB 2,804 million (as of 31 December 2019: RUB 3,169 million).

Retained earnings

In accordance with statutory legislation, dividends may only be declared to the shareholders of the Group from accumulated undistributed and unreserved earnings as shown in the Group's individual companies' statutory financial statements. As of 30 September 2020 and 31 December 2019 such earnings amounted to RUB 10,517 million and RUB 23,630 million, respectively.

18. DEBT SECURITIES AND BORROWINGS

	Effective interest rate, %	30 September 2020	31 December 2019
Five-year USD loan participation notes issued in 2016 (the "2021 LPNs") ⁽ⁱ⁾	6.31%	28,403	21,674
Five-year USD loan participation notes issued in 2018 (the "2023 LPNs") ⁽ⁱⁱ⁾	5.46%	23,904	18,749
Five-year RUB debt securities issued in 2017 ⁽ⁱⁱⁱ⁾	8.32%	10,211	10,004
Three-year RUB debt securities issued in 2019 ^(iv)	9.01%	4,994	4,991
Loan from ING Bank ^(v)	3.60%	2,774	2,366
Loan from Raiffeisen bank ^(vi)	8.15-8.60%	1,004	-
Loan from Raiffeisen bank AG ^(vii)	6.12%	576	629
Non-revolving loans from Rosbank ^(viii)	8%	471	-
Overdraft from Rosbank ^(ix)	7.91%	260	296
Total		72,597	58,709
Less: current portion due within twelve months, including accrued interest, and presented as short-term portion		(4,697)	(2,393)
Long-term portion of debt securities and borrowings		67,900	56,316

- (i) In November 2016 the Group issued non-convertible five-year loan participation notes (the "2021 LPNs") for the total amount of USD 350 million (RUB 22,362 million at the Central Bank of Russia exchange rate as at the inception date) on the Irish Stock Exchange. The annual coupon rate of the 2021 LPNs is 5.875% with interest being paid semi-annually. The 2021 LPNs are guaranteed by certain entities of the Group. The 2021 LPNs mature in November 2021.

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- (ii) In February 2018 the Group issued non-convertible five-year loan participation notes (the "2023 LPNs") for the total amount of USD 300 million (RUB 17,277 million at the Central Bank of Russia exchange rate as at the inception date) on the Irish Stock Exchange. The annual coupon rate of the 2023 LPNs is 5.075% with interest being paid semi-annually. The 2023 LPNs are guaranteed by certain entities of the Group. The 2023 LPNs mature in November 2023.
- (iii) In December 2017 the Group issued non-convertible five-year debt securities for the total amount of RUB 10,000 million on the Moscow Exchange. The annual coupon rate of the debt securities is 8.1% with interest being paid semi-annually. The debt securities mature in December 2022.
- (iv) In July 2019 the Group issued non-convertible three-year debt securities for the total amount of RUB 5,000 million on the Moscow Exchange. Net proceeds from the issuance, after the deduction of related offering costs, amounted to RUB 4,991 million. The annual coupon rate of the debt securities is 8.65% with interest being paid quarterly. The debt securities mature in June 2022.
- (v) In May 2017 the Group entered into a EUR-denominated eight-year loan facility agreement for the total amount of EUR 59 million (RUB 4,102 million at the Central Bank of Russia exchange rate ruling at the inception date) provided by International Netherlands Group N.V. Bank ("ING Bank") at a variable rate of EURIBOR +1.2% to finance the installation of a baggage handling system in the new segment of Terminal 2. As of 30 September 2020 the undrawn amount of the loan facility was EUR 9.85 million.
- (vi) In May and August 2020 the Group borrowed RUB 499 million and RUB 500 million respectively from JSC Raiffeisen Bank ("Raiffeisen Bank") to refinance its liability under a letter of credit arrangement. These amounts are repayable in 10 months. Interest is payable at a rate of 8.6% and 8.15% per annum respectively.
- (vii) In September 2015 the Group entered into a EUR-denominated five-year loan facility agreement for a total amount of EUR 38 million (RUB 2,914 million at the Central Bank of Russia exchange rate as at the inception date) provided by Raiffeisen Bank International AG ("Raiffeisen Bank AG") to finance design and construction of a parking terminal PM-2.1. The loan is guaranteed by certain Group companies and is at fixed rate of 5% per annum. The Group has engaged with Raiffeisen Bank AG to postpone debt payments from May and August 2020 to February and May 2021 respectively.
- (viii) In July 2020 within the framework of the state support for the industries most negatively affected by the Covid-19 pandemic the Group has entered into the non-revolving credit facility agreements with public joint-stock company ROSBANK ("Rosbank") for total amount of RUB 567 million maturing in April-June 2021 and paying interest at 2% (pursuant to the Russian Government Resolution No. 696). The loan is recognized at its fair value with interest rate 8%. As of 30 September 2020 the undrawn amount of the loan facility was RUB 81.5 million.
- (ix) In March 2019 the Group entered into overdraft agreement with Rosbank for borrowing of EUR, USD or RUB denominated funds up to the total overdraft limit of RUB 500 million. The interest is payable on a monthly basis and set by the bank for each tranche subject to a ceiling of 14% per annum. As of 30 September 2020 the interest rate was 6.58% per annum. Each tranche is repayable within 180 days of receipt. In February 2020 overdraft limit was extended to RUB 800 million.

Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Non-cash flow changes				
	31 December 2019	Financing cash flows (i)	Exchange rate changes	Accrual of interest expense	30 September 2020
Borrowings	3,291	784	865	145	5,085
Debt securities	55,418	(2,539)	11,554	3,079	67,512
Lease liability (Note 12)	243	(46)	-	13	210
	58,952	(1,801)	12,419	3,237	72,807

- (i) The cash flows from bank loans and debt securities represents the net amount of proceeds from borrowings and repayments of borrowings in the consolidated statement of cash flows.

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19. TRADE AND OTHER PAYABLES

	30 September 2020	31 December 2019
Amounts payable for the acquisition of property, plant and equipment	1,355	-
Total non-current trade and other payables	1,355	-
Amounts payable for the acquisition of property, plant and equipment	656	2,204
Rent deposits received	1,346	1,194
Trade payables	825	848
Letters of credit	302	1,679
Total financial liabilities	3,129	5,925
Advances received	633	805
Total non-financial liabilities	633	805
Total current trade and other payables	3,762	6,730
Total	5,117	6,730

Letters of credit are issued by the bank on behalf of the Group for settlements with construction subcontractors.

20. TAXES OTHER THAN INCOME TAX PAYABLE

	30 September 2020	31 December 2019
Value added tax	1,153	664
Social insurance tax	821	433
Property tax	19	12
Other taxes	67	25
Total taxes other than income tax payable	2,060	1,134

21. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

	30 September 2020	31 December 2019
Accrued employee expenses	1,085	1,193
Other liabilities	535	306
Total accrued expenses and other current liabilities	1,620	1,499

Accrued employee expenses as of 30 September 2020 and 31 December 2019 comprised accrued salaries and bonuses of RUB 563 million and RUB 640 million, respectively, and an accrual for unused vacation of RUB 522 million and RUB 553 million, respectively.

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22. FAIR VALUES

The fair values of financial assets and financial liabilities are determined as described in the Group's annual consolidated financial statements for 2019.

Fair value hierarchy levels 1 to 3 are based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Except as detailed in the following table management of the Group believes that the carrying value of financial instruments such as cash and cash equivalents, receivables and payables, finance lease receivable, short-term investments, which are classified within Level 2 category of the fair value hierarchy, approximates their fair value. Restricted cash is classified as Level 3 category. The estimated fair values of financial instruments have been determined by the Group using available market information, where it exists, and appropriate valuation methodologies. However, judgment is necessarily required to interpret market data to determine the estimated fair value. Management has used all available market information in estimating the fair value of financial instruments.

Fair value of financial assets and liabilities

Financial assets	30 September 2020		31 December 2019	
	Fair value	Carrying value	Fair value	Carrying value
Loan issued	413	442	314	324
Financial liabilities				
2021 LPNs (Note 18)	28,344	28,403	22,226	21,674
2023 LPNs (Note 18)	24,220	23,904	18,864	18,749
Five-year RUB debt securities issued in 2017 (Note 18)	9,782	10,211	9,814	10,004
Three-year RUB debt securities issued in 2019 (Note 18)	4,967	4,994	4,993	4,991
Loan from ING Bank (Note 18)	3,747	2,774	3,085	2,366
Loan from Raiffeisen bank AG (Note 18)	565	576	636	629
Loan from Raiffeisen bank (Note 18)	1,004	1,004	-	-
Non-revolving loans from Rosbank (Note 18)	471	471	-	-
Overdraft from Rosbank (Note 18)	260	260	297	296
Total	73,360	72,597	59,915	58,709

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23. TRANSACTIONS WITH RELATED PARTIES

Related parties may enter into transactions which unrelated parties might not, and transactions between related parties may not be effected on the same terms, conditions and amounts as transactions between unrelated parties.

The following tables provide the total amount of transactions, which have been entered into with related parties during the nine-month periods ended 30 September 2020 and 2019 as well as closing balances as of 30 September 2020 and 31 December 2019.

	Entities under common control	
	30 September 2020	31 December 2019
Advances for acquisition of non-current assets	959	124
Loans issued	442	324
Trade receivables	569	-
Other receivables	377	-
Total non-current assets	2,347	448
Trade receivables	-	399
Other receivables	105	524
Total current assets	105	923
Trade payables	25	1
Other payables	16	8
Total current liabilities	41	9

Expected credit losses were recognized for trade and other receivables in amount of RUB 352 million and RUB 81 million as of 30 September 2020 and 31 December 2019 respectively.

Advances were made for acquisition of land plots during nine-month period ended 30 September 2020.

The income and expense items with related parties for the nine-month periods ended 30 September 2020 and 2019 were as follows:

	Entities under common control	
	2020	2019
Sales to related parties	83	65
Purchases from related parties	70	132
Interest income	26	17

Compensation of key management personnel

Key management comprised seven persons as of 30 September 2020 and 31 December 2019. Total gross compensation (including social insurance tax and before withholding of personal income tax) to those individuals included payroll and related charges in the consolidated profit or loss amounted to RUB 85 million (including social insurance tax of RUB 12 million) and RUB 118 million (including social insurance tax of RUB 16 million) for the nine-month periods ended 30 September 2020 and 2019, respectively. The outstanding balances due to key management personnel amounted to RUB 13 million and RUB 11 million as of 30 September 2020 and 31 December 2019, respectively, and comprised accrued salaries, bonuses, accrual for unused vacation and other monetary benefits.

DME LIMITED AND SUBSIDIARIES

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2020 (UNAUDITED) (CONTINUED) (Amounts in millions of Russian Rubles, unless otherwise stated below)

24. COMMITMENTS, CONTINGENCIES AND OPERATING RISKS

Capital commitments

The Group's contracted capital commitments related to construction of passenger and cargo terminals and modernization of existing assets as of 30 September 2020 and 31 December 2019 consisted of the following:

	30 September 2020	31 December 2019
Reconstruction and expansion of passenger terminal	9,074	11,049
Reconstruction of fuel storage facilities	582	695
Reconstruction of office buildings	198	256
Construction of transport maintenance building	118	118
Construction of a canine center	70	72
Construction of multilevel parking	55	57
Reconstruction and expansion of cargo terminal	25	25
Other	238	242
Total capital commitments	10,360	12,514

Operating environment of the Group

Emerging markets such as Russia are subject to different risks than more developed markets, including economic, political and social, and legal and legislative risks. Laws and regulations affecting businesses in Russia continue to change rapidly, tax and regulatory frameworks are subject to varying interpretations. The future economic direction of Russia is heavily influenced by the fiscal and monetary policies adopted by the government, together with developments in the legal, regulatory, and political environment.

Because Russia produces and exports large volumes of oil and gas, its economy is particularly sensitive to the price of oil and gas on the world market. In March 2020 oil prices dropped for more than 40%, which resulted in immediate weakening of the Russian Ruble against major currencies.

Starting from 2014, sanctions have been imposed in several packages by the U.S. and the E.U. on certain Russian officials, businessmen and companies. This led to reduced access of the Russian businesses to international capital markets.

The impact of further economic and political developments on future operations and financial position of the Group might be significant.

The government of the Russian Federation directly affects the Group's operations through regulation of certain operating activities of the airports in Russia. According to current Russian legislation, certain infrastructure items may not be privately owned and must remain federal property. With respect to the Group, which operates under a long-term lease arrangement (see Note 11), such infrastructure items include the airfield, runways, adjacent taxiways, apron and certain navigation equipment. The contractual agreement regulating the relationship between the government and lessee's of such infrastructure items in Russia may not be as detailed and comprehensive as the contractual agreements governing similar infrastructure assets in more developed countries. Terms of contractual agreements between the government and infrastructure lessees are not standardized, and may vary substantially from one arrangement to another. As laws and regulations evolve, develop or otherwise change in the future, the lease agreement between the Group and the government may change significantly.

In addition, because of its importance to the public, the airport attracts a significant amount of political attention. The Group is subject to a high level of scrutiny from public officials and may from time to time be subject to government reviews, public commentary and investigations. Furthermore, the overall legal environment for private business in the Russian Federation is such that there exists a possibility that government bodies and regulatory agencies may take differing views on whether or not a given private business has complied with the relevant laws and regulations. Effects of such non-compliance may vary from administrative penalties and fines to criminal prosecution. The Group's management believes that it has properly complied with all relevant regulations and applicable laws.

DME LIMITED AND SUBSIDIARIES

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2020 (UNAUDITED) (CONTINUED) *(Amounts in millions of Russian Rubles, unless otherwise stated below)*

Taxation

Laws and regulations affecting business in the Russian Federation continue to change rapidly. Management's interpretation of such legislation as applied to the activity of the Group may be challenged by the relevant regional and federal authorities. Recent events suggest that the tax authorities are taking a more assertive position in their interpretation of the legislation and assessments and as a result, it is possible that transactions and activities that have not been challenged in the past may be challenged. Fiscal periods generally remain open to tax audit by the authorities in respect of taxes for three calendar years preceding the year of tax audit. Under certain circumstances reviews may cover longer periods.

Russian transfer pricing legislation was amended starting from 1 January 2012 to introduce additional reporting and documentation requirements. The new legislation allows the tax authorities to impose additional tax liabilities in respect of certain transactions, including but not limited to transactions with related parties, if they consider transaction to be priced not at arm's length. As the practice of implementation of the new transfer pricing rules has not yet developed and wording of some clauses may have more than one interpretation, the impact of challenge of the Group's transfer pricing positions by the tax authorities cannot be reliably estimated.

Starting 2015, the Russian "de-offshorization law" came into force introducing several new rules and concepts and amending others, which may have an impact on the Group's tax obligations, including taxation of profit of controlled foreign companies, the concept of beneficial ownership and the broader rules for determining the tax residency of legal entities. According to these changes, the undistributed profits of the Group foreign subsidiaries, considered as controlled foreign companies, may result in an increase of the tax base of the controlling entities, and the benefits of enjoying reduced tax rates to the income paid to foreign entities under double tax treaties ("DTTs") may come under additional scrutiny.

Current withholding tax and DTTs administration practice in Russia require foreign tax residents to demonstrate and substantiate with documents their beneficial ownership rights to the Russian-sourced income received in order to obtain a tax exemption or apply a reduced withholding tax rate under an applicable double tax treaty. The criteria to establish beneficial ownership rights are evolving with the development of court practice in Russia. Although the practice is still in its early stage of development, it is clear that in many cases foreign tax residents receiving income from Russian sources are disallowed DTTs benefits due to inability to confirm their beneficial ownership rights to the income received. The Group relies on the application of DTTs in its cross-border activities and treats its foreign tax resident companies as beneficial owners of the income received. As determination of the beneficial owner requires significant judgement and is frequently challenged by the tax authorities, the Group faces a risk of not being qualified to apply the DTTs. If crystalized, this risk would result in significantly increased withholding tax liabilities in Russia.

Management believes that it has provided adequately for tax liabilities based on its interpretations of tax legislation. Where uncertainty exists, the Group has accrued tax liabilities as management's best estimate of the probable outflow of resources which will be required to settle such liabilities. However, the relevant authorities may have differing interpretations, and the effects on the consolidated financial statements could be significant. Management's estimate of the possible exposure in relation the imposition of additional income tax and other taxes (e.g. VAT), including penalties and other charges, that is more than remote, but for which no liability is required to be recognized under IFRS is not disclosed as in the management's view such disclosure may prejudice the Group's position in any possible future dispute with the tax authorities. This estimation is provided for the IFRS requirement for disclosure of possible taxes and should not be considered as an estimate of the Group's future tax liability.

Environmental matters

The enforcement of environmental regulation in the Russian Federation is continually evolving. The Group periodically evaluates its obligations under environmental regulations. Potential liabilities, which might arise as a result of changes in existing regulations, civil litigation or legislation, cannot be estimated but could be material. In the current enforcement climate under existing legislation, management believes that the Group has met the government's federal and regional requirements concerning environmental matters. Therefore, there are no significant liabilities for environmental damage or remediation.

DME LIMITED AND SUBSIDIARIES

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2020 (UNAUDITED) (CONTINUED) (Amounts in millions of Russian Rubles, unless otherwise stated below)

Liquidity risk

Liquidity risk is the risk that the Group will not be able to settle all liabilities as they fall due. The Group's liquidity position is carefully monitored and managed by the treasury function. Management controls current liquidity based on expected cash flows and revenue receipts through establishing and maintaining a cash fund sufficient to cover its contractual obligations for the period of three to twelve upcoming months. Such funds are normally kept in current bank accounts or short-term bank deposits, and are available on short notice. In addition, to access significant liquidity the Group has engaged with banks to negotiate more comfortable debt payment terms, has obtained non-revolving loans as systematically important company at reduced rate and subsidy under Government Resolution No. 813 (Notes 2, 18, 25).

The following tables detail the Group's remaining contractual maturity for financial liabilities. The tables have been drawn up based on undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

	Effective interest rate, %	Less than 1 month	1-3 months	3 months- 1 year	1-5 years	Over 5 years	Total
30 September 2020							
Non-interest bearing liabilities		1,087	422	1,852	1,292	63	4,716
Debt securities and borrowings	3.6%-9.01%	9	1,871	5,892	72,478	-	80,250
Lease liability	9.9%-10.73%	6	-	82	147	71	306
Total		1,102	2,293	7,826	73,917	134	85,272
31 December 2019							
Non-interest bearing liabilities		3,300	694	2,148	49	-	6,191
Debt securities and borrowings	3.42%-9.01%	350	712	4,878	64,552	293	70,785
Lease liability	9.9%-10.73%	19	19	41	199	73	351
Total		3,669	1,425	7,067	64,800	366	77,327

The following tables detail the Group's expected maturity for its financial assets, except for cash and cash equivalents. The tables below have been drawn up based on the undiscounted contractual maturities of the financial assets, including interest that will be earned on those.

	Effective interest rate, %	Less than 1 month	1-3 months	3 months- 1 year	1-5 years	Over 5 years	Total
30 September 2020							
Accounts receivable		2,046	217	84	946	-	3,293
Loans issued	5%	-	-	-	502	-	502
Short-term investments	7%-11%	32	13	-	-	-	45
Finance lease receivable	41%	22	42	190	1,016	106	1,376
Total		2,100	272	274	2,464	106	5,216
31 December 2019							
Accounts receivable		2,561	268	400	-	-	3,229
Loans issued	5-7%	-	-	-	365	-	365
Short-term investments	1/54%-11%	37	1,240	10	-	-	1,287
Finance lease receivable	45%	16	33	148	788	230	1,215
Total		2,614	1,541	558	1,153	230	6,096

DME LIMITED AND SUBSIDIARIES

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2020 (UNAUDITED) (CONTINUED) (Amounts in millions of Russian Rubles, unless otherwise stated below)

Currency risk

Currency risk is the risk that the financial results of the Group will be adversely impacted by changes in exchange rates to which the Group is exposed. The Group has export revenue and purchases third-party services, which are denominated in foreign currencies. Certain receivable and payable balances, related primarily to settlements with customers and suppliers and most of loans and borrowings of the Group are denominated in currencies other than the Russian Ruble, the functional currency of the Company and most of the subsidiaries of the Group.

Currency risk is regularly assessed and managed by Corporate Treasury department. The Group's foreign currency position for net current assets is evaluated daily. The consolidated foreign currency position of all of the Group's assets and liabilities is assessed quarterly. The Group mitigates potential negative impact of exchange rate movements primarily through aiming to maintain a balanced structure of foreign currency assets and liabilities. Available cash and cash equivalents are the key instrument used by management to correct an imbalanced foreign currency position. Management also continually monitors market trends in order to appropriately adjust the Group's contractual payment terms to take advantage of favourable changes in exchange rates.

For the nine-month period ended 30 September 2020 the Russian Ruble depreciated against the US Dollar, EURO by 29%, 34%, respectively (appreciated against the US Dollar, EURO by 11%, 13% for the year ended 31 December 2019). The Group does not have or use any formal arrangements (i.e. derivatives) to manage foreign currency risk exposure.

The carrying amounts of the Group's foreign currency denominated monetary assets and liabilities as of the reporting date are as follows:

	Denominated in USD		Denominated in EUR	
	30 September 2020	31 December 2019	30 September 2020	31 December 2019
Assets				
Cash and cash equivalents	7,781	4,189	244	160
Trade and other receivables	798	1,036	152	129
Loans issued	432	324	-	-
Short-term investments	13	1,241	-	-
Finance lease receivable	-	-	552	410
Restricted cash	1	1	2,179	1,624
Total assets	9,025	6,791	3,127	2,323
Liabilities				
Debt securities and borrowings	52,306	40,423	3,350	2,995
Trade and other payables	1,262	1,273	138	77
Total liabilities	53,568	41,696	3,488	3,072

The table below details the Group's sensitivity to weakening of the Russian Ruble against the respective foreign currencies by 10%, all other variables being held constant. The analysis was applied to monetary items at the reporting dates denominated in respective currencies.

	USD – impact		EUR – impact	
	9m 2020	2019	9m 2020	2019
Loss	4,454	3,523	36	72

The strengthening of the Russian Ruble in relation to the same currencies by the same percentage will produce an equal and opposite effect on the consolidated financial statements of the Group to that shown above.

DME LIMITED AND SUBSIDIARIES

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2020 (UNAUDITED) (CONTINUED) (Amounts in millions of Russian Rubles, unless otherwise stated below)

Legal proceedings

During the nine-month period ended 30 September 2020, the Group was involved in a number of court proceedings (both as a plaintiff and a defendant) arising in the ordinary course of business. In the opinion of management, there are no current legal proceedings or other claims outstanding, which management believes could have a material effect on the result of operations or financial position of the Group, other than those for which provision has been made in these consolidated financial statements.

25. SUBSEQUENT EVENTS

New tranches under non-revolving credit facility agreements with Rosbank – In October 2020 the Group additionally borrowed RUB 81.5 million under non-revolving credit facility agreements with Rosbank concluded in July 2020.

Dividends – In October 2020 dividends of USD 6.5 million (RUB 505.5 million at the Central Bank of Russia exchange rate as at the declaration date) were declared and USD 6.1 million (RUB 477 million at the Central Bank of Russia exchange rate as at the payment date) were paid to the shareholders of the Group.

Letters of credit – In October 2020 the Group fulfilled its obligations under the letter of credit in a total amount of RUB 200 million.

Government grants – In December 2020 the Group has obtained cash funds for the total amount RUB 180 million under the Government Resolution No. 813 as additional compensation of certain employee and other operating expenses incurred during July 2020.

COVID-19 update – The number of COVID-19 cases in Russia and elsewhere has been steadily rising since late September 2020 and the relevant authorities have been reintroducing certain restrictions in seeking to control the spread of the pandemic. In particular, in October – November 2020, the UK, Belgium, Austria, France, Germany, Italy and certain other countries introduced a new set of lockdown measures amid increases in the number of COVID-19 cases. Furthermore, in December 2020, a number of countries, including Russia, suspended flights to/from the UK to stem the transmission of a new COVID-19 variant. However, despite this recent spike of COVID-19 cases, the Russian governmental authorities have not so far reintroduced the more severe restrictions experienced in other countries such as full or partial lockdowns or any further travel bans. Moreover, a number of countries including Russia have started mass vaccination campaigns using a variety of recently developed vaccines against COVID-19, which are intended to stop the spread of the virus.

However, should the current growth rate of COVID-19 cases continue, it could lead to new extensive restrictions being introduced in Russia and elsewhere, including further restrictions affecting air travel, and therefore the eventual magnitude of the impact of the COVID-19 pandemic on the Group's business remains unpredictable.

DME LIMITED **and subsidiaries**

Consolidated Financial Statements and
Independent Auditor's Report
For the Year Ended 31 December 2019

DME LIMITED AND SUBSIDIARIES

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DME LIMITED AND SUBSIDIARIES

STATEMENT OF MANAGEMENT'S RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

Management is responsible for the preparation of consolidated financial statements that present fairly the financial position of DME Limited (the "Company") and its subsidiaries (the "Group") as at 31 December 2019 and the consolidated results of its operations, cash flows and changes in equity for the year then ended, in compliance with International Financial Reporting Standards ("IFRS").

In preparing the consolidated financial statements, management is responsible for:

- Properly selecting and applying accounting policies;
- Presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- Providing additional disclosures when compliance with the specific requirements in IFRS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's consolidated financial position and financial performance; and
- Making an assessment of the Group's ability to continue as a going concern.

Management is also responsible for:

- Designing, implementing and maintaining an effective system of internal controls, throughout the Group;
- Maintaining adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the consolidated financial position of the Group, and which enable them to ensure that the consolidated financial statements of the Group comply with IFRS;
- Maintaining statutory accounting records in compliance with local legislation and accounting standards;
- Taking such steps as are reasonably available to them to safeguard the assets of the Group; and
- Preventing and detecting fraud and other irregularities.

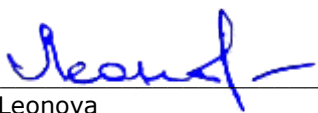
The consolidated financial statements of the Group for the year ended 31 December 2019 were approved by management on 30 April 2020.

On behalf of management:



Viktor Ponomarenko
Chief Executive Officer

30 April 2020



Elena Leonova
Chief Financial Officer

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of DME Limited:

Opinion

We have audited the consolidated financial statements of DME Limited and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2019, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2019, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs") adopted in Cyprus. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (the "IESBA Code") together with the ethical requirements that are relevant to our audit of the consolidated financial statements in Russian Federation, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Why the matter was determined to be a key audit matter	How the matter was addressed in the audit
<p>Revenue recognition</p> <p>The most significant revenue streams of the Group relate to aviation services and auxiliary aviation services rendered to airlines.</p> <p>The Group uses self-developed billing system for pricing its services and issuing invoices to customers. Due to the variety of revenue streams and tariffs applied by the Group, we consider this area to be a key audit matter.</p> <p>Refer to the Note 7 to the consolidated financial statements.</p>	<p>Our principal audit procedures included:</p> <ul style="list-style-type: none"> • Understanding the Group's key controls in respect of revenue recognition; • Understanding the Group's IT environment and billing system; • Assessing adequacy of the Group's revenue recognition policy; • Assessing completeness of revenue by performing a reconciliation of flights registration system to billing system and billing system to the general ledger; • Testing revenue by analytical review per streams, including revenue trends, tariffs and changes analysis, and by performing reconciliations with customers on a sample basis.
<p>Going concern assumption</p> <p>Rapid spread of the new coronavirus (COVID-19) and significant drop in oil prices, which led to devaluation of the Russian Ruble against the US dollar and other major currencies, can cause significant deterioration of the Group's financial position and performance, can affect its ongoing ability to comply with debt covenants and meet its obligations as they become due.</p> <p>Management considered those negative factors and evaluated potential impact of continuing travel and other restrictions as well as ensuing economic downturn on Group's sales and results of operations, sufficiency of cash and other sources of liquidity.</p> <p>Based on the analysis performed, management concluded that the going concern assumption remains appropriate and that no material uncertainty exists in this regard.</p> <p>Due to the magnitude of impact of the current economic environment on the Group's future performance and compliance with debt covenants as well as the pervasive nature of the going concern assumption on the presentation of consolidated financial statements, this area is determined a key audit matter.</p> <p>Refer to the Note 2 and Note 30 of the consolidated financial statements.</p>	<p>Our principal audit procedures included:</p> <ul style="list-style-type: none"> • Evaluating management's assessment of the Group's ability to continue as a going concern, including the analysis of consequences of possible non-compliance with debt covenants; • Examining management's forecasts and scenarios of operations and assessing the reasonableness of assumptions applied in preparing forecasts, including the expected reopening of international passenger flights and resumption of growth in domestic passenger traffic and comparing with industry peers, expert views and trends experienced in other countries; • Analyzing the Group current liquidity position and downside scenarios affecting the Group's ability to settle obligations, including the ability to generate a sufficient level of cash flows from operating activities to serve and settle its borrowings; • Analyzing the terms of debt agreements, in respect to the possible consequences of the non-compliance with the covenants including whether such possible breaches could result in significant portion of debt becoming due on demand; • Making inquiries of the Group's in-house and external legal counsel about the interpretation of the terms of borrowing agreements; • Analyzing compliance with debt covenants as of 31 December 2019 and discussing with management and examining available documentation on the status of negotiations with debt holders and other creditors as well as government officials on possible rescheduling of payments, amendment of financial covenants and availability of government support. • Assessing appropriateness of disclosure in the notes to the consolidated financial statements.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period, and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



Alexander Dorofeyev
Engagement partner


30 April 2020

DME LIMITED AND SUBSIDIARIES

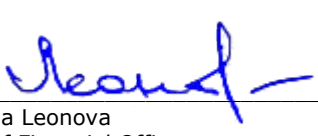
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND TOTAL OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2019 (Amounts in millions of Russian Rubles)

	Notes	2019	2018
Revenue	7	37,500	42,880
Operating expenses, net	8	(28,308)	(32,344)
Operating profit		9,192	10,536
Interest expense	9	(2,602)	(2,849)
Interest income		313	442
Foreign exchange gain/(loss), net		4,825	(7,079)
Profit before income tax		11,728	1,050
Income tax	10	(997)	(1,883)
Profit/(loss) and total comprehensive income/(loss) for the year		10,731	(833)
Profit/(loss) and total comprehensive income/(loss) for the year attributable to:			
Equity holders of the Company		10,742	(798)
Non-controlling interests		(11)	(35)
		10,731	(833)

On behalf of management:


Viktor Ponomarenko
Chief Executive Officer

30 April 2020


Elena Leonova
Chief Financial Officer

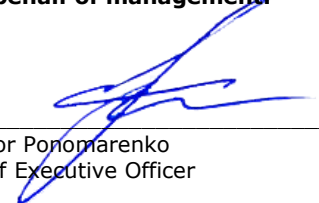
The accompanying notes form an integral part of these consolidated financial statements.

DME LIMITED AND SUBSIDIARIES

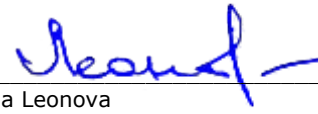
CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 31 DECEMBER 2019 (Amounts in millions of Russian Rubles)

	Notes	31 December 2019	31 December 2018
ASSETS			
Non-current assets			
Property, plant and equipment	11	102,635	98,454
Investment property	11	569	589
Advances for acquisition of non-current assets	11	268	1,325
Right-of-use assets	14	232	-
Intangible assets	12	1,750	5,393
Deferred tax asset, net	10	2,658	2,389
Loans issued		324	241
Long-term finance lease receivable	15	254	311
Other non-current assets	13	1,696	1,935
Total non-current assets		110,386	110,637
Current assets			
Inventory	16	2,070	2,362
Trade and other receivables	17	3,229	3,251
Prepayments and other current assets	18	3,602	4,226
Prepaid current income tax		1,041	1,168
Short-term finance lease receivable	15	156	183
Short-term investments	19	1,287	-
Cash and cash equivalents	20	5,003	4,822
Total current assets		16,388	16,012
TOTAL ASSETS		126,774	126,649
EQUITY AND LIABILITIES			
Capital			
Share capital	21	11,877	11,877
Retained earnings	21	35,617	30,188
Equity attributable to the owners of the Company		47,494	42,065
Non-controlling interests		(166)	(89)
Total equity		47,328	41,976
Non-current liabilities			
Deferred tax liability, net	10	6,550	6,304
Lease/concession liability, long-term portion	4,14	166	3,133
Debt securities, long-term portion	22	54,644	54,836
Borrowings, long-term portion	23	1,672	3,237
Total non-current liabilities		63,032	67,510
Current liabilities			
Trade and other payables	24	6,730	6,574
Current income tax payable		1,319	1,233
Taxes other than income tax payable	25	1,134	1,345
Dividends payable	21	3,169	2,902
Lease/concession liability, short-term portion	4,14	77	247
Accrued expenses and other current liabilities	26	1,499	2,344
Borrowings, short-term portion	23	1,619	1,765
Debt securities, short-term portion	22	774	753
Provisions		93	-
Total current liabilities		16,414	17,163
TOTAL EQUITY AND LIABILITIES		126,774	126,649

On behalf of management:


Viktor Ponomarenko
Chief Executive Officer

30 April 2020


Elena Leonova
Chief Financial Officer


The accompanying notes form an integral part of these consolidated financial statements.

DME LIMITED AND SUBSIDIARIES

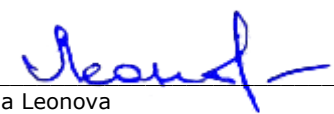
CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2019 (Amounts in millions of Russian Rubles)

	2019	2018
Cash flows from operating activities:		
Profit before income tax	11,728	1,050
Adjustments for:		
Depreciation and amortization	4,652	4,070
Change in allowance for impairment of accounts receivable and advances to suppliers	(58)	(1)
Interest income	(313)	(442)
Interest expense	2,602	2,849
Foreign exchange (gain)/ loss, net	(4,825)	7,079
Other non-cash items, net	(663)	9
	13,123	14,614
Decrease / (increase) in inventory	299	(439)
(Increase) in trade and other receivables	(56)	(481)
Decrease in prepayments and other current assets	625	95
(Decrease) / increase in trade and other payables	(760)	605
(Decrease) in taxes other than income tax payable	(211)	(29)
(Decrease) / increase in accrued expenses and other current liabilities	(4)	73
Net cash from operating activities before income tax	13,016	14,438
Income tax paid	(825)	(1,177)
Net cash provided by operating activities	12,191	13,261
Cash flows from investing activities:		
Purchases of property, plant and equipment	(4,912)	(15,578)
Purchases of intangible assets and other non-current assets	(653)	(1,256)
Proceeds from disposal of property, plant and equipment	59	70
Loans issued	(99)	(230)
Purchases of investments	(5,273)	-
Proceeds from disposal of investments	3,869	22
Interest received	303	478
Net cash used in investing activities	(6,706)	(16,494)
Cash flows from financing activities:		
Proceeds from debt securities	4,714	17,189
Proceeds from borrowings	4,813	1,515
Repayments of debt securities	-	(14,620)
Repayments of borrowings	(6,023)	(1,130)
Interest paid	(3,451)	(3,997)
Dividends paid (Note 21)	(4,951)	(4,498)
Net cash used in financing activities	(4,898)	(5,541)
Net increase / (decrease) in cash and cash equivalents	587	(8,774)
Cash and cash equivalents at the beginning of the year	4,822	10,270
Allowance for expected credit losses on cash and cash equivalents	(4)	(5)
Foreign exchange (loss)/gain on cash and cash equivalents	(402)	3,331
Cash and cash equivalents at the end of the year	5,003	4,822

On behalf of management:


Viktor Ponomarenko
Chief Executive Officer

30 April 2020


Elena Leonova
Chief Financial Officer


The accompanying notes form an integral part of these consolidated financial statements.

DME LIMITED AND SUBSIDIARIES

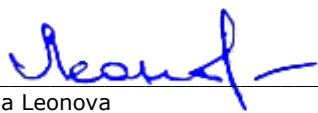
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2019 (Amounts in millions of Russian Rubles)

	Share capital	Retained earnings	Attributable to the equity holders of the Company	Attributable to the non-controlling interests	Total equity
Balance as of 1 January 2018	11,877	37,268	49,145	(54)	49,091
Total comprehensive loss for the year	-	(798)	(798)	(35)	(833)
Dividends (Note 21)	-	(6,282)	(6,282)	-	(6,282)
Balance as of 31 December 2018	11,877	30,188	42,065	(89)	41,976
Adoption of new standards (Note 4)	-	72	72	-	72
Balance as of 1 January 2019	11,877	30,260	42,137	(89)	42,048
Total comprehensive income for the year	-	10,742	10,742	(11)	10,731
Dividends (Note 21)	-	(5,385)	(5,385)	(66)	(5,451)
Balance as of 31 December 2019	11,877	35,617	47,494	(166)	47,328

On behalf of management:


Viktor Ponomarenko
Chief Executive Officer

30 April 2020


Elena Leonova
Chief Financial Officer

The accompanying notes form an integral part of these consolidated financial statements.

DME LIMITED AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (Amounts in millions of Russian Rubles)

1. NATURE OF THE BUSINESS

DME Limited (previously FML Limited, hereinafter the "Company"), is a limited liability company incorporated under the laws of the Isle of Man in February 2001. Immediately following the formation of the Company an entity under common control transferred to the Company a number of entities operating as a group since 1996. The assets and liabilities of the entities were transferred to the Company at their previous carrying amounts. In 2012, the Company transferred its registered office and place of domicile to the Republic of Cyprus.

The principal activities of the Company, together with its subsidiaries (collectively the "Group") are the management, operation and development of Domodedovo airport, including servicing international and domestic passenger and cargo flights. The Group sells fuel and pre-packaged meals as well as provides airport-related commercial services comprising leasing of retail space, leasing of other commercial properties and fueling services. The Group's principal place of business is Domodedovo airport in the Moscow region, Russia.

The Group operates in three business segments: aviation services, auxiliary aviation services and commercial services.

The Company's ownership interest in the significant controlled subsidiaries is as follows:

Company name	Place of incorporation	Principal activity	Percentage held as of	
			31 December 2019	31 December 2018
Domodedovo Passenger Terminal	Russia	Passenger terminal complex	100%	100%
Domodedovo Cargo	Russia	Cargo terminal complex	100%	100%
Domodedovo Catering Service	Russia	In-flight catering facility	100%	100%
Domodedovo Asset Management	Russia	Rent and parking operator	100%	100%
Domodedovo Fuel Services	Russia	Fuel storage and supply facility	100%	100%
Domodedovo Security	Russia	Aviation security	100%	100%
Domodedovo Commercial Services	Russia	General agent for Group companies	100%	100%
Domodedovo Airfield	Russia	Take-off and landing services	100%	100%
Domodedovo Slot Allocation	Russia	Aeronautical services	100%	100%
Domodedovo Construction Management	Russia	Capital development	100%	100%
Domodedovo Airport Handling	Russia	Ground handling	100%	100%
Domodedovo Information Technologies Services	Russia	IT services	100%	100%
Domodedovo Fuel Facilities	Russia	Jet fueling and storage	100%	100%
Hacienda Investments Limited	Cyprus	Group property management	100%	100%
Verulia Investments Limited	Cyprus	Investing and financing activities	100%	100%
Airport Management Company Limited	Isle of Man	Group management company	100%	100%
Ocean Fest Development SA	British Virgin Islands	Investing and financing activities	100%	100%
Domodedovo Training	Russia	Staff professional trainings and development	100%	100%
Domodedovo Integration	Russia	Software development	100%	100%
Domodedovo Parking	Russia	Management of car park facilities	100%	100%
Domodedovo Non-aviation Sales	Russia	Rent and advertising services	100%	100%
DME Airport Designated Activity Company	Ireland	Investing and financing activities	-	-

DME LIMITED AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019 (Amounts in millions of Russian Rubles)

The Russian Federation is the place of operation for all the companies listed above, except for Verulia Investments Limited for which the place of operation is Cyprus and DME Airport Designated Activity Company for which the place of operation is Ireland. Verulia Investments Limited acts as a major holder of the intangible assets owned by the Group and is involved in treasury activities of the Group, facilitating financing and investing transactions between the Group's individual companies, as well as between the Group and third parties.

DME Airport Designated Activity Company is a special purpose entity that acts as a corporate vehicle for USD loan participation notes issued on the Irish Stock Exchange.

Starting from December 2016 DME Stichting Administratiekantoor ("DME Administrative Foundation"), a foundation organized and existing under the laws of the Netherlands, together with Atlant Foundation, a private foundation established and governed under the laws of Malta, collectively own 100% of the issued share capital of DME Limited.

The ultimate controlling party of the Group is Mr. Dmitry Kamenshchik.

The consolidated financial statements of the Group for the year ended 31 December 2019 were authorized for issue by management on 30 April 2020.

2. PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

Statement of compliance – These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

Basis of preparation – These consolidated financial statements are prepared on the basis of standalone financial statements of the Company and its subsidiaries. The entities of the Group maintain their accounting records in accordance with laws, accounting and reporting regulations of the jurisdictions in which they are incorporated and registered. The accompanying consolidated financial statements differ from the financial statements issued for statutory purposes in that they reflect certain adjustments, not recorded in the statutory books, which are appropriate to present the financial position, results of operations and cash flows of the Group in accordance with IFRS.

These consolidated financial statements are presented in millions of Russian Rubles (hereinafter "RUB million"), unless otherwise indicated.

The consolidated financial statements have been prepared using the historical cost convention, except for certain items of property, plant and equipment which were stated at deemed cost as of 1 January 2008 as part of the Group's adoption of IFRS. The deemed cost was equal to fair value as determined by an independent appraiser.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, and measurements that have some similarities to fair value but are not fair value, such as net realizable value in IAS 2 "Inventories" or value-in-use in IAS 36 "Impairment of assets".

Going concern – These consolidated financial statements have been prepared on the assumption that the Group will continue as a going concern in the foreseeable future, which implies the realization of assets and settlement of liabilities in the normal course of business.

The COVID-19 outbreak began in December 2019, and on 11 March 2020 the World Health Organization (the "WHO") designated the outbreak a pandemic and recommended containment and mitigation measures worldwide. Many countries and state authorities have taken strict measures, including restrictions on travel and closure of borders. On 27 March 2020, the Russian Federation has completely closed regular and charter international passenger flights.

DME LIMITED AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019 (Amounts in millions of Russian Rubles)

Additionally, in March 2020, there has been a significant weakening of the Ruble against the US dollar, from RUB 61.9 per 1 USD to RUB 73.6 per 1 USD to 30 April 2020 (rates according to the Central Bank of Russia), which represents a depreciation of 19% of the Russian currency.

In April 2020 the Group, expects passenger traffic to be approximately 8% of the same period of the prior year, which reflects a 100% reduction in international operations and a 90% reduction in domestic flights.

These circumstances could lead to a dramatic deterioration of the Group financial performance and have a negative impact on the ability of the Group to meet existing financial covenants on its borrowings and obtain additional borrowings, if required.

As of the date of approval of these consolidated financial statements, it is not possible to quantify the exact impact on demand for air travel or how long it may take to recover, making it impossible to forecast the Group's results for the current year. However, management believes that the Group has sufficient cash at current accounts and placed on short-term deposits to continue uninterrupted servicing of its bank and other borrowings, and it is also implementing measures to maintain a positive operating cash flow to the end of 2020.

From the start of the COVID-19 outbreak, the Group has implemented the following steps in response to the rapidly deteriorating operating environment:

- Implementation of strict credit control and constant monitoring of cash collections;
- Suspension of virtually all capital spending and payment of dividends;
- Negotiating with key suppliers a revision of payment schedules for the amounts outstanding as well as non-cash settlement of debts;
- Implementing voluntary leave options and reducing working hours, resulting in staff cost decrease of 50% or more;
- Reduction in all other non-essential spending;
- Engaging with banks to negotiate more comfortable debt payment terms and review of financial covenants;

The Russian government has implemented or announced a number of measures to support industries and organizations most affected by COVID-19 pandemic, including:

- Tax payment deadlines have been postpone till 1st of May 2020;
- Providing subsidies to compensate the losses of airports
- Other measures in the various stages of implementation.

Management is actively engaging with all levels of the Russian government (federal, regional and municipal) and applying for support, where available.

Management believes that the measures undertaken together with the management's continuing focus on any additional steps required to safeguard the Group's liquidity position would be sufficient to enable the Group to continue in existence for at least the next twelve months from the date of these consolidated financial statements and therefore the going concern basis remains appropriate.

3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these consolidated financial statements are set out below.

The accounting policies have been applied consistently by all consolidated operating entities.

Consolidation – The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) prepared through 31 December of each year.

Control is achieved when the Company:

- Has power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

DME LIMITED AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019 (Amounts in millions of Russian Rubles)

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Company, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control is obtained until the date that control ceased. Intragroup balances and any unrealized gains and losses or income and expenses arising from intragroup transactions, are eliminated in full in preparing the consolidated financial statements.

Non-controlling interest in consolidated subsidiaries represents the equity in a subsidiary not attributable, directly or indirectly, to a parent and is identified separately from the Group's equity therein. Total comprehensive income / (loss) is attributed to non-controlling interests even if this results in the non-controlling interest having a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets, and liabilities of the subsidiary and any non-controlling interests.

Functional and presentation currency – The primary economic environment of the Group is the Russian Federation. Therefore, the Russian Ruble ("RUB") is the functional currency of the Company and all subsidiaries of the Group, except for DME Airport Designated Activity Company (the functional currency is US dollar, "USD"), as well as the Group's presentation currency.

In preparing the financial statements of the individual companies, transactions in currencies other than the entity's functional currency are initially recorded at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the reporting date exchange rate.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are not retranslated. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to Russian Ruble at foreign exchange rates ruling at the dates the fair value was determined. Exchange differences arising from such retranslation are included in the consolidated statement of profit or loss and other comprehensive income.

DME LIMITED AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019 (Amounts in millions of Russian Rubles)

Below are exchange rates as at year end which were used by the Group for the purpose of these consolidated financial statements:

	31 December 2019	31 December 2018
Russian Ruble/USD	61.9057	69.4706
Russian Ruble/EUR	69.3406	79.4605

Revenue recognition – The Group's revenue is generated by the provision of services (airport services, rental income, aircraft maintenance, fuel storage services and parking fees), and sale of products (jet fuel and in-flight meals). The Group recognizes revenue when or as a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. In general, control is transferred to the contractual counterparty and subsequently the Group's performance obligations are met at the point in time of receipt of the services by the counterparty. The Group provides most services within one working day. Revenue is measured at the amount of transaction price received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of sales related taxes, estimated rebates and discounts. Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

Airport and other related charges

Revenue from airport and other related charges mainly includes fees collected for aircraft take-off and landing, runway lighting, aircraft parking, and passenger-related charges for the use of terminal. The Group typically satisfies its performance obligation as the service is provided. Revenue from airport and other related charges is recognized at the point in time when the services are rendered.

Rental income

Rental income is generated principally from leasing trading space and office facilities located inside the airport terminal and adjacent buildings. Rental revenue is recognized on a straight-line basis during the term of rent agreements.

In accordance with the rent agreements, which are classified as operating lease, rental revenue can be calculated based on the fixed monthly rental rates or the passenger traffic volume for the period.

Ground handling

Ground handling includes a wide range of services related to aircraft maintenance before take-off and after landing, including pre-flight aircraft preparation, towing, and cleaning, required technical maintenance before and after flights, luggage handling, passenger check-in, boarding and transportation to and from aircraft. The Group typically satisfies its performance obligation as the service is provided, therefore revenue from ground handling services is recognized at the point in time when the services are rendered.

Jet fueling and storage services

Jet fueling and storage services include revenue from into-plane fueling services and revenue from the storage of third-parties' jet fuel. The Group typically satisfies its performance obligation as the service is provided. Revenue from these services is recognized at the point in time when the services are rendered. Storage charge rates are regulated for foreign airline customers and periodically reviewed by the Federal Antimonopoly Service of the Russian Federation.

Aviation security

Aviation security services include services such as the inspection/screening of passengers, crews, baggage, cargo and in-flight supplies, aircraft security (including guarding the aircraft at the airport), pre-flight inspection and access control and security of areas with restricted access. The Group typically satisfies its performance obligation as the service is provided. Revenue from aviation security services is recognized at the point in time when the services are rendered.

DME LIMITED AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019 (Amounts in millions of Russian Rubles)

Parking fees and other revenue

Parking fees consist of fees collected at the passenger terminal's car park. Other revenue consists of auxiliary services provided at the cargo and passenger terminals. The Group considers the performance obligation is satisfied by the provision of the car part space for each day the car is parked, therefore the revenue from such services is recognized for each day the car is parked.

Jet fuel sales

Jet fuel sales comprise the sales of jet petroleum, lubricants and other specialized liquids. The Group considers the performance obligation is satisfied when control of the goods or services underlying the particular performance obligation is transferred to the customer, therefore revenue from the sale is recognized at the point in time when the goods are delivered to the customers.

Catering

Catering includes sales of pre-packaged in-flight meals. The Group considers the performance obligation is satisfied when control of the goods or services underlying the particular performance obligation is transferred to the customer, therefore revenue from catering is recognized when the meal packages are delivered to the aircraft, at which point the risks and rewards of ownership are transferred to the customers.

Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the applicable effective interest rate.

Leases

Accounting policies applied from 1 January 2019

The Group as a lessee

IFRS 16 changes how the Group accounts for leases previously classified as operating leases under IAS 17, which were off-balance sheet.

Applying IFRS 16, the Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognizes a right-of-use assets and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed. This expense is presented within operating expenses in the consolidated statement of profit and loss.

Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognized as an expense in the period in which the event or condition that triggers those payments occurs and are included as 'rent' in the statement of profit or loss (Note 8).

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

DME LIMITED AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019 (Amounts in millions of Russian Rubles)

The lease liability is presented separately in the consolidated statement of financial position and split into short-term and long-term portions accordingly.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- The lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, plant and equipment' policy.

The Group as a lessor

IFRS 16 does not change substantially how a lessor accounts for leases. Under IFRS 16, a lessor continues to classify leases as either finance leases or operating leases and account for those two types of leases differently. However, IFRS 16 has changed and expanded the disclosures required, in particular regarding how a lessor manages the risks arising from its residual interest in leased assets.

Accounting policies applied prior to 1 January 2019

At inception of the contract, the Group determined whether the lease was classified as either an operating or a finance lease.

Leases were classified as finance leases whenever the terms of the lease transfer substantially all of the risks and rewards of ownership to the lessee. All other leases were classified as operating leases.

Group as a lessor

Amounts due from lessees under finance leases were recognized as receivables at the amount of the Group's net investment in the leases. Finance lease income was allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases. Rental income from operating leases was recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease were added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term.

DME LIMITED AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019 (Amounts in millions of Russian Rubles)

Group as a lessee

Assets under finance leases were recognized as assets at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor was included in the statement of financial position as a finance lease obligation.

Minimum lease payments were apportioned between the finance charge and the reduction of the outstanding liability. The finance charge was allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rentals were recognized as expenses in the periods in which they are incurred.

Payments under operating leases were recognized in the consolidated profit or loss on a straight-line basis over the term of the lease. Lease incentives received were recognized as a liability and a reduction to expense on a straight-line basis. Contingent rentals under operating leases were recognized as an expense in the period in which they were incurred.

Borrowing costs – Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale, and amortized over the useful life of the asset. All other borrowing costs are recognized as an expense in the period in which they are incurred.

Income tax – Income tax on the profit or loss for the year comprises current and deferred tax. Current and deferred income tax are recognized in the consolidated profit or loss except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the consolidated statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the taxation authorities, using the tax rates (and tax laws) that have been enacted or substantially enacted by the reporting date. Provisions in respect of uncertain tax positions which relate to income tax are included in current income tax at an amount expected to be payable including penalties, if any.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts of tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill.

At the end of each reporting period, an entity reassesses unrecognized deferred tax assets. The entity recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are not discounted.

Employee benefits – Remuneration to employees in respect of services rendered during the reporting period is recognized as an expense in that reporting period.

The Group contributes to the Pension Fund of the Russian Federation, a defined contribution plan. The Group's only obligation is to pay contributions to the Fund as they fall due. As such, the Group has no legal obligation to pay and does not guarantee any future benefits to its Russian employees.

DME LIMITED AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019 (Amounts in millions of Russian Rubles)

The Group's contributions to the Russian Federation State Pension Fund are recorded as an expense over the reporting period based on the related employee service rendered. In 2019 and 2018 contributions for each employee vary from 10% to 22%, depending on the annual gross remuneration of each employee.

Property, plant and equipment – At the date of transition to IFRS (1 January 2008) the Group's property, plant and equipment were recognized in the consolidated financial statements at deemed cost.

Property, plant and equipment acquired by the Group subsequent to the date of transition to IFRS are recorded at purchase or construction cost, less accumulated depreciation and accumulated impairment, if any. The costs of day to day servicing of property, plant and equipment, including repairs and maintenance expenditure, are expensed as incurred. Major renewals and improvements are capitalized.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Assets under construction

Assets under construction ("Construction In-Progress" or "CIP") are carried at cost, less any recognized impairment loss. Cost includes capital expenditures directly related to the construction of property, plant and equipment including an appropriate allocation of directly attributable variable overheads including capitalized borrowing costs on qualifying assets. Depreciation of these assets, on the same basis as for other property assets, commences when the assets are ready for their intended use.

Advance payments for assets under construction are shown separately in the consolidated statement of financial position and presented as non-current assets.

Investment property

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties are initially measured at cost. Subsequent measurement is at cost less accumulated depreciation and impairment losses (if any) under IAS 36 "Impairment of assets". Investment properties are amortized using straight-line method over their useful lives which are from 35 to 50 years.

An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated profit or loss in the period in which the property is derecognized.

Subsequent costs

The Group recognizes in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied with the item will flow to the Group and the cost of the item can be measured reliably. The assets being replaced are written off immediately. All other costs are recognized in the consolidated profit or loss as an expense as incurred.

Depreciation

Depreciation is recognized in consolidated profit or loss so as to write off the cost of assets (other than land and CIP) less their estimated residual values over their economic useful lives, using the straight-line method. Owned land plots are not depreciated.

The estimated useful economic lives for property, plant and equipment are as follows:

	<u>Number of years</u>
Buildings	10-50
Plant and equipment	5-20
Other	2-20

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019 (Amounts in millions of Russian Rubles)

The assets' useful lives and methods are reviewed and adjusted as appropriate at each financial year-end.

Gain or loss on disposal

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Other intangible assets – Intangible assets represent mainly purchased software and licenses and are stated at cost less accumulated amortization and impairment losses.

Amortization is charged to the consolidated profit or loss on a straight-line basis over the estimated useful lives of intangible assets which are up to 5 years. Intangible assets are amortized from the date they are available for use.

Useful lives and amortization methods for intangible assets are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for as changes in accounting estimates.

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognized in profit or loss when the asset is derecognized.

Impairment of non-current assets – The Group assess at the end of each reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in the consolidated profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in the consolidated profit or loss.

Financial instruments – Financial assets and financial liabilities are recognized in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

Financial assets – Financial assets are classified into the following categories: cash and cash equivalents, bank deposits, restricted cash, loans and receivables, finance lease receivables and other financial assets. All financial assets are measured subsequently at amortized cost, fair value through other comprehensive income (FVTOCI) or fair value through profit or loss (FVTPL). As of the reporting date the Group had financial assets measured at amortized cost only.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019
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Amortized cost and effective interest method

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortized cost of the debt instrument on initial recognition.

The amortized cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortized cost of a financial asset before adjusting for any loss allowance.

Impairment of financial assets

From 1 January 2018, the Group recognizes a loss allowance for expected credit losses ("ECL") on cash and cash equivalents, trade and other receivables, restricted cash and other financial assets. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial asset.

The Group makes use of a simplified approach in accounting for trade and other receivables and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses.

The Group assess expected credit loss of trade and other receivables on a collective basis where they possess shared credit risk characteristics and therefore group them based on the sector industry global default rates, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

The Group assess expected credit loss of cash and cash equivalents based on the available credit ratings of financial institutions it uses for banking.

For all other financial assets, the Group recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organizations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019 (Amounts in millions of Russian Rubles)

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 90 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- Significant financial difficulty of the issuer or the borrower;
- A breach of contract, such as a default or past due event;
- The lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- It is becoming probable that the borrower or debtor will enter bankruptcy or other financial reorganization; or
- The disappearance of an active market for that financial asset because of financial difficulties.

If, in a subsequent period, the amount of the impairment loss for assets carried at amortized cost decreased and the decrease was related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss was reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment was reversed did not exceed what the amortized cost would have been had the impairment not been recognized.

Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, balances with banks, short-term interest-bearing deposits and short-term bank overdrafts with original maturities of not more than three months.

Restricted cash

Cash and cash equivalents that can only be used for a specific purpose or where access is restricted.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets were carried at amortized cost using the effective interest rate method. Gains and losses were recognized in the consolidated profit or loss when the loans and receivables were derecognized or impaired, as well as through the amortization process. Interest income was recognized by applying the effective interest rate except for short-term receivables when the recognition of interest would be immaterial.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019 (Amounts in millions of Russian Rubles)

Financial liabilities

Financial liabilities are classified into the following categories: accounts payable and other financial liabilities. All financial liabilities are measured subsequently at amortized cost using the effective interest method or at FVTPL.

As of the reporting date the Group had financial liabilities measured at amortized cost only.

Accounts payable and other financial liabilities

Accounts payable and other financial liabilities are initially recognized at cost, which is the fair value of the consideration received, taking into account transaction costs. After initial recognition, financial liabilities are carried at amortized cost, using the effective interest method, with interest expense recognized on an effective yield basis. As normally the expected term of accounts payable is short, the value is stated at the nominal amount without discounting, which corresponds with fair value.

Financial liabilities measured subsequently at amortized cost

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for-trading, or (iii) designated as at FVTPL, are measured subsequently at amortized cost using the effective interest method (see above).

Derecognition of financial liabilities

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

Offsetting

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liability simultaneously. Income and expense is not offset in the consolidated statement of profit or loss and other comprehensive income unless required or permitted by any accounting standard or interpretation, and as specifically disclosed in the accounting policies of the Group.

Inventory

Inventory is stated at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. The cost of inventory is based on the weighted average cost principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

Value added tax

Output value added tax ("VAT") related to revenue is payable to tax authorities upon delivery of the goods or services to customers, as well as upon collection of prepayments from customers. Input VAT is generally recoverable against output VAT upon receipt of the VAT invoice. Input VAT on capital expenditures can be reclaimed on receipt of VAT invoices for the particular stage of work performed or, if the construction project cannot be broken down into stages, on receipt of VAT invoices upon completion of the contracted work. The tax authorities permit the settlement of VAT on a net basis (except for input VAT related to export services provided which is reclaimable upon confirmation of export). VAT related to sales and purchases is recognized in the consolidated statement of financial position on a gross basis and disclosed separately as an asset and liability. Where provision has been made for impairment of receivables, impairment loss is recorded for the gross amount of the debtor, including VAT. The related VAT deferred liability is maintained until the debtor is written off for tax purposes.

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Provisions – Provisions are recognized when, and only when, the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable (i.e. more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Where the Group expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Where the effect of the time value of money is significant, the amount of a provision is the present value of the cash flows required to settle the obligation.

Share capital – Ordinary shares are classified as equity and are recorded at the par value of proceeds received, net of direct issue costs. Where shares are issued above par value, the proceeds in excess of par value are recorded in the share premium account.

Dividends – Dividends are recognized as a liability and deducted from equity at the reporting date only if they are declared before or on the reporting date by the shareholders at a general meeting. Dividends are disclosed when they are proposed before the reporting date or proposed or declared after the reporting date but before the financial statements are authorized for issue.

Contractual commitments – Contractual commitments comprise legally binding trading or purchase agreements with stated amount, price and date or dates in the future. The Group discloses significant contractual commitments in the notes to the consolidated financial statements.

Contingencies – Contingent liabilities are not recognized in the consolidated financial statements unless they arise as a result of a business combination. Contingences attributed to specific events are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the financial statements but are disclosed when an inflow of economic benefits is probable.

Reclassification – Certain insignificant reclassifications have been made in respect of comparative information to conform to current year presentation of amounts in these financial statements.

4. NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

IFRS and IFRIC interpretations adopted in the current year

In the current year, the Group has adopted all new and revised standards and interpretations issued by the IASB and the IFRIC of the IASB that are mandatory for adoption in the annual periods beginning on or after 1 January 2019. Their adoption has not resulted in any significant changes to the financial statements of the Group, except for the effect on the Group's financial position and performance arising from the adoption of new standards on leases as described below.

Impact of application of IFRS 16 "Leases"

The Group has applied a modified retrospective approach of adopting the new standard, which allowed not to restate the comparative information prior to 1 January 2019.

Impact of new definition of a lease

The change in definition of a lease mainly relates to the concept of control. IFRS 16 determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration.

In preparation for the first-time application of IFRS 16, the Group has carried out an implementation project. The project has shown that the new definition in IFRS 16 will not change significantly the scope of contracts that meet the definition of a lease for the Group with the exception of its 75-year agreement for the use of key airport infrastructure (discussed further in Note 14) which falls within the scope of the new standard and which was previously accounted for as concession in accordance with IFRIC 12.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019 (Amounts in millions of Russian Rubles)

Financial impact on application of IFRS 16

The application of IFRS 16 has resulted in recognition of a lease liability (comprising long-term and short-term portions). The lessee lease liability represents the present value of the remaining lease payments (excluding the portion of lease payments that are variable in nature and not dependent on index or rate), discounted using the lessee's incremental borrowing rate at the date of the initial application or each lease or subsequent significant modification of terms.

As of 1 January 2019 the annual weighted average incremental borrowing rate of the Group used for calculation of the present value of lease liability was 9.9%.

The Group recognized right-of-use assets as well as leasehold improvements presented as part of property, plant and equipment and representing capital expenditure related to the leased property. These amounts were reclassified from intangible assets where they were previously reported as part of the concession arrangement asset.

The Group has applied the following practical expedients at the date of the initial application of the standard:

- Not to apply the requirements of the standard to leases for which the lease term ends within 12 months of the date of initial application and account for those leases in the same way as short-term leases;
- To exclude initial direct costs from the measurement of right-of-use asset;
- Not to separate non-lease components from lease components, and instead account for each lease component and any associated non-lease components as a single lease component; and
- To use hindsight in determining the lease term if the contract contains options to extend or terminate lease.

The tables below represents the amount of adjustment for each financial statement line item affected by the application of IFRS 16:

	31 December 2018	Adjustment due to change in measurement	1 January 2019
Non-current assets			
Intangible assets	5,393	(3,507)	1,886
Property, plant and equipment	98,454	217	98,671
Right-of-use assets	-	15	15
	110,637	(3,275)	107,362
Non-current liabilities			
Amounts due to grantor under a concession agreement, long-term portion	3,133	(3,133)	-
Lease liability, long-term portion	-	14	14
Total non-current liabilities	67,510	(3,119)	64,391
Current liabilities			
Amounts due to grantor under a concession agreement, short-term portion	247	(247)	-
Lease liability, short-term portion	-	1	1
Total non-current liabilities	17,163	(246)	16,917
Deferred tax liability	6,304	18	6,322
Retained earnings	30,188	72	30,260

The application of IFRS 16 did not have a significant impact on the amounts reported in the consolidated statement of profit or loss and other comprehensive income and the consolidated statement of cash flows of the Group.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019 (Amounts in millions of Russian Rubles)

New and revised IFRS in issue but not yet effective

At the date of authorization of these consolidated financial statements, the following standards have been published that are mandatory for the Group's accounting periods beginning on or after 1 January 2020 or later periods and which the entity has not early adopted:

Standards and Interpretations	Effective for annual periods beginning on or after
IFRS 17 – "Insurance Contracts"	1 January 2021
IFRS 10 and IAS 28 (amendments) – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
IFRS 3 (amendments) – Definition of a business	1 January 2020
IAS 1 and IAS 8 – Definition of Material	1 January 2020
IAS 1 – Classification of Liabilities as Current or Non-Current	1 January 2022
IFRS 9, IAS39 and IFRS 7 – Interest Rate Benchmark Reform and its Effects on Financial Reporting	1 January 2020
Conceptual Framework – Amendments to References to the Conceptual Framework in IFRS Standards	1 January 2020

The management does not expect that the adoption of the Standards listed above will have a material impact on the consolidated financial statements of the Group in future periods.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Impairment of financial assets – Management assess expected credit loss on cash and cash equivalents, bank deposits, loans and receivables, finance lease receivables and other financial assets. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The management makes use of a simplified approach in accounting for impairment of trade and other receivables and recognizes the loss allowance for lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating this amount, the Group uses its historical experience, external indicators, customer creditworthiness and changes in customer payment patterns and other forward-looking information to calculate the expected credit losses.

As of 31 December 2019 and 2018 the expected credit loss of receivables was recognized in the amount of RUB 1,785 million and RUB 1,840 million, respectively (see Notes 17, 18). The significant portion of expected credit loss for trade receivables as of 31 December 2019 and 2018 relates to two airlines that ceased their operations (Note 29).

Expected credit losses associated with restricted cash held with a Cyprus branch of Federal Bank of the Middle East Ltd. are disclosed in Note 13.

If the financial condition of the Groups customers and other debtors were to deteriorate, actual write-offs might be higher than expected.

Depreciable lives of property, plant and equipment – The Group assesses the remaining useful lives of items of property, plant and equipment at least at each financial year-end. If expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate in accordance with IAS 8 "Accounting policies, changes in accounting estimates and errors". These estimates may have a material impact on the amount of the carrying values of property, plant and equipment and on depreciation expense for the period.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019 (Amounts in millions of Russian Rubles)

Impairment of property, plant and equipment and other non-current assets – The Group reviews at each reporting date the carrying amounts of non-current assets to determine whether there is any indication that assets are impaired. This process involves judgment in evaluating the cause for any possible reduction in value, including a number of factors such as changes in current competitive conditions, expectations of growth in the industry, increased cost of capital, changes in the future availability of financing, technological obsolescence, discontinuance of service, current replacement costs and other changes in circumstances that indicate impairment exists.

Whenever such indications exist management makes an estimate of the asset's recoverable amount to ensure that it is not less than its carrying value. If the asset's fair value is not readily determinable or is less than asset's carrying value plus costs to sell, management necessarily applies its judgment in determining the appropriate cash generating unit to be evaluated, estimating the appropriate discount rate and the timing and value of the relevant cash flows for the value-in-use calculation. There were no impairment indicators as of 31 December 2019.

Recoverability of deferred tax assets – Management of the Group believe that deferred tax assets recognized by the Group as of the reporting date will be fully realized. This expectation is based on management's judgement on the ability of the respective Group entities to generate sufficient taxable profits and reversal of taxable temporary differences in the foreseeable future.

As at 31 December 2019 the carrying value of deferred tax assets was RUB 2,658 million (2018: RUB 2,389 million).

Taxation provisions – The Group's current tax provision relates to management's assessment of the amount of tax payable on open tax positions where the liabilities remain to be agreed with tax authority. Uncertain tax items for which a provision is made, relate principally to the interpretation of tax legislation regarding arrangements entered into by the Group. Due to the uncertainty associated with such tax items, there is a possibility that, on conclusion of open tax matters at a future date, the final outcome may differ significantly.

6. SEGMENT INFORMATION

Information reported to the chief operating decision maker of the Group ("CODM") for the purposes of resource allocation and assessment of segment performance is focused on the nature of services provided.

The Group's reportable segments are as follows:

Aviation services segment – includes aviation services, such as use of terminal, take-off and landing, and aviation security. Federal Antimonopoly Service of the Russian Federation retains the control and oversight functions in the pricing area of such services.

Auxiliary aviation services segment – includes certain passenger-related services, ground handling, fueling services, in-flight catering and cargo handling.

Commercial services segment – includes retail concessions and advertising, car parking.

Accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 3.

The performance of each reportable segment is assessed by the CODM by reference to segment operating profit. Segment operating profit is calculated after headquarters expenses have been allocated between the reportable segments and after elimination intra segment profits and losses.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019 (Amounts in millions of Russian Rubles)

The key financial information for the Group's segments for the years ended 31 December 2019 and 2018 is presented below:

		Aviation services	Auxiliary aviation services	Commercial services	Inter- segment eliminations	Group
Third-party revenue	2019	10,872	19,991	6,637	-	37,500
	2018	11,935	24,264	6,681	-	42,880
Intersegment revenue	2019	2,900	372	1,830	(5,102)	-
	2018	3,041	202	1,566	(4,809)	-
Total revenue	2019	13,772	20,363	8,467	(5,102)	37,500
	2018	14,976	24,466	8,247	(4,809)	42,880
Operating profit	2019	1,153	4,328	3,711	-	9,192
	2018	1,962	5,259	3,315	-	10,536
Depreciation and amortization	2019	(2,291)	(1,642)	(719)	-	(4,652)
	2018	(2,000)	(1,502)	(568)	-	(4,070)
Change in allowance for impairment of receivables and advances to suppliers (Note 5, 11, 17, 18)	2019	16	15	27	-	58
	2018	6	-	(5)	-	1

The following is the analysis of the Group's largest customers (comprising 10% or more of total revenue):

	2019		2018	
	Amount	%	Amount	%
S7 Group	7,799	21%	6,902	16%
Aviation services segment	2,548		2,138	
Auxiliary aviation services segment	4,931		4,468	
Commercial services segment	320		296	

Substantially all assets, management and administrative facilities of the Group are located in the Russian Federation and are not reported to the CODM. Furthermore, all revenue is earned within the Russian Federation. Accordingly, revenue by geographic location and asset information is not presented as part of segment disclosure.

7. REVENUE

	2019	2018
<i>Service revenue</i>		
Ground handling	9,724	10,145
Airport and other related charges	8,161	8,934
Rental income	5,836	5,933
Jet fueling and storage services	3,042	2,889
Aviation security	2,309	2,469
Parking fees	683	653
Construction revenue	-	119
Other revenue	562	657
Total service revenue	30,317	31,799
<i>Revenue from goods sold</i>		
Catering products	3,596	4,060
Jet fuel sales	3,587	7,021
Total revenue from goods sold	7,183	11,081
Total revenue	37,500	42,880

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019 (Amounts in millions of Russian Rubles)

The Group as a lessor

Operating lease agreements consist mainly of short-term contracts for the lease of the Group's trading space and catering areas. Lessees are selected based on the results of tenders. Contracts with the selected lessees are signed for a term of less than one year, and contain an automatic extension clause. The contracts are automatically extended for the subsequent period, unless one of the parties exercises, in due time, its option not to extend the rental period. The lessees do not have an option to purchase the property at the end of the lease period.

Rental income includes rentals contingent on passenger traffic volume and shops' turnover of RUB 4,304 million and RUB 4,334 million for the years ended 31 December 2019 and 2018, respectively, and rental income from investment properties in the amount of RUB 348 million and RUB 412 million for the years ended 31 December 2019 and 2018, respectively.

8. OPERATING EXPENSES, NET

	2019	2018
Payroll and related charges:		
Wages and salaries	8,875	9,776
Social taxes	2,619	2,660
	11,494	12,436
Depreciation and amortization	4,652	4,070
Cost of jet fuel	3,597	6,533
Materials	2,063	2,102
Maintenance	2,017	2,274
Cleaning and waste management	1,042	1,000
Public utilities	669	629
Rent	565	383
Consulting, audit and other services	470	509
Transport	348	534
Staff development and training	336	441
Charitable donations	145	237
Passenger servicing	135	291
Certification and licensing	122	114
Taxes other than income tax	106	230
Change in provision for legal risks	93	-
Advertising expenses	63	55
Communication services expense	48	64
Change in allowance for impairment of receivables and advances to suppliers (Notes 5,11,17,18)	(58)	(1)
Other expenses, net	401	443
Total operating expenses, net	28,308	32,344

Other expenses, net include direct expenses arising from investment property in the amount of RUB 42 million for the years ended 31 December 2019 and 2018.

Rent expenses include variable lease payments that do not depend on index or rate.

DME LIMITED AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019 (Amounts in millions of Russian Rubles)

9. INTEREST EXPENSE

	<u>2019</u>	<u>2018</u>
Interest expense on five-year USD loan participation notes (the "2018 LPNs")	-	773
Interest expense on five-year USD loan participation notes (the "2021 LPNs")	1,381	1,337
Interest expense on five-year USD loan participation notes (the "2023 LPNs")	1,042	901
Interest expense on five-year RUB debt securities	814	813
Interest expense on three-year RUB debt securities	216	-
Interest expense on bank loans	186	242
Interest expense on lease/concession liability (Notes 4,14)	4	347
	3,643	4,413
Less: capitalized interest (Note 11)	(1,041)	(1,564)
Total interest expense	2,602	2,849

10. INCOME TAX

	<u>2019</u>	<u>2018</u>
Current income tax expense	1,228	1,088
Adjustments recognized in the current year in relation to the current tax of prior years	(190)	(22)
Total current income tax expense	1,038	1,066
Origination and reversal of temporary differences	(41)	769
Deferred tax benefit / (expense) arising from reversal of a write-down / (write-down) of a deferred tax asset relating to tax loss	-	48
Total deferred income tax (expense)/benefit	(41)	817
Total income tax	997	1,883

Majority of the Group's operating activities are conducted in the Russian Federation. Therefore the reconciliation of the Group's profit before income tax to income tax charge is presented using the statutory income tax rate effective in Russia:

	<u>2019</u>	<u>2018</u>
Profit before income tax	11,728	1,050
Theoretical tax charge at Russian statutory rate of 20%	2,346	210
Tax effect of items which are not deductible or assessable for taxation purposes:		
(Non-taxable) / non-deductible foreign exchange differences	(781)	814
Reversal of a write-down of a deferred tax asset relating to tax loss	-	48
Adjustments recognized in the current year in relation to the current tax of prior years	(190)	(22)
Tax rate differences relating to other jurisdictions	(295)	679
Tax incentives	(125)	-
Other non-deductible items	42	154
Income tax	997	1,883

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019 (Amounts in millions of Russian Rubles)

Total accumulated temporary differences that arise between the statutory tax base of assets and liabilities and their carrying amounts in the accompanying consolidated statements of financial position give rise to the following deferred tax effects:

	31 December 2019	Charged to profit or loss	Application of IFRS 16	31 December 2018
Tax losses carry forward	1,220	(32)	-	1,252
Property, plant and equipment	(64)	(68)	-	4
Trade and other receivables	258	(6)	-	264
Prepayments and other current assets	213	(62)	-	275
Trade and other payables	604	225	-	379
Accrued expenses and other current liabilities	346	133	-	213
Intangible assets	(3)	19	-	(22)
Short-term investments	(11)	(11)	-	-
Other	95	71	-	24
Deferred tax asset, net	2,658			2,389
Property, plant and equipment	(6,447)	(83)	(43)	(6,321)
Trade and other receivables	(3)	(94)	-	91
Prepayments and other current assets	(4)	(13)	-	9
Amounts due to grantor under a concession agreement	-	(24)	(676)	700
Trade and other payables	(47)	(19)	-	(28)
Accrued expenses and other current liabilities	(6)	(15)	-	9
Intangible assets	(61)	(64)	701	(698)
Other	18	84	-	(66)
Deferred tax liability, net	(6,550)	41	(18)	(6,304)

	31 December 2018	Charged to profit or loss	Application of IFRS 9	31 December 2017
Tax losses carry forward	1,252	78	-	1,174
Property, plant and equipment	4	64	-	(60)
Trade and other receivables	264	(33)	66	231
Prepayments and other current assets	275	3	-	272
Trade and other payables	379	(8)	-	387
Accrued expenses and other current liabilities	213	(1)	-	214
Intangible assets	(22)	(23)	-	1
Other	24	6	-	18
Deferred tax asset, net	2,389			2,237
Property, plant and equipment	(6,321)	(1,055)	-	(5,266)
Trade and other receivables	91	79	-	12
Prepayments and other current assets	9	5	-	4
Amounts due to grantor under a concession agreement	700	14	-	686
Trade and other payables	(28)	9	-	(37)
Accrued expenses and other current liabilities	9	17	-	(8)
Intangible assets	(698)	15	-	(713)
Other	(66)	13	-	(79)
Deferred tax liability, net	(6,304)	(817)	66	(5,401)

The Group did not recognize a deferred tax liability related to the remaining undistributed earnings of its subsidiaries as it has not made any decisions regarding future distributions of retained earnings within the Group. Undistributed earnings, in relation to which deferred tax liability was not accrued, amounted to RUB 18,358 million and RUB 15,789 million as of 31 December 2019 and 2018, respectively.

DME LIMITED AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019 (Amounts in millions of Russian Rubles)

11. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment

	<u>Buildings</u>	<u>Plant and equipment</u>	<u>Other</u>	<u>CIP</u>	<u>Total</u>
Cost					
1 January 2018	56,555	11,300	1,450	32,312	101,617
Additions	2,204	1,487	144	16,199	20,034
Transfers	22,664	382	46	(23,092)	-
Disposals	(1)	(123)	(34)	(24)	(182)
31 December 2018 (as previously reported)	81,422	13,046	1,606	25,395	121,469
Adoption of IFRS 16 (Note 4)	217	-	-	-	217
1 January 2019 (as restated)	81,639	13,046	1,606	25,395	121,686
Additions	2,963	137	84	4,726	7,910
Transfers	4,717	489	34	(5,240)	-
Disposals	(42)	(181)	(151)	(22)	(396)
31 December 2019	89,277	13,491	1,573	24,859	129,200
Accumulated depreciation					
1 January 2018	(11,339)	(7,610)	(1,117)	-	(20,066)
Depreciation charge	(1,830)	(1,121)	(150)	-	(3,101)
Disposals	1	122	29	-	152
31 December 2018	(13,168)	(8,609)	(1,238)	-	(23,015)
Depreciation charge	(2,542)	(1,195)	(142)	-	(3,879)
Disposals	11	169	149	-	329
31 December 2019	(15,699)	(9,635)	(1,231)	-	(26,565)
Net book value					
31 December 2018	68,254	4,437	368	25,395	98,454
31 December 2019	73,578	3,856	342	24,859	102,635

"Buildings" consist primarily of passenger and cargo terminals, catering facility, hotel building, car park and auxiliary buildings.

"Plant and equipment" mainly consists of baggage-processing systems, aircraft servicing equipment, tow tractors, passenger shuttles, parking equipment, machines for disposition of de-icing liquids, introsopes and other operating equipment.

"Other" consists mainly of administrative equipment and vehicles.

"Construction in-progress" consists mainly of capital expenditures related to the extension of passenger terminal T-1, construction of passenger terminal T-2 and reconstruction and extension of cargo terminal.

During the years ended 31 December 2019 and 2018 the Group capitalized borrowing costs in the amount of RUB 1,041 million and RUB 1,564 million, respectively.

The weighted average capitalization rate on borrowed funds was 6.2% and 6.8% per annum for the years ended 31 December 2019 and 2018, respectively.

As at 31 December 2019 and 2018 no property, plant and equipment was pledged as collateral for the Group's borrowings.

DME LIMITED AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019 (Amounts in millions of Russian Rubles)

Investment property

The Group's investment property consists of administrative buildings, which are leased to several airlines, and a hotel building.

	2019	2018
Cost at the beginning of the year	818	818
Reclassified from property, plant and equipment	-	-
Cost at the end of the year	818	818
Accumulated depreciation at the beginning of the year	(229)	(206)
Depreciation charge for the year	(20)	(23)
Accumulated depreciation at the end of the year	(249)	(229)
Net book value at the end of the year	569	589

Fair value of the investment property as at 31 December 2019 was RUB 6,299 million (RUB 7,999 million as at 31 December 2018) and has been arrived at on the basis of a valuation carried out on this date by an internal professional appraiser with appropriate qualifications and recent experience in the valuation of properties in the relevant locations. The valuation was arrived at by reference to the future cash flows, based on the market evidence for similar properties, discounted at an estimated relevant rate (Level 2 category for determining fair value).

Advances for acquisition of non-current assets

As of 31 December 2019 and 2018 advances for acquisition of non-current assets in the amounts of RUB 268 million and RUB 1,325 million, respectively, consisted of amounts paid for construction of the passenger and cargo terminals and implementation of additional functionalities, modernization of planning and resource management system and irrevocable letters of credit issued by the banks on behalf of the Group for settlements with suppliers of equipment and construction subcontractors. The amount of impairment of advances for acquisition of non-current assets amounted to RUB 30 million as of 31 December 2019 (31 December 2018: RUB 29 million).

12. INTANGIBLE ASSETS

	31 December 2019	1 January 2019 (as restated)	Adoption of IFRS 16	31 December 2018 (as previously reported)
Concession asset	-	-	(3,507)	3,507
Other intangible assets	1,750	1,886	-	1,886
Intangible assets	1,750	1,886	(3,507)	5,393

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019 (Amounts in millions of Russian Rubles)

Other intangible assets as of 31 December 2019 and 2018 are presented below:

	Software	Licenses and other	Software in development	Total
Cost				
1 January 2018	2,198	698	534	3,430
Additions	560	444	137	1,141
Transfers	76	20	(96)	-
Disposals	(243)	(386)	-	(629)
31 December 2018	2,591	776	575	3,942
Additions	107	138	394	639
Transfers	239	229	(468)	-
Disposals	(10)	(306)	-	(316)
31 December 2019	2,927	837	501	4,265
Accumulated amortization				
1 January 2018	(1,534)	(381)	-	(1,915)
Amortization charge	(414)	(356)	-	(770)
Disposals	243	386	-	629
31 December 2018	(1,705)	(351)	-	(2,056)
Amortization charge	(423)	(323)	-	(746)
Disposals	10	277	-	287
31 December 2019	(2,118)	(397)	-	(2,515)
Net book value				
31 December 2018	886	425	575	1,886
31 December 2019	809	440	501	1,750

13. OTHER NON-CURRENT ASSETS

	31 December 2019	31 December 2018
Restricted cash in FBME, net of impairment loss recognized	1,649	1,887
Other non-current receivable	47	48
Other non-current assets	1,696	1,935

Restricted cash in FBME represents cash balances held by the Group at a Cyprus branch of Federal Bank of the Middle East Ltd. ("FBME"), registered in Tanzania, whose banking license was revoked by the Central Bank of Cyprus on 21 December 2015 after investigation of the U.S. Department of the Treasury's Financial Crimes Enforcement Network into money laundering.

The relevant authorities in Cyprus and Tanzania initiated liquidation process for the bank, however there is a continuing legal uncertainty as to the appropriate sequencing of the liquidation process that affects the timing of expected recovery of the Group's cash balances. The bank's liquidation process, which has not yet started, could take a minimum of one to two years to complete.

DME LIMITED AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019 (Amounts in millions of Russian Rubles)

Based on the information available to the Group, it is believed that FBME has sufficient solvent funds to honor substantially all of the bank's obligations. The Group expects that once the legal position is finalized and an appropriate liquidator is established the bank's funds would be released, and the Group would recover most of its cash balances with FBME. The Group reassesses an impairment allowance it holds against these balances at each reporting date based on changes in the management's estimate of the likely amounts to be recovered and timing of their receipt. The total amount of lifetime expected credit losses recognized as at 31 December 2019 was RUB 550 million (as of 31 December 2018 – RUB 629 million). No interest income is accrued on these balances.

14. RIGHT-OF-USE ASSETS

The Group as a lessee – general

In May 1998 the Group entered into lease arrangement with FGUP "Administration of the Airport Domodedovo" (a state-owned enterprise) for the use of the airfield and related equipment for a term of 75 years. The Group is under obligation to repair and maintain the assets. The Group also has the right, but not the obligation, to incur capital expenditures or make improvements to the infrastructure. The lessor is obligated to compensate the Group for the amount of expenses, incurred in the course of making such improvements provided that they are approved by the lessor. At the end of the agreement the assets under the agreement (including the improvements made by the Group and certified by the lessor) revert to the lessor.

The most recent revision of agreement terms took place in 2019 and is effective from 1 January 2019. The Group is now required to make monthly payments for the right to use the assets during the remaining term of the agreement calculated based on specific methodology issued by the Russian Government in December 2017. Under this methodology the total amount of annual payments depends on average passengers and cargo volumes for the last three years adjusted for multiplier specified in this additional agreement and investments deflator confirmed of Ministry of Economic Development of the Russian Federation, subject to a minimum annual payment of RUB 1.5 million.

Lease payments for the use of the airfield and related equipment could be modified by the lessor no more than once a year and are treated as variable lease payments under IFRS 16, which are not dependent on an index or rate.

The Group also leases buildings, certain items of movable property and land (including the land on which the airfield is located and which the Group leases from the Moscow Region government). The term of the lease of land is 49 years from the inception of lease agreement in May 1998.

Lease payments for land could be modified by the lessor from time to time and are also treated as variable lease payments not dependent on an index or rate under IFRS 16.

Total lease expense in respect of the leases for which the Group has not recognized a liability and the related right-of use asset is reported in Note 8 as 'rent'.

In September 2019 the Group entered into lease arrangement with LLC "RB LIZING" for the use of the equipment relating to the Data Storage System for a term of 4 years.

Right-of-use assets

The Group leases runways, adjacent taxiways, apron and related navigation equipment for a term of 75 years and data storage system for a term of 4 years. Changes in the net book value of assets in the form of right of use are as follows:

	31 December 2019	1 January 2019
Non-current assets		
IT equipment	217	-
Constructions	15	15
Net book value	232	15

DME LIMITED AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019 (Amounts in millions of Russian Rubles)

Lease liability

The contractual future payments are reconciled to their present value as at 31 December 2019 as follows:

	31 December 2019	
	Minimum lease payments	Present value of minimum lease payments
Due within one year	79	77
Due after one year but not more than five years	199	157
Due after more than five years	73	9
	351	243
Less future finance charges	(108)	-
Present value of future payments	243	243

15. FINANCE LEASE RECEIVABLE

During the period ended 31 December 2011 a 15-year finance lease agreement for the lease of one of the Group's hangars was concluded between a company of the Group, and LLC "ATB Domodedovo" and LLC "S7 Engineering" (previously LLC "Domodedovo Technique").

Presented below is the reconciliation between the gross investment in the lease and the present value of minimum lease payments receivable at the end of the reporting period.

	31 December 2019		31 December 2018	
	Minimum lease payments receivable	Present value of minimum lease payments receivable	Minimum lease payments receivable	Present value of minimum lease payments receivable
Due within one year	197	156	230	183
Due after one year but not more than five years	788	234	921	275
Due after more than five years	230	20	499	36
Total gross / net investment in the lease	1,215	410	1,650	494
Less unearned finance income	(805)	-	(1,156)	-
Present value of minimum lease payments	410	410	494	494

16. INVENTORY

	31 December 2019	31 December 2018
Spare parts	604	648
Supplies	522	677
Jet fuel	363	511
Raw materials	329	236
Other inventory	252	290
Total inventory	2,070	2,362

DME LIMITED AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019 (Amounts in millions of Russian Rubles)

17. TRADE AND OTHER RECEIVABLES

	<u>Outstanding balance, gross</u>	<u>Impairment allowance</u>	<u>Outstanding balance, net</u>
31 December 2019			
Trade receivables	4,173	(1,632)	2,541
Other receivables	837	(149)	688
Total	<u>5,010</u>	<u>(1,781)</u>	<u>3,229</u>
31 December 2018			
Trade receivables	4,367	(1,757)	2,610
Other receivables	718	(77)	641
Total	<u>5,085</u>	<u>(1,834)</u>	<u>3,251</u>

The average credit period for the Group's receivables (other than sales carried out on a prepayment basis) is 32 days.

Included in the Group's total trade and other receivables are debtors with carrying amounts of RUB 1,068 million and RUB 857 million as of 31 December 2019 and 2018, respectively, which are past due at the respective reporting date and which the Group considers to be recoverable (i.e. not impaired). The Group does not hold any collateral over these outstanding balances.

Analysis of trade and other receivables by quantity of days overdue is as follows:

31 December 2019	<u>Not passed due</u>	<u>Trade and other receivables – past due</u>			<u>Credit - impaired</u>	<u>Total</u>
		<u>less than 90 days</u>	<u>90-180 days</u>	<u>more than 180 days</u>		
Trade and other receivables	2,206	484	105	512	1,703	5,010
Allowance for expected credit losses	(45)	(6)	(20)	(7)	(1,703)	(1,781)
						<u>3,229</u>
31 December 2018		<u>Trade and other receivables – past due</u>			<u>Credit - impaired</u>	<u>Total</u>
	<u>Not passed due</u>	<u>less than 90 days</u>	<u>90-180 days</u>	<u>more than 180 days</u>		
Trade and other receivables	2,454	288	114	519	1,710	5,085
Allowance for impairment	(60)	(6)	(1)	(57)	(1,710)	(1,834)
						<u>3,251</u>

The movement in the impairment allowance on trade and other receivables is as follows:

	<u>31 December 2019</u>	<u>31 December 2018</u>
Balance at the beginning of the year	(1,834)	(1,999)
Adoption of IFRS 9	-	(122)
Additional allowance recognized in the current year (Note 5)	(31)	(117)
Release of allowance	72	23
Use of allowance	12	381
Balance at the end of the year	<u>(1,781)</u>	<u>(1,834)</u>

In determining the recoverability of trade and other receivables the Group considers any change in the credit quality of trade and other receivables from the date credit was initially granted up to the reporting date. Details about concentration of credit risk and related risk management activities are provided in Note 29.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019 (Amounts in millions of Russian Rubles)

18. PREPAYMENTS AND OTHER CURRENT ASSETS

	31 December 2019	31 December 2018
VAT receivable	2,603	3,447
Advances to suppliers, net of impairment	740	417
Taxes receivable other than income tax and VAT receivable	142	179
Other current assets	117	183
Total prepayments and other current assets	3,602	4,226

The movement in the allowance for impairment is as follows:

	31 December 2019	31 December 2018
Balance at the beginning of the year	(6)	(483)
Additional allowance recognized in the current year	(2)	(1)
Loss allowance on restricted cash in FBME, reclassified to other non-current assets (Note 13)	-	471
Release of allowance	4	6
Use of allowance	-	1
Balance at the end of the year	(4)	(6)

In determining the recoverability of advances to suppliers the Group considers any change in the credit quality of advances to suppliers from the date credit was initially granted up to the reporting date. Details about concentration of credit risk and related risk management activities are provided in Note 29.

19. SHORT-TERM INVESTMENTS

The balance as of 31 December 2019 is comprised of USD-denominated bank deposits placed with Credit Suisse AG attracting interest rate of 1.54% per annum.

20. CASH AND CASH EQUIVALENTS

	31 December 2019	31 December 2018
USD-denominated short-term bank deposits	3,104	4,184
USD-denominated current account balances with banks	1,088	212
Russian Ruble-denominated cash on hand and balances with banks	656	425
EUR-denominated balances with banks	160	3
Allowance for expected credit losses	(5)	(2)
Total cash and cash equivalents	5,003	4,822

21. EQUITY

Share capital and dividends

Authorized and issued capital as of 31 December 2019 and 31 December 2018 comprises 304,831,519 ordinary shares with par value EUR 1, of which 274,348,367 represent Class A shares and 30,483,152 represent Class B shares. Class A and Class B shares have equal voting rights on liquidation of DME Limited, while Class A shares confer on their holder the exclusive right to receive distributions by way of dividend or return of capital.

There have been no changes in the share capital of the Company during the period.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019 (Amounts in millions of Russian Rubles)

During the year ended 31 December 2019 dividends of USD 84.6 million (RUB 5,385 million at the Central Bank of Russia exchange rate as at the declaration date) were declared, out of which EUR 24.7 million and USD 2.8 million (RUB 1,949 million at the Central Bank of Russia exchange rate as at the payment date) were paid to the shareholders of the Group.

Additionally, the Group paid USD 28.6 million and EUR 14.9 million (total of RUB 2,948 million at the Central Bank of Russia exchange rate as at the payment date) and RUB 7.6 million of dividends declared prior to 1 January 2019.

During the year ended 31 December 2018 dividends of USD 100.6 million (RUB 6,282 million at the Central Bank of Russia exchange rate as at the declaration date) were declared, out of which EUR 16.6 million and USD 39.7 million (RUB 3,762 million at the Central Bank of Russia exchange rate as at the payment date) were paid to the shareholders of the Group.

Additionally, the Group paid USD 6 million and EUR 5 million (total of RUB 736 million at the Central Bank of Russia exchange rate as at the payment date) of dividends declared prior to 1 January 2018.

As of 31 December 2019 the remaining balance of dividends payable is RUB 3,169 million (as of 31 December 2018: RUB 2,902 million).

Retained earnings – In accordance with statutory legislation, dividends may only be declared to the shareholders of the Group from accumulated undistributed and unreserved earnings as shown in the Group's individual companies' statutory financial statements. As at 31 December 2019 and 2018 such earnings amounted to RUB 23,630 million and RUB 18,180 million, respectively.

22. DEBT SECURITIES

	Effective interest rate, %	31 December 2019	31 December 2018
Five-year USD loan participation notes issued in 2016 (the "2021 LPNs") ⁽ⁱ⁾	6.31%	21,674	24,405
Five-year USD loan participation notes issued in 2018 (the "2023 LPNs") ⁽ⁱⁱ⁾	5.46%	18,749	21,186
Five-year RUB debt securities issued in 2017 ⁽ⁱⁱⁱ⁾	8.32%	10,004	9,998
Three-year RUB debt securities issued in 2019 ^(iv)	9.01%	4,991	-
Total		55,418	55,589
Less: current portion due within twelve months, including accrued interest, and presented as short-term portion		(774)	(753)
Long-term portion of debt securities		54,644	54,836

- (i) In November 2016 the Group issued non-convertible five-year loan participation notes (the "2021 LPNs") for the total amount of USD 350 million (RUB 22,362 million at the Central Bank of Russia exchange rate as at the inception date) on the Irish Stock Exchange. The annual coupon rate of the 2021 LPNs is 5.875% with interest being paid semi-annually. The 2021 LPNs are guaranteed by certain entities of the Group. The 2021 LPNs mature in November 2021.
- (ii) In February 2018 the Group issued non-convertible five-year loan participation notes (the "2023 LPNs") for the total amount of USD 300 million (RUB 17,277 million at the Central Bank of Russia exchange rate as at the inception date) on the Irish Stock Exchange. The annual coupon rate of the 2023 LPNs is 5.075% with interest being paid semi-annually. The 2023 LPNs are guaranteed by certain entities of the Group. The 2023 LPNs mature in November 2023.
- (iii) In December 2017 the Group issued non-convertible five-year debt securities for the total amount of RUB 10,000 million on the Moscow Stock Exchange. The annual coupon rate of the debt securities is 8.1% with interest being paid semi-annually. The debt securities mature in December 2022.
- (iv) In July 2019 the Group issued non-convertible three-year debt securities for the total amount of RUB 5,000 million on the Moscow Stock Exchange. Net proceeds from the issuance, after the deduction of related offering costs, amounted to RUB 4,991 million. The annual coupon rate of the debt securities is 8.65% with interest being paid semi-annually. The debt securities mature in December 2022.

The table in Note 23 details changes in the Group's financial liabilities, including both cash and non-cash changes.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019 (Amounts in millions of Russian Rubles)

Covenants

In accordance with the terms of the 2021 and 2023 LPNs, the Group is subject to certain covenants, which are calculated semi-annually on the basis of consolidated financial statements of the Group, prepared in accordance with IFRS. Such financial covenants mainly consist of limitations on the Consolidated Net Debt to Consolidated EBITDA ratio, Consolidated Equity to Consolidated Total Assets ratio and Obligor Cover ratios.

As of 31 December 2019, the Group was in compliance with these covenants (see also Note 23 for other debt covenants).

23. BORROWINGS

	Effective interest rate, %	31 December 2019	31 December 2018
Loan from ING Bank ⁽ⁱ⁾	3.42%	2,366	3,360
Loan from Raiffeisen Bank ⁽ⁱⁱ⁾	6.34%	629	1,642
Overdraft from Rosbank ⁽ⁱⁱⁱ⁾	8.87%	296	-
Total		3,291	5,002
Less: current portion due within twelve months, including accrued interest, and presented as short-term borrowings		(1,619)	(1,765)
Long-term borrowings		1,672	3,237

- (i) In September 2015 the Group entered into a EUR-denominated five-year loan facility agreement for a total amount of EUR 38 million (RUB 2,914 million at the Central Bank of Russia exchange rate as at the inception date) provided by Raiffeisen Bank International AG ("Raiffeisen Bank") to finance design and construction of a parking terminal PM-2.1. The loan is guaranteed by certain Group companies and is at fixed rate of 5% per annum. As of 31 December 2019 the loan facility was fully utilized.
- (ii) In May 2017 the Group entered into a EUR-denominated eight-year loan facility agreement for the total amount of EUR 59 million (RUB 4,102 million at the Central Bank of Russia exchange rate ruling at the inception date) provided by International Netherlands Group N.V. Bank ("ING Bank") at a variable rate of EURIBOR +1.2% to finance the installation of a baggage handling system in the new segment of Terminal 2. As of 31 December 2019 the undrawn amount of the loan facility was EUR 9.85 million.
- (iii) In March 2019 the Group entered into overdraft agreement with public joint-stock company ROSBANK ("Rosbank") for borrowing of EUR, USD or RUB denominated funds up to the total overdraft limit of RUB 500 million. The interest is payable on a monthly basis and set by the bank for each tranche subject to a ceiling of 14% per annum. As of 31 December 2019 the interest rate was 7.9% per annum. Each tranche is repayable within 90 days of receipt.

Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	31 December 2018	Adoption of new standard (Note 4)	1 January 2019	Financing cash flows (i)	Non-cash flow changes Effect of exchange rate changes on the balance	Accrual of interest expense	New leases	31 December 2019
Borrowings	5,002	-	5,002	(1,328)	(569)	186	-	3,291
Debt securities	55,589	-	55,589	1,385	(5,009)	3,453	-	55,418
Lease liabilities (Note 14)	-	15	15	(4)	-	4	228	243
	60,591	15	60,606	53	(5,578)	3,643	228	58,952

- (i) The cash flows from bank loans and debt securities represents the net amount of proceeds from borrowings and repayments of borrowings and interest in the consolidated statement of cash flows.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019 (Amounts in millions of Russian Rubles)

Covenants

In accordance with the terms of the loan facility agreements with Raiffeisen Bank International AG and ING Bank, the Group is subject to certain covenants, which are calculated on the basis of consolidated financial statements of the Group, prepared in accordance with IFRS. Such financial covenants mainly consist of limitations on the Consolidated Total Debt to Consolidated EBITDA ratio, Consolidated Net Debt to Consolidated EBITDA ratio, Consolidated Equity to Consolidated Total Assets ratio and Obligor Cover ratios.

As of 31 December 2019, the Group was in compliance with these covenants.

24. TRADE AND OTHER PAYABLES

	31 December 2019	31 December 2018
Amounts payable for the acquisition of property, plant and equipment	2,204	2,981
Letters of credit	1,679	-
Rent deposits received	1,194	1,418
Trade payables	848	1,113
Advances received	805	1,062
Total trade and other payables	6,730	6,574

25. TAXES OTHER THAN INCOME TAX PAYABLE

	31 December 2019	31 December 2018
Value added tax	664	895
Social insurance tax	433	417
Property tax	12	4
Other taxes	25	29
Total taxes other than income tax payable	1,134	1,345

26. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

	31 December 2019	31 December 2018
Accrued employee expenses	1,193	1,978
Other liabilities	306	366
Total accrued expenses and other current liabilities	1,499	2,344

Accrued employee expenses as of 31 December 2019 and 2018 comprised accrued salaries and bonuses of RUB 640 million and RUB 1,394 million, respectively, and an accrual for unused vacation of RUB 553 million and RUB 584 million, respectively.

27. TRANSACTIONS WITH RELATED PARTIES

Related parties may enter into transactions which unrelated parties might not, and transactions between related parties may not be effected on the same terms, conditions and amounts as transactions between unrelated parties.

All related parties, with whom the Group entered into significant transactions during the years ended 31 December 2019 and 2018 or had significant balances outstanding as of 31 December 2019 and 2018, are considered to be entities under common control.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019 (Amounts in millions of Russian Rubles)

The following tables provide the total amount of transactions, which have been entered into with related parties during the years ended 31 December 2019 and 2018 as well as year-end balances:

	2019			2018		
	Sales to related parties	Purchases from related parties	Interest income	Sales to related parties	Purchases from related parties	Interest income
Entities under common control	107	125	35	73	183	2

	31 December 2019		31 December 2018	
	Amounts owed by related parties	Amounts owed to related parties	Amounts owed by related parties	Amounts owed to related parties
Entities under common control	1,371	9	1,157	26

Compensation of key management personnel

Key management comprised 7 persons as at 31 December 2019 and 31 December 2018. Total gross compensation (including social insurance tax and before withholding of personal income tax) to those individuals included payroll and related charges in the consolidated profit or loss amounted to RUB 120 million (including social insurance tax of RUB 17 million) and RUB 484 million (including social insurance tax of RUB 65 million) for the years ended 31 December 2019 and 31 December 2018, respectively. The outstanding balances due to key management personnel amounted to RUB 11 million and RUB 903 million as at 31 December 2019 and 31 December 2018, respectively, and comprised accrued salaries, bonuses, accrual for unused vacation and other monetary benefits.

28. CONTINGENCIES, COMMITMENTS AND OPERATING RISKS

The Group's contracted capital commitments, related to construction of passenger and cargo terminals and modernization of existing assets as of 31 December 2019 and 2018, consisted of the following:

	31 December 2019	31 December 2018
Reconstruction and expansion of passenger terminal	11,049	13,749
Reconstruction of fuel storage facilities	695	260
Reconstruction of office buildings	256	589
Construction of transport maintenance building	118	124
Construction of a canine center	72	72
Construction of multilevel parking	57	78
Reconstruction and expansion of cargo terminal	25	25
Other	242	302
Total capital commitments	12,514	15,199

Operating environment of the Group – Emerging markets such as Russia are subject to different risks than more developed markets, including economic, political and social, and legal and legislative risks. Laws and regulations affecting businesses in Russia continue to change rapidly, tax and regulatory frameworks are subject to varying interpretations. The future economic direction of Russia is heavily influenced by the fiscal and monetary policies adopted by the government, together with developments in the legal, regulatory, and political environment.

Because Russia produces and exports large volumes of oil and gas, its economy is particularly sensitive to the price of oil and gas on the world market. In March 2020 oil prices dropped for more than 40%, which resulted in immediate weakening of Russian against major currencies.

DME LIMITED AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019 (Amounts in millions of Russian Rubles)

Starting from 2014, sanctions have been imposed in several packages by the U.S. and the E.U. on certain Russian officials, businessmen and companies. This led to reduced access of the Russian businesses to international capital markets.

The impact of further economic and political developments on future operations and financial position of the Group might be significant.

The government of the Russian Federation directly affects the Group's operations through regulation of certain operating activities of the airports in Russia. According to current Russian legislation, certain infrastructure items may not be privately owned and must remain federal property. With respect to the Group, which operates under a long-term lease arrangement (see Note 14), such infrastructure items include the airfield, runways, adjacent taxiways, apron and certain navigation equipment. The contractual agreement regulating the relationship between the government and lessee's of such infrastructure items in Russia may not be as detailed and comprehensive as the contractual agreements governing similar infrastructure assets in more developed countries. Terms of contractual agreements between the government and infrastructure lessees are not standardized, and may vary substantially from one arrangement to another. As laws and regulations evolve, develop or otherwise change in the future, the lease agreement between the Group and the government may change significantly.

In addition, because of its importance to the public, the airport attracts a significant amount of political attention. The Group is subject to a high level of scrutiny from public officials and may from time to time be subject to government reviews, public commentary and investigations. Furthermore, the overall legal environment for private business in the Russian Federation is such that there exists a possibility that government bodies and regulatory agencies may take differing views on whether or not a given private business has complied with the relevant laws and regulations. Effects of such non-compliance may vary from administrative penalties and fines to criminal prosecution. The Group's management believes that it has properly complied with all relevant regulations and applicable laws.

Taxation – Laws and regulations affecting business in the Russian Federation continue to change rapidly. Management's interpretation of such legislation as applied to the activity of the Group may be challenged by the relevant regional and federal authorities. Recent events suggest that the tax authorities are taking a more assertive position in their interpretation of the legislation and assessments and as a result, it is possible that transactions and activities that have not been challenged in the past may be challenged. Fiscal periods generally remain open to tax audit by the authorities in respect of taxes for three calendar years preceding the year of tax audit. Under certain circumstances reviews may cover longer periods.

Russian transfer pricing legislation was amended starting from January 1, 2012 to introduce additional reporting and documentation requirements. The new legislation allows the tax authorities to impose additional tax liabilities in respect of certain transactions, including but not limited to transactions with related parties, if they consider transaction to be priced not at arm's length. As the practice of implementation of the new transfer pricing rules has not yet developed and wording of some clauses may have more than one interpretation, the impact of challenge of the Group's transfer pricing positions by the tax authorities cannot be reliably estimated.

Starting 2015, the Russian "de-offshorization law" came into force introducing several new rules and concepts and amending others, which may have an impact on the Group's tax obligations, including taxation of profit of controlled foreign companies, the concept of beneficial ownership and the broader rules for determining the tax residency of legal entities. According to these changes, the undistributed profits of the Group foreign subsidiaries, considered as controlled foreign companies, may result in an increase of the tax base of the controlling entities, and the benefits of enjoying reduced tax rates to the income paid to foreign entities under double tax treaties ("DTTs") may come under additional scrutiny.

DME LIMITED AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019 (Amounts in millions of Russian Rubles)

Current withholding tax and DTTs administration practice in Russia require foreign tax residents to demonstrate and substantiate with documents their beneficial ownership rights to the Russian-sourced income received in order to obtain a tax exemption or apply a reduced withholding tax rate under an applicable double tax treaty. The criteria to establish beneficial ownership rights are evolving with the development of court practice in Russia. Although the practice is still in its early stage of development, it is clear that in many cases foreign tax residents receiving income from Russian sources are disallowed DTTs benefits due to inability to confirm their beneficial ownership rights to the income received. The Group relies on the application of DTTs in its cross-border activities and treats its foreign tax resident companies as beneficial owners of the income received. As determination of the beneficial owner requires significant judgement and is frequently challenged by the tax authorities, the Group faces a risk of not being qualified to apply the DTTs. If crystalized, this risk would result in significantly increased withholding tax liabilities in Russia.

Management believes that it has provided adequately for tax liabilities based on its interpretations of tax legislation. Where uncertainty exists, the Group has accrued tax liabilities as management's best estimate of the probable outflow of resources which will be required to settle such liabilities. However, the relevant authorities may have differing interpretations, and the effects on the consolidated financial statements could be significant. Management's estimate of the possible exposure in relation the imposition of additional income tax and other taxes (e.g. VAT), including penalties and other charges, that is more than remote, but for which no liability is required to be recognized under IFRS is not disclosed as in the management's view such disclosure may prejudice the Group's position in any possible future dispute with the tax authorities. This estimation is provided for the IFRS requirement for disclosure of possible taxes and should not be considered as an estimate of the Group's future tax liability.

Environmental matters – The enforcement of environmental regulation in the Russian Federation is continually evolving. The Group periodically evaluates its obligations under environmental regulations. Potential liabilities, which might arise as a result of changes in existing regulations, civil litigation or legislation, cannot be estimated but could be material. In the current enforcement climate under existing legislation, management believes that the Group has met the government's federal and regional requirements concerning environmental matters. Therefore, there are no significant liabilities for environmental damage or remediation.

Legal proceedings – During the year, the Group was involved in a number of court proceedings (both as a plaintiff and a defendant) arising in the ordinary course of business. In the opinion of management, there are no current legal proceedings or other claims outstanding, which management believes could have a material effect on the result of operations or financial position of the Group, other than those for which provision has been made in these consolidated financial statements.

Insurance – The Group's insurance program is designed to cover a majority of risks inherent in airport operation without any substantial gaps in coverage. The main operational risks of the Group are covered by property damage policy and airport civil liability policy while other insurance contracts are designed to cover minor losses or to provide additional benefits for employees and to meet current legislation requirements without any major influence to airport business.

Property and civil liability of the Group are insured by well-known Russian insurance companies. The full coverage insurance value of property is RUB 7,948 million. Third party liability of DME Limited and its subsidiaries is insured for the amount of RUB 30,593 million.

DME LIMITED AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019 (Amounts in millions of Russian Rubles)

29. RISK MANAGEMENT ACTIVITIES

The Group's senior management oversees the risk management process and ensures that appropriate policies and procedures are designed and implemented, and that financial risks are timely identified, measured and managed in accordance with approved policies. Such policies are summarized below.

Capital risk management

The Group manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to the equity holder through the optimization of the debt and equity balance. The capital structure of the Group consists of long-term borrowings, including bank loans, lease liability and equity, consisting of share capital and retained earnings.

Management of the Group regularly reviews its gearing ratio, calculated as proportion of net debt to equity, to ensure that it is in line with the Group's adopted policy on debt management. During 2019 the Group complied with all external capital requirements.

Major categories of financial instruments

The Group's financial assets include bank deposits and loans issued, finance lease receivable, trade and other receivables and cash and cash equivalents.

	31 December 2019	31 December 2018
Financial assets		
Cash and cash equivalents	5,003	4,822
Trade and other receivables	3,229	3,251
Finance lease receivable	410	494
Loans issued	324	241
Short-term investments	1,287	3
Restricted cash	1,649	1,887
Total financial assets	11,902	10,698

The Group's principal financial liabilities are trade and other payables, borrowings, debt securities. All financial liabilities are carried at amortized cost.

	31 December 2019	31 December 2018
Financial liabilities		
Debt securities	55,418	55,589
Trade and other payables	5,925	5,512
Long-term borrowings	1,672	3,237
Short-term borrowings	1,619	1,765
Lease liability	243	-
Amounts due to grantor under a concession agreement	-	3,380
Total financial liabilities	64,877	69,483

Liquidity risk

Liquidity risk is the risk that the Group will not be able to settle all liabilities as they fall due. The Group's liquidity position is carefully monitored and managed by the treasury function. Management controls current liquidity based on expected cash flows and revenue receipts through establishing and maintaining a cash fund sufficient to cover its contractual obligations for the period of three to six upcoming months. Such funds are normally kept as highly liquid short-term bank deposits or on current bank accounts, and are available on demand. In addition, the Group's policy is to continually maintain a diversified portfolio of open credit lines with reputable banks, which serve to secure for the Group a stable ad hoc borrowing capability.

DME LIMITED AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019 (Amounts in millions of Russian Rubles)

The Group has both interest bearing and non-interest bearing financial liabilities. The interest bearing liabilities consist of lease liability, borrowings and the debt securities. The non-interest bearing liabilities include trade and other payables, accrued expenses and other current liabilities.

The following tables detail the Group's remaining contractual maturity for financial liabilities. The tables have been drawn up based on undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

	Effective interest rate, %	Less than 1 month	1-3 months	3 months- 1 year	1-5 years	Over 5 years	Total
31 December 2019							
Non-interest bearing liabilities		3,300	694	2,148	49	-	6,191
Debt securities and borrowings	3.42%-9.01%	350	712	4,878	64,552	293	70,785
Lease liability	9.9%-10.73%	19	19	41	199	73	351
Total		3,669	1,425	7,067	64,800	366	77,327
31 December 2018							
Non-interest bearing liabilities		3,010	497	286	1,536	474	5,803
Debt securities and borrowings	3.06%-8.32%	111	837	4,867	66,473	230	72,518
Amounts due to grantor under a concession agreement	10.6%	-	-	261	1,391	17,219	18,871
Total		3,121	1,334	5,414	69,400	17,923	97,192

The following tables detail the Group's expected maturity for its financial assets, except for cash and cash equivalents. The tables below have been drawn up based on the undiscounted contractual maturities of the financial assets, including interest that will be earned on those.

	Effective interest rate, %	Less than 1 month	1-3 months	3 months- 1 year	1-5 years	Over 5 years	Total
31 December 2019							
Accounts receivable		2,561	268	400	-	-	3,229
Loans issued	5-7%	-	-	-	365	-	365
Short-term investments	1.54%-11%	37	1,240	10	-	-	1,287
Finance lease receivable	45%	16	33	148	788	230	1,215
Total		2,614	1,541	558	1,153	230	6,096
31 December 2018							
Accounts receivable		2,007	542	637	65	-	3,251
Loans issued	5-7%	1	-	-	243	-	244
Finance lease receivable	47%	20	38	172	921	499	1,650
Total		2,028	580	809	1,229	499	5,145

Currency risk

Currency risk is the risk that the financial results of the Group will be adversely impacted by changes in exchange rates to which the Group is exposed. The Group has export revenue and purchases third-party services, which are denominated in foreign currencies. Certain receivable and payable balances, related primarily to settlements with customers and suppliers and most of loans and borrowings of the Group are denominated in currencies other than the Russian Ruble, the functional currency of the Company and most of the subsidiaries of the Group.

Currency risk is regularly assessed and managed by Financial Assets Management department. The Group's foreign currency position for net current assets is evaluated daily. The consolidated foreign currency position of all of the Group's assets and liabilities is assessed quarterly. The Group mitigates potential negative impact of exchange rate movements primarily through aiming to maintain a balanced structure of foreign currency assets and liabilities. Available cash and cash equivalents are the key instrument used by management to correct an imbalanced foreign currency position. Management also continually monitors market trends in order to appropriately adjust the Group's contractual payment terms to take advantage of favorable changes in exchange rates.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019 (Amounts in millions of Russian Rubles)

For the year ended 31 December 2019 the Russian Ruble depreciated against the US Dollar, EURO by 11%, 13%, respectively (appreciated against the US Dollar, EURO by 17%, 13% for the year ended 31 December 2018). The Group does not have or use any formal arrangements (i.e. derivatives) to manage foreign currency risk exposure.

The carrying amounts of the Group's foreign currency denominated monetary assets and liabilities as at the reporting date are as follows:

	Denominated in USD		Denominated in EUR	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018
Assets				
Cash and cash equivalents	4,189	4,396	160	3
Trade and other receivables	1,036	1,223	129	138
Loans issued	324	243	-	-
Short-term investments	1,241	-	-	-
Finance lease receivable	-	-	410	494
Restricted cash	1	1	1,624	1,861
Total assets	6,791	5,863	2,323	2,496
Liabilities				
Debt securities and borrowings	40,423	45,591	2,995	5,001
Trade and other payables	1,273	1,810	77	232
Total liabilities	41,696	47,401	3,072	5,233

The table below details the Group's sensitivity to weakening of the Russian Ruble against the respective foreign currencies by 10%, all other variables being held constant. The analysis was applied to monetary items at the reporting dates denominated in respective currencies.

	USD – impact		EUR – impact	
	2019	2018	2019	2018
Loss	3,523	4,154	72	274

The strengthening of the Russian Ruble in relation to the same currencies by the same percentage will produce an equal and opposite effect on the consolidated financial statements of the Group to that shown above.

Interest rate risk

Interest rate risk is the risk that movement in interest rates for borrowed funds will have an adverse effect on the Group's financial performance. In general the Group takes a conservative approach to the use of debt leverage, and tends to finance its operations and expansion through internally generated funds.

Management carefully monitors changes in interest rates and takes steps to mitigate interest rate risk through careful evaluation of contractual terms for new borrowings, as well as continued improvement of its existing debt portfolio. In assessing the quality of its debt portfolio the Group aims to maintain an appropriate mix of floating and fixed interest rate instruments, and to ensure that contractual terms for the borrowings provide for minimal or no early repayment fees, an option to negotiate a decrease in interest rates and an inability of a credit institution to unilaterally increase interest rates without prior notification and granting an early repayment option at no additional charge.

As at 31 December 2019 and 2018 the Group's borrowed funds consisted of the USD loan participation notes, RUB loan securities, long- and short-term borrowings and finance lease.

The Group is exposed to interest rate risk because entities in the Group borrow funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings, with emphasis on fixed rates.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019 (Amounts in millions of Russian Rubles)

Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group does not hedge its credit risk.

The Group's exposure to credit risk arises primarily with respect to amounts held with the banks, lease receivables, loans issued and receivables in connection with aviation, auxiliary and commercial activities. Credit exposure is managed by establishing credit terms for the most significant customers that are reviewed and approved by management. Credit sales are offered only to foreign customers and most significant customers located within the Commonwealth of Independent States ("CIS") and the Russian Federation with proven credit history. Sales to other customers are made on a prepayment basis. The credit quality of the bank balances and loans issued can be assessed by reference to external credit rating if available or to the working history of the counterparty with the Group. These policies enable the Group to reduce its credit risk significantly.

The carrying amount of cash and cash equivalents, trade and other receivables, lease receivables, restricted cash and other financial assets, net of allowance for expected credit losses, represents the maximum amount exposed to credit risk (Notes 15, 17-20). Management believes that there is no significant risk of loss to the Group beyond the allowance already recorded.

As of 31 December 2019, 47% of the total net amount of trade and other receivables related to the eight largest counterparties of the Group (31 December 2018: 54%):

31 December 2019			
	Outstanding balance, gross	Allowance for expected credit losses	Outstanding balance, net
Transaero	880	(880)	-
S7	724	(5)	719
Vim-avia	504	(504)	-
Forum-Invest	380	(114)	266
DUFY east	218	(4)	214
Quantico Limited	184	(1)	183
Ural Airlines	125	(2)	123
Goskorporatsia po OrVD	115	(2)	113
Total	3,130	(1,512)	1,618

31 December 2018			
	Outstanding balance, gross	Allowance for expected credit losses	Outstanding balance, net
Transaero	880	(880)	-
S7	762	(10)	752
Vim-avia	504	(504)	-
Forum-Invest	360	(108)	252
Quantico Limited	287	(2)	285
Emirates	171	-	171
Lufthansa	169	-	169
Air Moldova	118	(6)	112
Total	3,251	(1,510)	1,741

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019 (Amounts in millions of Russian Rubles)

As of 31 December 2019, 97% of the total amount of amounts held with the banks related to four banks (31 December 2018: 98%). Bank deposits and cash balances placed with the largest banks as of 31 December 2019 and 2018 are as follows:

	<u>Credit rating</u>	<u>Rating Agency</u>	<u>31 December 2019</u>	<u>31 December 2018</u>
Credit Suisse AG	A	Fitch	4,103	4,262
Rosbank	BBB -	Fitch	507	355
Raiffeisen Bank International AG. Austria	BBB +	S&P	204	54
OVERSEA CHINESE BANKING CORPORATION LIMITED	AA -	Fitch	12	58
Total			4,826	4,729

Fair value of financial instruments

According to the accounting policy the Group uses the following hierarchy to determine and disclose fair value of financial instruments:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

Except as detailed in the following table management of the Group believes that the carrying value of financial instruments such as cash and cash equivalents, short-term receivables and payables, lease receivable, short- and long-term investments, borrowings and lease liabilities, which classified within Level 2 category of the above hierarchy, approximates their fair value. Restricted cash is classified as Level 3 category. The estimated fair values of financial instruments have been determined by the Group using available market information, where it exists, and appropriate valuation methodologies. However, judgment is necessarily required to interpret market data to determine the estimated fair value. Management has used all available market information in estimating the fair value of financial instruments. Certain financial instruments, such as available-for-sale bonds were excluded from fair value analysis either due to their insignificance or due to the fact that the assets were acquired or liabilities incurred close to the reporting dates and management believes that their carrying value either approximates their fair value, or may not significantly differ from each other.

	<u>31 December 2019</u>	
	<u>Fair value of financial liabilities</u>	<u>Carrying value of financial liabilities</u>
2021 LPNs (Note 22)	22,226	21,674
2023 LPNs (Note 22)	18,864	18,749
Five-year RUB debt securities issued in 2017(Note 22)	9,814	10,004
Three-year RUB debt securities issued in 2019(Note 22)	4,993	4,991
Loan from ING Bank (Note 23)	3,085	2,366
Loan from Raiffeisen bank (Note 23)	636	629
Overdraft from Rosbank (Note 23)	297	296
Total	59,915	58,709

DME LIMITED AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019 (Amounts in millions of Russian Rubles)

30. SUBSEQUENT EVENTS

Dividends – During period from January to April 2020, the Group paid USD 0.5 million and EUR 11.4 million (total of RUB 864.9 million at the Central Bank of Russia exchange rate as at the payment date).

COVID-19 – Starting from early 2020 a new coronavirus disease (COVID-19) has begun rapidly spreading all over the world, it may have a significant effect on business of the Group, the overview of the situation and possible effect on the Group is disclosed in Note 2. It is treated as a non-adjusting post-balance sheet event in accordance with IAS 10 'Events after the Reporting Period'.

DME LIMITED **and subsidiaries**

Consolidated Financial Statements and
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DME LIMITED AND SUBSIDIARIES

STATEMENT OF MANAGEMENT'S RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

Management is responsible for the preparation of consolidated financial statements that present fairly the financial position of DME Limited (the "Company") and its subsidiaries (the "Group") as at 31 December 2018 and the consolidated results of its operations, cash flows and changes in equity for the year then ended, in compliance with International Financial Reporting Standards ("IFRS").

In preparing the consolidated financial statements, management is responsible for:

- Properly selecting and applying accounting policies;
- Presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- Providing additional disclosures when compliance with the specific requirements in IFRS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's consolidated financial position and financial performance; and
- Making an assessment of the Group's ability to continue as a going concern.

Management is also responsible for:

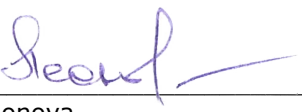
- Designing, implementing and maintaining an effective system of internal controls, throughout the Group;
- Maintaining adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the consolidated financial position of the Group, and which enable them to ensure that the consolidated financial statements of the Group comply with IFRS;
- Maintaining statutory accounting records in compliance with local legislation and accounting standards;
- Taking such steps as are reasonably available to them to safeguard the assets of the Group; and
- Preventing and detecting fraud and other irregularities.

The consolidated financial statements of the Group for the year ended 31 December 2018 were approved by management on 30 April 2019.

On behalf of management:



Elena Batsunova
Chief Executive Officer



Elena Leonova
Chief Financial Officer

30 April 2019

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of DME Limited:

Opinion

We have audited the consolidated financial statements of DME Limited and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at December 31, 2018, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2018, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISA") adopted in Cyprus. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (the "IESBA Code") together with the ethical requirements that are relevant to our audit of the consolidated financial statements in Russia, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Why the matter was determined to be a key audit matter	How the matter was addressed in the audit
<p>Revenue recognition</p> <p>The most significant revenue streams of the Group relate to aviation services and auxiliary aviation services rendered to airlines.</p> <p>The Group uses self-developed billing system for pricing its services and issuing invoices to customers. Due to the variety of revenue streams and tariffs applied by the Group, we consider this area to be a key audit matter.</p> <p>Refer to the Note 7 to the consolidated financial statements.</p>	<p>Our principal audit procedures included:</p> <ul style="list-style-type: none"> • Understanding of the Group’s key controls in respect of revenue recognition; • Understanding of the Group’s IT environment and billing system; • Assessing adequacy of the Group’s revenue recognition policy; • Assessing completeness of revenue by performing a reconciliation of flights registration system to billing system and billing system to the general ledger; • Testing revenue by analytical procedures and by performing reconciliations with customers on a sample basis.
<p>Recoverability of financial assets</p> <p>As described in Note 5 of the consolidated financial statements loss allowance for impairment of receivables and restricted cash balances are the key sources of estimation uncertainty for the Group.</p> <p>Significant degree of management judgement is required for assessing the credit risk of counterparties, determine the event of default and default rate for the Group’s financial assets.</p> <p>Refer additionally to Notes 13, 17, 18, 19 and 29 (in respect of credit risk) of the financial statements for the related disclosures.</p>	<p>Our principal audit procedures included:</p> <ul style="list-style-type: none"> • Understanding the Group’s processes in respect of recording of financial assets, billing, collectability and management methodology for estimation of expected credit losses, including the process of input data collection and estimation of probability of default; • Understanding nature and substance of related party transactions and balances and how they are expected to be funded and settled; • Reconciling on a sample basis recorded financial asset balances with confirmations obtained from the Group’s counterparties and testing post year-end cash receipts; • Analyzing the Group’s assessment of allowance for expected credit losses for counterparties based on historical experience of bad debt exposure, changes in the individual counterparty credit risk and other relevant information including independent research of publicly available sources on specific aged balances to identify any indicators of financial difficulty such as notices of liquidation or receivership, actual or threatened legal actions, regulatory findings, etc.; • Testing the aging of receivables using a sample test of invoices and manually recalculating the invoice aging for verification and overdue classification of past due receivables; • Critically accessing the amount of allowance for expected credit losses recognized for restricted cash balances and analyzing further actions planned by the Group in respect of the their recovery by enquiring the Group’s management, internal legal counsel and inspecting related documentation; • Assessing the sufficiency of related disclosures in the financial statements.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters.



Alexander Dorofeyev
Engagement partner

30 April 2019

DME LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND TOTAL OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2018

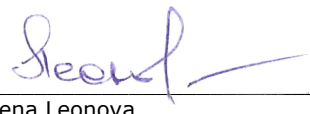
(Amounts in millions of Russian Rubles)

	Notes	2018	2017
Revenue	7	42,880	40,612
Operating expenses, net	8	(32,344)	(29,934)
Operating profit		10,536	10,678
Interest expense	9	(2,849)	(1,011)
Interest income		442	265
Foreign exchange (loss)/gain, net		(7,079)	652
Profit before income tax		1,050	10,584
Income tax	10	(1,883)	(1,229)
(Loss)/profit and total other comprehensive income for the year		(833)	9,355
(Loss)/profit and total other comprehensive income for the year attributable to:			
Equity holders of the Company		(798)	9,399
Non-controlling interests		(35)	(44)
		(833)	9,355

On behalf of management:


Elena Batsunova
Chief Executive Officer

30 April 2019


Elena Leonova
Chief Financial Officer


The accompanying notes form an integral part of these consolidated financial statements.


DME LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 31 DECEMBER 2018 (Amounts in millions of Russian Rubles)

	Notes	31 December 2018	31 December 2017
ASSETS			
Non-current assets			
Property, plant and equipment	11	98,454	81,551
Investment property	11	589	612
Advances for acquisition of non-current assets	11	1,325	2,848
Intangible assets	12	5,393	5,079
Deferred tax asset, net	10	2,389	2,237
Loans issued	26	241	-
Long-term finance lease receivable	15	311	261
Other non-current assets	13	1,935	48
Total non-current assets		110,637	92,636
Current assets			
Inventory	16	2,362	1,922
Trade and other receivables	17	3,251	2,682
Prepayments and other current assets	18	4,226	6,077
Prepaid current income tax		1,168	1,107
Short-term finance lease receivable	15	183	157
Cash and cash equivalents	19	4,822	10,270
Total current assets		16,012	22,215
TOTAL ASSETS		126,649	114,851
EQUITY AND LIABILITIES			
Capital			
Share capital	20	11,877	11,877
Retained earnings	20	30,188	37,531
Equity attributable to the owners of the Company		42,065	49,408
Non-controlling interests		(89)	(54)
Total equity		41,976	49,354
Non-current liabilities			
Deferred tax liability, net	10	6,304	5,401
Amounts due to grantor under a concession agreement, long-term portion	14	3,133	3,134
Debt securities, long-term portion	21	54,836	29,989
Borrowings, long-term portion	22	3,237	1,594
Total non-current liabilities		67,510	40,118
Current liabilities			
Trade and other payables	23	6,574	4,441
Current income tax payable		1,233	1,282
Taxes other than income tax payable	24	1,345	1,374
Dividends payable	20	2,902	703
Amounts due to grantor under a concession agreement, short-term portion	14	247	247
Accrued expenses and other current liabilities	25	2,344	2,115
Debt securities, short-term portion	21	753	13,016
Borrowings, short-term portion	22	1,765	2,201
Total current liabilities		17,163	25,379
TOTAL EQUITY AND LIABILITIES		126,649	114,851

On behalf of management:


Elena Batsunova
Chief Executive Officer


Elena Leonova
Chief Financial Officer

30 April 2019


The accompanying notes form an integral part of these consolidated financial statements.

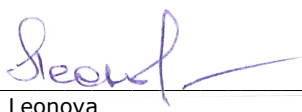
DME LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2018 (Amounts in millions of Russian Rubles)

	2018	2017
Cash flows from operating activities:		
Profit before income tax	1,050	10,584
Adjustments for:		
Depreciation and amortization	4,070	3,381
Change in allowance for impairment of accounts receivable and advances to suppliers	(1)	514
Interest income	(442)	(265)
Interest expense	2,849	1,011
Foreign exchange loss/(gain), net	7,079	(652)
Other non-cash items, net	9	126
	14,614	14,699
Increase in inventory	(439)	(280)
Increase in trade and other receivables	(481)	(622)
Decrease / (increase) in prepayments and other current assets	95	(289)
Increase / (decrease) in trade and other payables	605	(44)
(Decrease) / increase in taxes other than income tax payable	(29)	286
Increase in accrued expenses and other current liabilities	73	73
Net cash from operating activities before income tax	14,438	13,823
Income tax paid	(1,177)	(2,155)
Net cash provided by operating activities	13,261	11,668
Cash flows from investing activities:		
Purchases of property, plant and equipment	(15,578)	(18,415)
Purchases of intangible assets and other non-current assets	(1,256)	(700)
Proceeds from disposal of property, plant and equipment	70	50
Loans issued	(230)	-
Purchases of investments	-	(72)
Proceeds from disposal of investments	22	75
Proceeds from grantor under a concession agreement	-	222
Interest received	478	230
Net cash used in investing activities	(16,494)	(18,610)
Cash flows from financing activities:		
Proceeds from debt securities	17,189	9,975
Proceeds from borrowings	1,515	1,579
Repayments of debt securities	(14,620)	-
Repayments of borrowings	(1,130)	(1,208)
Interest paid	(3,997)	(2,432)
Dividends paid (Note 20)	(4,498)	(4,368)
Net cash (used in) / provided by financing activities	(5,541)	3,546
Net decrease in cash and cash equivalents	(8,774)	(3,396)
Cash and cash equivalents at the beginning of the year	10,270	14,306
Allowance for expected credit losses on cash and cash equivalents	(5)	-
Foreign exchange gain /(loss) on cash and cash equivalents	3,331	(640)
Cash and cash equivalents at the end of the year	4,822	10,270

On behalf of management:


Elena Batsunova
Chief Executive Officer


Elena Leonova
Chief Financial Officer

30 April 2019

The accompanying notes form an integral part of these consolidated financial statements.

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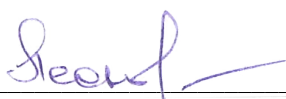
DME LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2018 (Amounts in millions of Russian Rubles)

	Share capital	Retained earnings	Attributable to the equity holders of the Company	Attributable to the non-controlling interests	Total equity
Balance as of 1 January 2017	11,877	33,108	44,985	(10)	44,975
Profit/(loss) and total other comprehensive income for the year	-	9,399	9,399	(44)	9,355
Dividends (Note 20)	-	(4,976)	(4,976)	-	(4,976)
Balance as of 31 December 2017	11,877	37,531	49,408	(54)	49,354
Adoption of new standards (Note 4)	-	(263)	(263)	-	(263)
Balance as of 1 January 2018	11,877	37,268	49,145	(54)	49,091
Loss and total other comprehensive income for the year	-	(798)	(798)	(35)	(833)
Dividends (Note 20)	-	(6,282)	(6,282)	-	(6,282)
Balance as of 31 December 2018	11,877	30,188	42,065	(89)	41,976

On behalf of management:


Elena Batsunova
Chief Executive Officer


Elena Leonova
Chief Financial Officer

30 April 2019

The accompanying notes form an integral part of these consolidated financial statements.

DME LIMITED AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018 (Amounts in millions of Russian Rubles)

1. NATURE OF THE BUSINESS

DME Limited (previously FML Limited, hereinafter the "Company"), is a limited liability company incorporated under the laws of the Isle of Man in February 2001. Immediately following the formation of the Company an entity under common control transferred to the Company a number of entities operating as a group since 1996. The assets and liabilities of the entities were transferred to the Company at their previous carrying amounts. In 2012 the Company transferred its registered office and place of domicile to the Republic of Cyprus.

The principal activities of the Company, together with its subsidiaries (collectively the "Group") are the management, operation and development of Domodedovo airport, including servicing international and domestic passenger and cargo flights. The Group sells fuel and pre-packaged meals as well as provides airport-related commercial services comprising leasing of retail space, leasing of other commercial properties and fuelling services. The Group's principal place of business is Domodedovo airport in the Moscow region, Russia.

The Group operates in three business segments: aviation services, auxiliary aviation services and commercial services.

The Company's ownership interest in the significant controlled subsidiaries is as follows:

Company name	Place of incorporation	Principal activity	Percentage held as of	
			31 December 2018	31 December 2017
Domodedovo Passenger Terminal	Russia	Passenger terminal complex	100%	100%
Domodedovo Cargo	Russia	Cargo terminal complex	100%	100%
Domodedovo Catering Service	Russia	In-flight catering facility	100%	100%
Domodedovo Asset Management	Russia	Rent and parking operator	100%	100%
Domodedovo Fuel Services	Russia	Fuel storage and supply facility	100%	100%
Domodedovo Security	Russia	Aviation security	100%	100%
Domodedovo Commercial Services	Russia	General agent for Group companies	100%	100%
Domodedovo International Airport	Russia	Take-off and landing services	100%	100%
Domodedovo Slot Allocation	Russia	Aeronautical services	100%	100%
Domodedovo Construction Management	Russia	Capital development	100%	100%
Domodedovo Airport Handling	Russia	Ground handling	100%	100%
Domodedovo Information Technologies Services	Russia	IT services	100%	100%
Domodedovo Fuel Facilities	Russia	Jet fuelling and storage	100%	100%
Hacienda Investments Limited	Cyprus	Group property management	100%	100%
Verulia Investments Limited	Cyprus	Investing and financing activities	100%	100%
Airport Management Company Limited	Isle of Man	Group management company	100%	100%
Ocean Fest Development SA	British Virgin Islands	Investing and financing activities	100%	100%
Domodedovo Training	Russia	Staff professional trainings and development	100%	100%
Domodedovo Integration	Russia	Software development	100%	100%
Domodedovo Parking	Russia	Management of car park facilities	100%	100%
Domodedovo Non-aviation Sales	Russia	Rent and advertizing services	100%	100%
DME Airport Designated Activity Company	Ireland	Investing and financing activities	-	-

DME LIMITED AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018 (Amounts in millions of Russian Rubles)

The Russian Federation is the place of operation for all the companies listed above, except for Verulia Investments Limited for which the place of operation is Cyprus and DME Airport Designated Activity Company for which the place of operation is Ireland. Verulia Investments Limited acts as a major holder of the intangible assets owned by the Group and is involved in treasury activities of the Group, facilitating financing and investing transactions between the Group's individual companies, as well as between the Group and third parties.

DME Airport Designated Activity Company is a special purpose entity that acts as a corporate vehicle for USD loan participation notes issued on the Irish Stock Exchange.

Starting from December 2016 DME Stichting Administratiekantoor ("DME Administrative Foundation"), a foundation organized and existing under the laws of the Netherlands, together with Atlant Foundation, a private foundation established and governed under the laws of Malta, collectively own 100% of the issued share capital of DME Limited.

The ultimate controlling party of the Group is Mr. Dmitry Kamenshchik.

The consolidated financial statements of the Group for the year ended 31 December 2018 were authorized for issue by management on 30 April 2019.

2. PRESENTATION OF FINANCIAL STATEMENTS

Statement of compliance – These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

Basis of preparation – These consolidated financial statements are prepared on the basis of standalone financial statements of the Company and its subsidiaries. The entities of the Group maintain their accounting records in accordance with laws, accounting and reporting regulations of the jurisdictions in which they are incorporated and registered. The accompanying consolidated financial statements differ from the financial statements issued for statutory purposes in that they reflect certain adjustments, not recorded in the statutory books, which are appropriate to present the financial position, results of operations and cash flows of the Group in accordance with IFRS.

These consolidated financial statements are presented in millions of Russian Rubles (hereinafter "RUB million"), unless otherwise indicated.

The consolidated financial statements have been prepared using the historical cost convention, except for certain items of property, plant and equipment which were stated at deemed cost as of 1 January 2008 as part of the Group's adoption of IFRS. The deemed cost was equal to fair value as determined by an independent appraiser.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for leasing transactions that are within the scope of IAS 17 "Leases", and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 "Inventories" or value-in-use in IAS 36 "Impairment of assets".

DME LIMITED AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018 (Amounts in millions of Russian Rubles)

Going concern – These consolidated financial statements have been prepared on the assumption that the Group will continue as a going concern in the foreseeable future, which implies the realization of assets and settlement of liabilities in the normal course of business.

As of 31 December 2018 the current liabilities of the Group exceed its current assets by RUB 1,151 million. The net loss for 2018 of RUB 833 million has resulted primarily from the foreign exchange loss of RUB 7,079 million on a USD-denominated debt securities (Note 21). The Group is expected to continue generating sufficient operating cash flows to cover its current and future obligations as they become due, and, accordingly, having reviewed the current financial position of the Group, management has concluded that the going concern assumption remains appropriate.

3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these consolidated financial statements are set out below.

The accounting policies have been applied consistently by all consolidated operating entities.

Consolidation – The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) prepared through 31 December of each year.

Control is achieved when the Company:

- Has power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Company, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceased. Intragroup balances and any unrealized gains and losses or income and expenses arising from intragroup transactions, are eliminated in full in preparing the consolidated financial statements.

Non-controlling interest in consolidated subsidiaries represents the equity in a subsidiary not attributable, directly or indirectly, to a parent and is identified separately from the Group's equity therein. Total comprehensive income / (loss) is attributed to non-controlling interests even if this results in the non-controlling interest having a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Company.

DME LIMITED AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018 (Amounts in millions of Russian Rubles)

When the Group loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets, and liabilities of the subsidiary and any non-controlling interests.

Functional and presentation currency – The primary economic environment of the Group is the Russian Federation. Therefore, the Russian Ruble ("RUB") is the functional currency of the Company and all subsidiaries of the Group, except for DME Airport Designated Activity Company (the functional currency is US dollar, "USD"), as well as the Group's presentation currency.

In preparing the financial statements of the individual companies, transactions in currencies other than the entity's functional currency are initially recorded at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the reporting date exchange rate.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are not retranslated. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to Russian Ruble at foreign exchange rates ruling at the dates the fair value was determined. Exchange differences arising from such retranslation are included in the consolidated statement of profit or loss and other comprehensive income.

Below are exchange rates as at year end which were used by the Group for the purpose of these consolidated financial statements:

	31 December 2018	31 December 2017
Russian Ruble/USD	69.4706	57.6002
Russian Ruble/EUR	79.4605	68.8668

Revenue recognition – The Group's revenue is generated by the provision of services (airport services, rental income, aircraft maintenance, fuel storage services and parking fees), and sale of products (jet fuel and in-flight meals). The Group recognizes revenue when or as a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. In general, control is transferred to the contractual counterparty and subsequently the Group's performance obligations are met at the time of receipt of the services by the counterparty. The Group provides most services within one working day. Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of sales related taxes, estimated rebates and discounts. Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

From 1 January 2018 the Group recognizes revenue from contracts with customers under IFRS 15 "Revenue". The impact of the change in accounting policy is disclosed in Note 4.

Airport and other related charges

Revenue from airport and other related charges mainly includes fees collected for aircraft take-off and landing, runway lighting, aircraft parking, and passenger-related charges for the use of terminal. The Group typically satisfies its performance obligation as the service is provided. Revenue from airport and other related charges is recognized in the accounting period in which the services are rendered.

Rental income

Rental income is generated principally from leasing trading space and office facilities located inside the airport terminal and adjacent buildings. Rental revenue is recognized on a straight-line basis during the term of rent agreements.

In accordance with the rent agreements, rental revenue can be calculated based on either the fixed monthly rental rates or the passenger traffic volume for the period.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018 (Amounts in millions of Russian Rubles)

Ground handling

Ground handling includes a wide range of services related to aircraft maintenance before take-off and after landing, including pre-flight aircraft preparation, towing, cleaning, required technical maintenance before and after flights, luggage handling, passenger check-in, boarding and transportation to and from aircraft. The Group typically satisfies its performance obligation as the service is provided, therefore revenue from ground handling services is recognized in the accounting period in which the services are rendered.

Jet fuelling and storage services

Jet fuelling and storage services include revenue from into-plane fuelling services and revenue from the storage of third-parties' jet fuel. The Group typically satisfies its performance obligation as the service is provided. Revenue from these services is recognized in the accounting period in which the services are rendered. Storage charge rates are regulated for foreign airline customers and periodically reviewed by the Federal Antimonopoly Service of the Russian Federation.

Aviation security

Aviation security services include services such as the inspection/screening of passengers, crews, baggage, cargo and in-flight supplies, aircraft security (including guarding the aircraft at the airport), pre-flight inspection and access control and security of areas with restricted access. The Group typically satisfies its performance obligation as the service is provided. Revenue from aviation security services is recognized in the accounting period in which the services are rendered.

Parking fees and other revenue

Parking fees consist of fees collected at the passenger terminal's car park. Other revenue consists of auxiliary services provided at the cargo and passenger terminals. The Group considers the performance obligation is satisfied by the provision of the car part space for the each day the car is parked, therefore the revenue from such services is recognized for each day the car is parked.

Jet fuel sales

Jet fuel sales comprise the sales of jet petroleum, lubricants and other specialized liquids. The Group considers the performance obligation is satisfied when control of the goods or services underlying the particular performance obligation is transferred to the customer, therefore revenue from the sale is recognized when significant risks and rewards incidental to ownership are transferred to the customers.

Catering

Catering includes sales of pre-packaged in-flight meals. The Group considers the performance obligation is satisfied when control of the goods or services underlying the particular performance obligation is transferred to the customer, therefore revenue from catering is recognized when the meal packages are delivered to the aircraft, at which point the risks and rewards of ownership are transferred to the customers.

Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the applicable effective interest rate.

Leases – The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

Leases are classified as finance leases whenever the terms of the lease transfer substantially all of the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
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Group as lessor

Amounts due from lessees under finance leases are recognized as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases. Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term.

Group as lessee

Assets under finance leases are recognized as assets at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rentals are recognized as expenses in the periods in which they are incurred.

Payments under operating leases are recognized in the consolidated profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognized as a liability and a reduction to expense on a straight-line basis. Contingent rentals under operating leases are recognized as an expense in the period in which they are incurred.

Borrowing costs – Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale, and amortized over the useful life of the asset. All other borrowing costs are recognized as an expense in the period in which they are incurred.

Income tax – Income tax on the profit or loss for the year comprises current and deferred tax. Current and deferred income tax are recognized in the consolidated profit or loss except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the consolidated statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the taxation authorities, using the tax rates (and tax laws) that have been enacted or substantially enacted by the reporting date. Provisions in respect of uncertain tax positions which relate to income tax are included in current income tax at an amount expected to be payable including penalties, if any.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts of tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill.

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The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are not discounted.

Employee benefits – Remuneration to employees in respect of services rendered during the reporting period is recognized as an expense in that reporting period.

The Group contributes to the Pension Fund of the Russian Federation, a defined contribution plan. The Group's only obligation is to pay contributions to the Fund as they fall due. As such, the Group has no legal obligation to pay and does not guarantee any future benefits to its Russian employees. The Group's contributions to the Russian Federation State Pension Fund are recorded as an expense over the reporting period based on the related employee service rendered. In 2018 and 2017 contributions for each employee vary from 10% to 22%, depending on the annual gross remuneration of each employee.

Property, plant and equipment – At the date of transition to IFRS (1 January 2008) the Group's property, plant and equipment were recognized in the consolidated financial statements at deemed cost.

Property, plant and equipment acquired by the Group subsequent to the date of transition to IFRS are recorded at purchase or construction cost, less accumulated depreciation and accumulated impairment, if any. The costs of day to day servicing of property, plant and equipment, including repairs and maintenance expenditure, are expensed as incurred.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Assets under construction

Assets under construction ("Construction In-Progress" or "CIP") are carried at cost, less any recognized impairment loss. Cost includes capital expenditures directly related to the construction of property, plant and equipment including an appropriate allocation of directly attributable variable overheads including capitalized borrowing costs on qualifying assets. Depreciation of these assets, on the same basis as for other property assets, commences when the assets are ready for their intended use. Construction in-progress items are reviewed regularly to determine whether their carrying value is fairly stated.

Advance payments for assets under construction are shown separately in the consolidated statement of financial position and presented as non-current assets.

Investment property

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties are initially measured at cost. Subsequent measurement is at cost less accumulated depreciation and impairment losses (if any) under IAS 36 "Impairment of assets". An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated profit or loss in the period in which the property is derecognized.

Subsequent costs

The Group recognizes in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied with the item will flow to the Group and the cost of the item can be measured reliably. The assets being replaced are written off immediately. All other costs are recognized in the consolidated profit or loss as an expense as incurred.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018 (Amounts in millions of Russian Rubles)

Depreciation

Depreciation is recognized in consolidated profit or loss so as to write off the cost of assets (other than land and CIP) less their estimated residual values over their economic useful lives, using the straight-line method. Owned land plots are not depreciated.

The estimated useful economic lives for property, plant and equipment are as follows:

	<u>Number of years</u>
Buildings	10-50
Plant and equipment	5-20
Other	2-20

The assets' useful lives and methods are reviewed and adjusted as appropriate at each financial year-end.

Gain or loss on disposal

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Concession arrangements – Where the Group constructs airfield assets under its contract with FGUP "Administration of the Airport Domodedovo", a Russian state-owned enterprise (the "grantor"), and the grantor controls a significant residual interest in the airfield infrastructure assets at the end of the contract, the Group applies IFRIC 12 "Service concession arrangements". In the construction phase, the Group recognizes income by applying an attributable profit margin on the construction costs representing the fair value of construction services and records a receivable in accordance with IAS 39 "Financial instruments: recognition and measurement" or an intangible asset, depending on the nature by which the Group receives consideration from the grantor.

The Group recognizes an intangible asset related to the right to charge users of the public service instead of an unconditional right to receive cash when the amounts are contingent on the extent to which the public uses the service. The net present value of fees paid to the grantor under the arrangement is also recognized as part of the cost of the intangible asset at its inception, and any subsequent adjustment to the level of fees or the timing of contractual cash flows associated with such payments is reflected as an adjustment to the intangible asset. The intangible asset is amortized on a straight-line basis over the shorter of the contract term or the period for which the Group expects to receive a benefit.

Intangible assets – Intangible assets other than concession intangible assets represent mainly purchased software and licenses and are stated at cost less accumulated amortization and impairment losses.

Amortization is charged to the consolidated profit or loss on a straight-line basis over the estimated useful lives of intangible assets. Intangible assets are amortized from the date they are available for use.

Useful lives and amortization methods for intangible assets are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for as changes in accounting estimates.

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in profit or loss when the asset is derecognized.

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Impairment of non-current assets – At each reporting date, the Group reviews the carrying amounts of its non-current assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in the consolidated profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in the consolidated profit or loss.

Financial instruments – Financial assets and financial liabilities are recognized in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

Financial assets – Financial assets are classified into the following categories: cash and cash equivalents, bank deposits, restricted cash, loans and receivables, finance lease receivables and other financial assets. All financial assets are measured subsequently at amortized cost, fair value through other comprehensive income (FVTOCI) or fair value through profit or loss (FVTPL). As of the reporting date the Group had financial assets measured at amortized cost only. Until 1 January 2018 the Group had only financial assets classified as loans and receivables.

Amortized cost and effective interest method

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortized cost of the debt instrument on initial recognition.

The amortized cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortized cost of a financial asset before adjusting for any loss allowance.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018 (Amounts in millions of Russian Rubles)

Impairment of financial assets

From 1 January 2018, the Group recognizes a loss allowance for expected credit losses ("ECL") on cash and cash equivalents, trade and other receivables, restricted cash and other financial assets. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group makes use of a simplified approach in accounting for trade and other receivables and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses.

The Group assess expected credit loss of trade and other receivables on a collective basis where they possess shared credit risk characteristics they have been grouped based on the sector industry global default rates.

The Group assess expected credit loss of cash and cash equivalents based on the available credit ratings of financial institutions it uses for banking.

For all other financial assets, the Group recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 90 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;

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- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower or debtor will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for that financial asset because of financial difficulties.

Until 1 January 2018 financial assets were assessed for indicators of impairment at each reporting date. Financial assets were impaired where there was objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment had been impacted. For financial assets carried at amortized cost, the amount of the impairment loss recognized was the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the financial asset was reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount was reduced through the use of an allowance account (provision for impairment of receivables).

If, in a subsequent period, the amount of the impairment loss for assets carried at amortized cost decreased and the decrease was related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss was reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment was reversed did not exceed what the amortized cost would have been had the impairment not been recognized.

Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, balances with banks, short-term interest-bearing deposits and short-term bank overdrafts with original maturities of not more than three months.

Restricted cash

Cash and cash equivalents that can only be used for a specific purpose or where access is restricted.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets were carried at amortized cost using the effective interest rate method. Gains and losses were recognized in the consolidated profit or loss when the loans and receivables were derecognized or impaired, as well as through the amortization process. Interest income was recognized by applying the effective interest rate except for short-term receivables when the recognition of interest would be immaterial.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018 (Amounts in millions of Russian Rubles)

Financial liabilities – Financial liabilities are classified into the following categories: accounts payable and other financial liabilities. All financial liabilities are measured subsequently at amortized cost using the effective interest method or at FVTPL.

As of the reporting date the Group had financial liabilities measured at amortized cost only.

Accounts payable and other financial liabilities

Accounts payable and other financial liabilities are initially recognized at cost, which is the fair value of the consideration received, taking into account transaction costs. After initial recognition, financial liabilities are carried at amortized cost, using the effective interest method, with interest expense recognized on an effective yield basis. As normally the expected term of accounts payable is short, the value is stated at the nominal amount without discounting, which corresponds with fair value.

Financial liabilities measured subsequently at amortized cost

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for-trading, or (iii) designated as at FVTPL, are measured subsequently at amortized cost using the effective interest method (see above).

Derecognition of financial liabilities

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

Offsetting

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liability simultaneously. Income and expense is not offset in the consolidated statement of profit or loss and other comprehensive income unless required or permitted by any accounting standard or interpretation, and as specifically disclosed in the accounting policies of the Group.

Inventory – Inventory is stated at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. The cost of inventory is based on the weighted average cost principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

Value added tax – Output value added tax ("VAT") related to revenue is payable to tax authorities upon delivery of the goods or services to customers, as well as upon collection of prepayments from customers. Input VAT is generally recoverable against output VAT upon receipt of the VAT invoice. Input VAT on capital expenditures can be reclaimed on receipt of VAT invoices for the particular stage of work performed or, if the construction project cannot be broken down into stages, on receipt of VAT invoices upon completion of the contracted work. The tax authorities permit the settlement of VAT on a net basis (except for input VAT related to export services provided which is reclaimable upon confirmation of export). VAT related to sales and purchases is recognized in the consolidated statement of financial position on a gross basis and disclosed separately as an asset and liability. Where provision has been made for impairment of receivables, impairment loss is recorded for the gross amount of the debtor, including VAT. The related VAT deferred liability is maintained until the debtor is written off for tax purposes.

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Provisions – Provisions are recognized when, and only when, the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable (i.e. more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Where the Group expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Where the effect of the time value of money is significant, the amount of a provision is the present value of the cash flows required to settle the obligation.

Share capital – Ordinary shares are classified as equity and are recorded at the par value of proceeds received, net of direct issue costs. Where shares are issued above par value, the proceeds in excess of par value are recorded in the share premium account.

Dividends – Dividends are recognized as a liability and deducted from equity at the reporting date only if they are declared before or on the reporting date by the shareholders at a general meeting. Dividends are disclosed when they are proposed before the reporting date or proposed or declared after the reporting date but before the financial statements are authorized for issue.

Contractual commitments – Contractual commitments comprise legally binding trading or purchase agreements with stated amount, price and date or dates in the future. The Group discloses significant contractual commitments in the notes to the consolidated financial statements.

Contingencies – Contingent liabilities are not recognized in the consolidated financial statements unless they arise as a result of a business combination. Contingences attributed to specific events are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the financial statements but are disclosed when an inflow of economic benefits is probable.

4. NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

IFRS and IFRIC interpretations adopted in the current year

In the current year, the Group has adopted all new and revised standards and interpretations issued by the IASB and the IFRIC of the IASB that are mandatory for adoption in the annual periods beginning on or after 1 January 2018. Their adoption has not resulted in any significant changes to the financial statements of the Group.

New and revised IFRS in issue but not yet effective

At the date of authorization of these consolidated financial statements, the following standards have been published that are mandatory for the Group's accounting periods beginning on or after 1 January 2019 or later periods and which the entity has not early adopted:

Standards and Interpretations	Effective for annual periods beginning on or after
IAS 19 – "Employee Benefits" (plan amendment)	1 January 2019
IAS 28 – "Investments in Associates and Joint Ventures" (amended)	1 January 2019
IFRS 9 – "Financial Instruments" (amended)	1 January 2019
IFRS 1 and IAS 28 (amendments) – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
IFRS 16 – "Leases"	1 January 2019
IFRS 17 – "Insurance Contracts"	1 January 2021
IFRIC 23 – "Uncertainty Over Income Tax Treatments"	1 January 2019

Also a number of standards and interpretations were amended by Annual Improvements to IFRSs IFRSs 2015-2017 Cycle, which become effective for annual periods beginning on or after 1 January 2019. These amendments consist of a mixture of substantive changes, clarifications, and changes in terminology in different standards.

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The impact of adoption of these standards and interpretations in the preparation of the consolidated financial statements in future periods is currently being assessed by management. The new and revised standards which may have an effect on the financial statements of the Group are described in more detail below:

- IFRS 16 "Leases" – brings most leases on-balance sheet for lessees under a single model, eliminating the distinction between operating and finance leases. Lessor accounting however remains largely unchanged and the distinction between operating and finance leases is retained. The right-of-use asset is treated similarly to other non-financial assets and depreciated accordingly and the liability accrues interest.

As at 31 December 2018, the Group has non-cancellable operating lease commitments of RUB 2,978 million. IAS 17 "Leases" does not require the recognition of any right-of-use asset or liability for future payments for these leases; instead, certain information is disclosed as operating lease commitments in Note 27. A preliminary assessment indicates that some of these arrangements will meet the definition of a lease under IFRS 16, and hence the Group will be required to recognize a right-of-use asset and a corresponding liability in respect of such leases unless they represent variable rate leases that are not linked to index or rate, or they qualify for low value or short-term leases upon the application of IFRS 16. The new requirement to recognize a right-of-use asset and a related lease liability may have a significant impact on the amounts recognized in the Group's consolidated financial statements and the management is currently assessing its potential impact. It is not practicable to provide a reasonable estimate of the financial effect until the management completes the review.

In contrast, for finance leases where the Group is a lessor, the application of IFRS 16 will have no impact on the amounts recognized in the Group's consolidated financial statements.

- IFRIC 23 "Uncertainty Over Income Tax Treatments" – sets out how to determine the accounting tax position when there is uncertainty over income tax treatments. The Interpretation requires an entity to determine whether uncertain tax positions are assessed separately or as a group and assess whether it is probable that a tax authority will accept an uncertain tax treatment used, or proposed to be used, by an entity in its income tax filings.

Amendments to IFRS that are mandatorily effective for the current year

In the current year, the Group has applied IFRS 9 "Financial Instruments" (as revised in July 2014) and IFRS 15 "Revenue from Contracts with Customers" along with the related consequential amendments to other IFRS. Details of these new requirements as well as their impact on the Group's consolidated financial statements and accounting policies that have been applied from 1 January 2018, where they are different to those applied in prior periods, are described below.

Impact of application of IFRS 9 "Financial Instruments"

The Group has adopted IFRS 9 for reporting periods beginning on and after 1 January 2018. IFRS 9 has replaced IAS 39 "Financial instruments: Recognition and Measurement". The new standard sets out new requirements for the accounting of financial instruments including classification, recognition and measurement of financial assets and liabilities.

As all financial assets and liabilities of the Group are measured at amortized cost starting from 1 January 2018 the Group continues to classify and measure them on the same bases as it was previously adopted under IAS 39.

Financial assets measured at amortized cost are now subject to the impairment allowances under IFRS 9.

At the date of initial application, the Group has applied modified retrospective approach. Any difference between the previous carrying amount of financial assets and liabilities under IAS 39 "Financial instruments: Recognition and Measurement" and the new carrying amount was recognized in the retained earnings as at 1 January 2018.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018 (Amounts in millions of Russian Rubles)

The management has analysed ECL for financial assets as of 31 December 2017 and made appropriate adjustments as of 1 January 2018:

	31 December 2017	Adjustment due to change in measurement	1 January 2018
Financial assets at amortized cost			
Prepayments and other current assets	6,077	(160)	5,917
including restricted cash	1,714	(160)	1,554
Trade and other receivables	2,682	(122)	2,560
Cash and cash equivalents	10,270	(47)	10,223
Total financial assets at amortized cost	20,743	(489)	20,254
Deferred tax assets	2,237	66	2,303
Retained earnings	37,531	(263)	37,268

Impact of application of IFRS 15 "Revenue from Contracts with Customers"

IFRS 15 "Revenue from Contracts with Customers" – In May 2014, IFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 superseded the current revenue recognition guidance including IAS 18 "Revenue", IAS 11 "Construction Contracts" and the related interpretations when it became effective.

The core principle of IFRS 15 is that an entity recognizes revenue when or as a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Specifically, the standard provides a single, principles based five-step model to be applied to all contracts with customers.

Far more prescriptive guidance has been added on topics such as the point in which revenue is recognized, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. New disclosures about revenue are also introduced.

The Group's major sources of revenue are disclosed in Note 3. In general, control is transferred to the contractual counterparty and subsequently the Group's performance obligations are met at the time of receipt of the services by the counterparty. The Group adopted IFRS 15 for reporting periods beginning on and after 1 January 2018.

At the date of initial application, the Group has applied modified retrospective approach. There was no significant impact of IFRS 15 adoption as of 1 January 2018.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Recoverability of restricted cash balances – Based on the information available to it, management makes its best estimate of the recoverable amount of cash held with a Cyprus branch of Federal Bank of the Middle East Ltd., (hereinafter "FBME") (see Note 13). This estimate reflects the expected timing of cash flows from recovery of the restricted cash balance and potential charges and losses which could be incurred by the Group. If the current situation with FBME develops negatively and the expected timing of the recovery is prolonged or estimated charges and losses associated with the recovery are revised upwards, the actual write-offs might be significantly higher than currently envisaged.

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Impairment of other financial assets – Management assess expected credit loss on cash and cash equivalents, bank deposits, loans and receivables, finance lease receivables and other financial assets. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The management makes use of a simplified approach in accounting for impairment of trade and other receivables and recognizes the loss allowance for lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating this amount, the Group uses its historical experience, external indicators, customer creditworthiness and changes in customer payment patterns and other forward-looking information to calculate the expected credit losses. If the financial condition of customers were to deteriorate, actual write-offs might be higher than expected. As of 31 December 2018 and 2017 the expected credit loss of receivables was recognized in the amount of RUB 1,834 million and RUB 1,999 million, respectively (see Notes 11, 17, 18). The significant portion of expected credit loss for trade receivables as of 31 December 2018 and 2017 relates to receivables from VIM-AVIA and Transaero (Note 29).

Depreciable lives of property, plant and equipment – The Group assesses the remaining useful lives of items of property, plant and equipment at least at each financial year-end. If expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate in accordance with IAS 8 “Accounting policies, changes in accounting estimates and errors”. These estimates may have a material impact on the amount of the carrying values of property, plant and equipment and on depreciation expense for the period.

Impairment of non-current assets – The Group reviews at each reporting date the carrying amounts of non-current assets to determine whether there is any indication that assets are impaired. This process involves judgment in evaluating the cause for any possible reduction in value, including a number of factors such as changes in current competitive conditions, expectations of growth in the industry, increased cost of capital, changes in the future availability of financing, technological obsolescence, discontinuance of service, current replacement costs and other changes in circumstances that indicate impairment exists.

Whenever such indications exist management makes an estimate of the asset’s recoverable amount to ensure that it is not less than its carrying value. If the asset’s fair value is not readily determinable or is less than asset’s carrying value plus costs to sell, management necessarily applies its judgment in determining the appropriate cash generating unit to be evaluated, estimating the appropriate discount rate and the timing and value of the relevant cash flows for the value-in-use calculation. There were no impairment indicators as of 31 December 2018.

Loss allowance on restricted cash balances – Management assessed loss allowance on other non-current assets, represented by restricted cash held with a Cyprus branch of Federal Bank of the Middle East Ltd., (hereinafter “FBME”), in the form of an allowance account equal to estimated losses resulting from the assessing of the current fair value of the restricted cash balance to be recovered by the Group (see Note 13). When evaluating the adequacy of this allowance account, management bases its estimates on the expected timing of the restricted cash balance recovery and estimated charges and losses which could be incurred by the Group when recovering the restricted cash. If the current situation with FBME develops negatively and the expected timing of the recovery is prolonged or estimated charges and losses associated with the recovery are revised upwards, actual write-offs might be significantly higher than currently estimated.

Recoverability of deferred tax assets – Management of the Group believe that deferred tax assets recognized by the Group as of the reporting date will be fully realized. This expectation is based on management’s judgement on the ability of the respective Group entities to generate sufficient taxable profits and reversal of taxable temporary differences in the foreseeable future. As at 31 December 2018 the carrying value of deferred tax assets was RUB 2,389 million (2017: RUB 2,237 million).

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018 (Amounts in millions of Russian Rubles)

6. SEGMENT INFORMATION

Information reported to the chief operating decision maker of the Group ("CODM") for the purposes of resource allocation and assessment of segment performance is focused on the nature of services provided.

The Group's reportable segments are as follows:

Aviation services segment – includes aviation services, such as use of terminal, take-off and landing, and aviation security. Federal Antimonopoly Service of the Russian Federation retains the control and oversight functions in the pricing area of such services.

Auxiliary aviation services segment – includes certain passenger-related services, ground handling, fuelling services, in-flight catering and cargo handling.

Commercial services segment – includes retail concessions and advertising, car parking.

Accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 3.

The performance of each reportable segment is assessed by the CODM by reference to segment operating profit. Segment operating profit is calculated after headquarters expenses have been allocated between the reportable segments and after elimination intra segment profits and losses.

The key financial information for the Group's segments for the years ended 31 December 2018 and 2017 is presented below:

		Aviation services	Auxiliary aviation services	Commercial services	Inter- segment eliminations	Group
Third-party revenue	2018	11,935	24,264	6,681	-	42,880
	2017	12,050	22,570	5,992	-	40,612
Intersegment revenue	2018	3,041	202	1,566	(4,809)	-
	2017	2,480	214	1,389	(4,083)	-
Total revenue	2018	14,976	24,466	8,247	(4,809)	42,880
	2017	14,530	22,784	7,381	(4,083)	40,612
Operating profit	2018	1,962	5,259	3,315	-	10,536
	2017	2,987	4,621	3,070	-	10,678
Depreciation and amortization	2018	(2,000)	(1,502)	(568)	-	(4,070)
	2017	(1,708)	(1,249)	(424)	-	(3,381)
Change in allowance for impairment of receivables and advances to suppliers (Note 5, 11, 17, 18)	2018	6	-	(5)	-	1
	2017	(10)	(495)	(9)	-	(514)

The following is the analysis of the Group's largest customers (comprising 10% or more of total revenue):

	2018		2017	
	Amount	%	Amount	%
S7 Group	6,902	16%	6,022	15%
Aviation services segment	2,138		2,003	
Auxiliary aviation services segment	4,468		3,789	
Commercial services segment	296		230	

Substantially all assets, management and administrative facilities of the Group are located in the Russian Federation and are not reported to the CODM. Furthermore, all revenue is earned within the Russian Federation. Accordingly, revenue by geographic location and asset information is not presented as part of segment disclosure.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018 (Amounts in millions of Russian Rubles)

7. REVENUE

	2018	2017
<i>Service revenue</i>		
Ground handling	10,145	9,380
Airport and other related charges	8,934	9,035
Rental income	5,933	5,185
Jet fuelling and storage services	2,889	3,027
Aviation security	2,469	2,555
Parking fees	653	670
Construction revenue	119	123
Other revenue	657	614
Total service revenue	31,799	30,589
<i>Revenue from goods sold</i>		
Jet fuel sales	7,021	5,724
Catering products	4,060	4,299
Total revenue from goods sold	11,081	10,023
Total revenue	42,880	40,612

Rental income includes rentals contingent on passenger traffic volume (see Note 27) of RUB 4,334 million and RUB 3,912 million for the years ended 31 December 2018 and 2017, respectively, and rental income from investment property in the amount of RUB 412 million and RUB 322 million for the years ended 31 December 2018 and 2017, respectively.

8. OPERATING EXPENSES, NET

	2018	2017
<i>Payroll and related charges:</i>		
Wages and salaries	9,578	9,354
Social taxes	2,660	2,517
	12,238	11,871
Cost of jet fuel	6,533	5,481
Depreciation and amortization	4,070	3,381
Maintenance	2,274	2,345
Materials	2,102	1,928
Cleaning and waste management	1,000	898
Staff development and training	639	589
Public utilities	629	571
Transport	534	458
Consulting, audit and other services	509	329
Rent	383	347
Passenger servicing	291	329
Charitable donations	237	80
Taxes other than income tax	230	196
Certification and licensing	114	85
Communication services expense	64	59
Advertising expenses	55	42
Change in allowance for impairment of receivables and advances to suppliers (Notes 5,11,17,18)	(1)	514
Other expenses, net	443	431
Total operating expenses, net	32,344	29,934

Operating expenses include direct expenses arising from investment property in the amount of RUB 42 million and RUB 37 million for the years ended 31 December 2018 and 2017, respectively.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018 (Amounts in millions of Russian Rubles)

9. INTEREST EXPENSE

	2018	2017
Interest expense on five-year USD loan participation notes (series 1)	773	799
Interest expense on five-year USD loan participation notes (series 2)	1,337	1,219
Interest expense on five-year USD loan participation notes (series 3)	901	-
Interest expense on five-year RUB debt securities	813	14
Unwinding of discount related to amounts due to grantor under a concession agreement	347	347
Interest expense on bank loans	242	159
	4,413	2,538
Less: capitalized interest (Note 11)	(1,564)	(1,527)
Total interest expense	2,849	1,011

10. INCOME TAX

	2018	2017
Current income tax expense	(1,088)	(2,088)
Adjustments recognized in the current year in relation to the current tax of prior years	22	6
Previously unrecognized tax loss of a prior period that is used to reduce current tax expense	-	33
Total current income tax expense	(1,066)	(2,049)
Origination and reversal of temporary differences	(769)	(37)
Deferred tax benefit / (expense) arising from reversal of a write-down / (write-down) of a deferred tax asset relating to tax loss	(48)	857
Total deferred income tax (expense)/benefit	(817)	820
Total income tax	(1,883)	(1,229)

Majority of the Group's operating activities are conducted in the Russian Federation. Therefore the reconciliation of the Group's profit before income tax to income tax charge is presented using the statutory income tax rate effective in Russia:

	2018	2017
Profit before income tax	1,050	10,584
Theoretical tax charge at Russian statutory rate of 20%	(210)	(2,117)
Tax effect of items which are not deductible or assessable for taxation purposes:		
Non-taxable foreign exchange (loss) / gain differences	(814)	504
Reversal of a write-down of a deferred tax asset relating to tax loss	(48)	857
Previously unrecognized tax loss of a prior period that is used to reduce current tax expense	-	33
Adjustments recognized in the current year in relation to the current tax of prior years	22	6
Tax rate differences relating to other jurisdictions	(679)	(336)
Provision for tax risks	-	42
Non-deductible interest expenses	(2)	(88)
Other non-deductible items	(152)	(130)
Income tax	(1,883)	(1,229)

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Total accumulated temporary differences that arise between the statutory tax base of assets and liabilities and their carrying amounts in the accompanying consolidated statements of financial position give rise to the following deferred tax effects:

	31 December 2018	Charged to profit or loss	Application of IFRS 9	31 December 2017
Tax losses carry forward	1,252	78	-	1,174
Property, plant and equipment	4	64	-	(60)
Trade and other receivables (Note 4)	264	(33)	66	231
Prepayments and other current assets	275	3	-	272
Trade and other payables	379	(8)	-	387
Accrued expenses and other current liabilities	213	(1)	-	214
Intangible assets	(22)	(23)	-	1
Other	24	6	-	18
Deferred tax asset, net	2,389			2,237
Property, plant and equipment	(6,321)	(1,055)	-	(5,266)
Trade and other receivables	91	79	-	12
Prepayments and other current assets	9	5	-	4
Amounts due to grantor under a concession agreement	700	14	-	686
Trade and other payables	(28)	9	-	(37)
Accrued expenses and other current liabilities	9	17	-	(8)
Intangible assets	(698)	15	-	(713)
Other	(66)	13	-	(79)
Deferred tax liability, net	(6,304)			(5,401)
		(817)	66	

	31 December 2017	Charged to profit or loss	31 December 2016
Tax losses carry forward	1,174	740	434
Property, plant and equipment	(60)	(9)	(51)
Trade and other receivables	231	94	137
Prepayments and other current assets	272	56	216
Trade and other payables	387	68	319
Accrued expenses and other current liabilities	214	32	182
Intangible assets	1	(1)	2
Other	18	12	6
Deferred tax asset, net	2,237		1,245
Property, plant and equipment	(5,266)	(78)	(5,188)
Trade and other receivables	12	6	6
Prepayments and other current assets	4	(17)	21
Amounts due to grantor under a concession agreement	686	9	677
Trade and other payables	(37)	(39)	2
Accrued expenses and other current liabilities	(8)	(16)	8
Intangible assets	(713)	16	(729)
Other	(79)	(53)	(26)
Deferred tax liability, net	(5,401)		(5,229)
		820	

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The Group did not recognize a deferred tax liability related to the remaining undistributed earnings of its subsidiaries as it has not made any decisions regarding future distributions of retained earnings within the Group. Undistributed earnings, in relation to which deferred tax liability was not accrued, amounted to RUB 15,789 million and RUB 11,854 million as of 31 December 2018 and 2017, respectively.

11. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment

	Buildings	Plant and equipment	Other	CIP	Total
Cost					
1 January 2017	54,017	10,473	1,376	17,072	82,938
Additions	2,100	747	132	16,162	19,141
Transfers	548	308	40	(896)	-
Disposals	(3)	(228)	(98)	(26)	(355)
Reclassified to investment property	(107)	-	-	-	(107)
31 December 2017	56,555	11,300	1,450	32,312	101,617
Additions	2,204	1,487	144	16,199	20,034
Transfers	22,664	382	46	(23,092)	-
Disposals	(1)	(123)	(34)	(24)	(182)
31 December 2018	81,422	13,046	1,606	25,395	121,469
Accumulated depreciation					
1 January 2017	(9,747)	(6,828)	(1,063)	-	(17,638)
Depreciation charge	(1,608)	(992)	(147)	-	(2,747)
Disposals	-	210	93	-	303
Reclassified to investment property	16	-	-	-	16
31 December 2017	(11,339)	(7,610)	(1,117)	-	(20,066)
Depreciation charge	(1,830)	(1,121)	(150)	-	(3,101)
Disposals	1	122	29	-	152
31 December 2018	(13,168)	(8,609)	(1,238)	-	(23,015)
Net book value					
31 December 2017	45,216	3,690	333	32,312	81,551
31 December 2018	68,254	4,437	368	25,395	98,454

"Buildings" consist primarily of passenger and cargo terminals, catering facility, hotel building, car park and auxiliary buildings.

"Plant and equipment" mainly consists of baggage-processing systems, aircraft servicing equipment, tow tractors, passenger shuttles, parking equipment, machines for disposition of de-icing liquids, introsopes and other operating equipment.

"Other" consists mainly of administrative equipment and vehicles.

"Construction in-progress" consists mainly of capital expenditures related to the extension of passenger terminal T-1, construction of passenger terminal T-2 and reconstruction and extension of cargo terminal.

During the years ended 31 December 2018 and 2017 the Group capitalized borrowing costs in the amount of RUB 1,564 million and RUB 1,527 million, respectively.

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The weighted average capitalization rate on borrowed funds was 6.8% and 6.5% per annum for the years ended 31 December 2018 and 2017, respectively.

As at 31 December 2018 and 2017 no property, plant and equipment was pledged as collateral for the Group's borrowings.

Investment property

The Group's investment property consists of administrative buildings, which are leased to several airlines, and a hotel building.

	2018	2017
Cost at the beginning of the year	818	711
Reclassified from property, plant and equipment	-	107
Cost at the end of the year	818	818
Accumulated depreciation at the beginning of the year	(206)	(169)
Depreciation charge for the year	(23)	(21)
Reclassified from property, plant and equipment	-	(16)
Accumulated depreciation at the end of the year	(229)	(206)
Net book value at the end of the year	589	612

Fair value of the investment property as at 31 December 2018 was RUB 7,999 million (RUB 7,316 million as at 31 December 2017) and has been arrived at on the basis of a valuation carried out on this date by an internal professional appraiser with appropriate qualifications and recent experience in the valuation of properties in the relevant locations. The valuation was arrived at by reference to the future cash flows, based on the market evidence for similar properties, discounted at an estimated relevant rate (Level 2 category for determining fair value).

Advances for acquisition of non-current assets

As of 31 December 2018 and 2017 advances for acquisition of non-current assets in the amounts of RUB 1,325 million and RUB 2,848 million, respectively, consisted of amounts paid for construction of the passenger and cargo terminals and implementation of additional functionalities, modernization of planning and resource management system and irrevocable letters of credit issued by the banks on behalf of the Group for settlements with suppliers of equipment and construction subcontractors. The amount of impairment of advances for acquisition of non-current assets amounted to RUB 29 million as of 31 December 2018 (31 December 2017: RUB 28 million).

12. INTANGIBLE ASSETS

	31 December 2018	31 December 2017
Concession arrangement (Note 14)	3,507	3,564
Other intangible assets	1,886	1,515
Intangible assets	5,393	5,079

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018 (Amounts in millions of Russian Rubles)

Other intangible assets as of 31 December 2018 and 2017 are presented below:

	Software	Licences and other	Software in development	Total
Cost				
1 January 2017	2,072	779	194	3,045
Additions	189	23	374	586
Transfers	19	9	(28)	-
Disposals	(82)	(113)	(6)	(201)
31 December 2017	2,198	698	534	3,430
Additions	560	444	137	1,141
Transfers	76	20	(96)	-
Disposals	(243)	(386)	-	(629)
31 December 2018	2,591	776	575	3,942
Accumulated amortization				
1 January 2017	(1,296)	(353)	-	(1,649)
Amortization charge	(305)	(104)	-	(409)
Disposals	67	76	-	143
31 December 2017	(1,534)	(381)	-	(1,915)
Amortization charge	(414)	(356)	-	(770)
Disposals	243	386	-	629
31 December 2018	(1,705)	(351)	-	(2,056)
Net book value				
31 December 2017	664	317	534	1,515
31 December 2018	886	425	575	1,886

13. OTHER NON-CURRENT ASSETS

	31 December 2018	31 December 2017
Restricted cash in FBME, net of impairment loss recognized	1,887	-
Other non-current receivable	48	48
Other non-current assets	1,935	48

Restricted cash in FBME represents cash balances held by the Group at a Cyprus branch of Federal Bank of the Middle East Ltd. ("FBME"), registered in Tanzania, whose banking licence was revoked by the Central Bank of Cyprus on 21 December 2015 after investigation of the U.S. Department of the Treasury's Financial Crimes Enforcement Network into money laundering.

The relevant authorities in Cyprus and Tanzania initiated liquidation process for the bank, however there is a legal uncertainty as to the appropriate sequencing of the liquidation process that affects the timing of expected recovery of the Group's cash balances.

Prior to November 2018, the Group was expecting that it would be possible to recover its cash held by FBME through offset of its liabilities on debt securities which were held by the same bank. As this has not been achieved, the Group now expects to recover this balance through the bank's liquidation process which can normally take a minimum of one to two years to complete. Accordingly, this balance has been reclassified as non-current as of 31 December 2018.

Based on the information available to the Group, it is believed that FBME has sufficient solvent funds to fully honor the bank's obligations. The Group expects that once the legal position is finalized and an appropriate liquidator is established the bank's funds would be released, and the Group would recover most of its cash balances with FBME.

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The Group reassesses an impairment allowance it holds against these balances at each reporting date based on changes in the management's estimate of the likely amounts to be recovered and timing of their receipt. The total amount of lifetime expected credit losses recognized as at 31 December 2018 was RUB 629 million (as of 31 December 2017 – RUB 471 million). No interest income is accrued on these balances.

14. CONCESSION ARRANGEMENT

General

In May 1998 the Group entered into a concession arrangement with FGUP "Administration of the Airport Domodedovo" (a state-owned enterprise) for the use of the airfield and related equipment for a term of 75 years. The airfield includes runways, adjacent taxiways, apron and related navigation equipment. The Group is under obligation to repair and maintain the assets. The Group also has the right, but not the obligation, to incur capital expenditures or make improvements to the infrastructure. The grantor is obligated to compensate the Group for the amount of expenses, incurred in the course of making such improvements provided that they are approved by the grantor. At the end of the agreement the assets under the agreement (including the improvements made by the Group and certified by the grantor) revert to the grantor.

The Group is required to make quarterly payments for the right to use the assets during the term of the agreement. Such payments are set to be revised on a regular basis. The most recent revision took place in December 2012. In December 2017, the Russian Government issued specific methodology for calculation of the amount of regular payments made by the airports of civil aviation under concession agreements. This revision of contractual payment terms is expected to result in decrease of the future minimum payments of the Group. As of the date of authorization of this consolidated financial statements the agreement with appropriate amendments has not yet been signed.

Amounts due to grantor in relation to a concession agreement

Financial liability related to amounts due to grantor in relation to a concession agreement represents the present value of the contractual future payments, discounted at an annual interest rate of 10.6% which represents a discount rate determined at the time of the most recent revision of contractual payment terms, which took place in December 2012.

The contractual future payments are reconciled to their present value as at 31 December 2018 and 2017 as follows:

	Future payments		Present value of future payments	
	31 December 2018	31 December 2017	31 December 2018	31 December 2017
Due within one year	261	261	247	247
Due after one year but not more than five years	1,391	1,391	1,044	1,044
Due after more than five years	17,219	17,567	2,089	2,090
	18,871	19,219	3,380	3,381
Less future finance charges	(15,491)	(15,838)	-	-
Present value of future payments	3,380	3,381	3,380	3,381

The table in Note 22 details changes in the Group's financial liabilities, including both cash and non-cash changes.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018 (Amounts in millions of Russian Rubles)

Intangible assets

The movement in the book value and accumulated amortization for the intangible assets related to the concession agreement is as follows:

	2018	2017
Cost at the beginning of the year	4,552	4,429
Other additions	119	123
Cost at the end of the year	4,671	4,552
Accumulated amortization at the beginning of the year	(988)	(784)
Amortization charge	(176)	(204)
Accumulated amortization at the end of the year	(1,164)	(988)
Net book value	3,507	3,564

15. FINANCE LEASE RECEIVABLE

During the period ended 31 December 2011 a 15-year finance lease agreement for the lease of one of the Group's hangars was concluded between a company of the Group, and LLC "ATB Domodedovo" and LLC "S7 Engineering" (previously LLC "Domodedovo Technique").

Presented below is the reconciliation between the gross investment in the lease and the present value of minimum lease payments receivable at the end of the reporting period.

	31 December 2018		31 December 2017	
	Minimum lease payments receivable	Present value of minimum lease payments receivable	Minimum lease payments receivable	Present value of minimum lease payments receivable
Due within one year	230	183	199	157
Due after one year but not more than five years	921	275	798	228
Due after more than five years	499	36	632	33
Total gross / net investment in the lease	1,650	494	1,629	418
Less unearned finance income	(1,156)	-	(1,211)	-
Present value of minimum lease payments	494	494	418	418

16. INVENTORY

	31 December 2018	31 December 2017
Supplies	677	448
Spare parts	648	638
Jet fuel	511	341
Raw materials	236	205
Other inventory	290	290
Total inventory	2,362	1,922

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018 (Amounts in millions of Russian Rubles)

17. TRADE AND OTHER RECEIVABLES

	<u>Outstanding balance, gross</u>	<u>Impairment allowance</u>	<u>Outstanding balance, net</u>
31 December 2018			
Trade receivables	4,367	(1,757)	2,610
Other receivables	<u>718</u>	<u>(77)</u>	<u>641</u>
Total	<u>5,085</u>	<u>(1,834)</u>	<u>3,251</u>
31 December 2017			
Trade receivables	3,751	(1,922)	1,829
Other receivables	<u>930</u>	<u>(77)</u>	<u>853</u>
Total	<u>4,681</u>	<u>(1,999)</u>	<u>2,682</u>

The average credit period for the Group's receivables (other than sales carried out on a prepayment basis) is 32 days.

Included in the Group's total trade and other receivables are debtors with carrying amounts of RUB 857 million and RUB 458 million as of 31 December 2018 and 2017, respectively, which are past due at the respective reporting date and which the Group considers to be recoverable (i.e. not impaired). The Group does not hold any collateral over these outstanding balances.

Analysis of trade and other receivables by quantity of days overdue is as follows:

		<u>Trade and other receivables – past due</u>				
31 December 2018	<u>Not passed due</u>	<u>less than 90 days</u>	<u>90-180 days</u>	<u>more than 180 days</u>	<u>Credit - impaired</u>	<u>Total</u>
Trade and other receivables	2,454	288	114	519	1,710	5,085
Allowance for expected credit losses	<u>(60)</u>	<u>(6)</u>	<u>(1)</u>	<u>(57)</u>	<u>(1,710)</u>	<u>(1,834)</u>
						<u>3,251</u>

		<u>Trade and other receivables – past due</u>				
31 December 2017	<u>Not passed due</u>	<u>less than 90 days</u>	<u>90-180 days</u>	<u>more than 180 days</u>	<u>Credit - impaired</u>	<u>Total</u>
Trade and other receivables	2,230	161	61	443	1,786	4,681
Allowance for impairment	<u>(6)</u>	<u>-</u>	<u>-</u>	<u>(207)</u>	<u>(1,786)</u>	<u>(1,999)</u>
						<u>2,682</u>

The movement in the impairment allowance on trade and other receivables is as follows:

	<u>31 December 2018</u>	<u>31 December 2017</u>
Balance at the beginning of the year	(1,999)	(1,482)
Adoption of IFRS 9 (Note 4)	(122)	-
Additional allowance recognized in the current year (Note 5)	(71)	(545)
Release of allowance	23	28
Use of allowance	<u>335</u>	<u>-</u>
Balance at the end of the year	<u>(1,834)</u>	<u>(1,999)</u>

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018 (Amounts in millions of Russian Rubles)

Significant increase of allowance for impairment of receivables as of 31 December 2017 related to the deterioration of financial position of a significant customer. During September 2017, VIM-AVIA airline, which was based at the airport Domodedovo, began to experience severe financial difficulties, which resulted in many flights being delayed or cancelled, intervention of a regulator and effective cessation of the company's operations as a business. Management of the Group doesn't expect VIM-AVIA airline receivables as of 31 December 2017 to be recoverable. As of the date of authorization of consolidated financial statements, supervision procedure has been initiated over the airline company.

In determining the recoverability of trade and other receivables the Group considers any change in the credit quality of trade and other receivables from the date credit was initially granted up to the reporting date. Details about concentration of credit risk and related risk management activities are provided in Note 29. The above comparative for impairment allowance refers to the IAS 39 measurement basis which applied an incurred loss model, whereas the current year applies IFRS 9 which is an expected credit loss model.

18. PREPAYMENTS AND OTHER CURRENT ASSETS

	31 December 2018	31 December 2017
VAT receivable	3,447	3,510
Advances to suppliers, net of impairment	417	267
Taxes receivable other than income tax and VAT receivable	179	387
Restricted cash in FBME, net of impairment	-	1,714
Other current assets	183	199
Total prepayments and other current assets	4,226	6,077

Restricted cash was reclassified to Other non-current assets (Note 13).

The movement in the allowance for impairment is as follows:

	31 December 2018	31 December 2017
Balance at the beginning of the year	(483)	(16)
Additional allowance recognized in the current year	(1)	(6)
Loss allowance on restricted cash in FBME, reclassified to / (from) other non-current assets (Note 13)	471	(471)
Release of allowance	6	10
Use of allowance	1	-
Balance at the end of the year	(6)	(483)

In determining the recoverability of advances to suppliers the Group considers any change in the credit quality of advances to suppliers from the date credit was initially granted up to the reporting date. Details about concentration of credit risk and related risk management activities are provided in Note 29.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018 (Amounts in millions of Russian Rubles)

19. CASH AND CASH EQUIVALENTS

	31 December 2018	31 December 2017
USD-denominated balances with banks	212	7,587
EUR-denominated balances with banks	3	1,092
Russian Ruble-denominated cash on hand and balances with banks	425	1,591
USD-denominated short-term bank deposits	4,184	-
Allowance for expected credit losses	(2)	-
Total cash and cash equivalents	4,822	10,270

As of 31 December 2018 USD-denominated balances with banks represent cash accounts with interest rate of 2.06% per annum.

20. EQUITY

Share capital and dividends

Authorized and issued capital as of 31 December 2018 and 31 December 2017 comprises 304,831,519 ordinary shares with par value EUR 1, of which 274,348,367 represent Class A shares and 30,483,152 represent Class B shares. Class A and Class B shares have equal voting rights on liquidation of DME Limited, while Class A shares confer on their holder the exclusive right to receive distributions by way of dividend or return of capital.

There have been no changes in the share capital of the Company during the period.

During the year ended 31 December 2018 dividends of USD 100.6 million (RUB 6,282 million at the Central Bank of Russia exchange rate as at the declaration date) were declared, out of which EUR 16.6 million and USD 39.7 million (RUB 3,762 million at the Central Bank of Russia exchange rate as at the payment date) were paid to the shareholders of the Group. Additionally, the Group paid USD 6 million and EUR 5 million (total of RUB 736 million at the Central Bank of Russia exchange rate as at the payment date) of dividends declared prior to 1 January 2018.

During the year ended 31 December 2017 dividends of USD 50 million and EUR 31.5 million (RUB 4,976 million at the Central Bank of Russia exchange rate as at declaration date) were declared, out of which USD 37.9 million and EUR 31.5 million (RUB 4,368 million at the Central Bank of Russia exchange rate as at payment date) were paid to the shareholders of the Group.

As of 31 December 2018 the remaining balance of dividends payable is RUB 2,902 million (as of 31 December 2017: RUB 703 million).

Retained earnings – In accordance with statutory legislation, dividends may only be declared to the shareholders of the Group from accumulated undistributed and unreserved earnings as shown in the Group's individual companies' statutory financial statements. As at 31 December 2018 and 2017 such earnings amounted to RUB 18,180 million and RUB 24,941 million, respectively.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018 (Amounts in millions of Russian Rubles)

21. DEBT SECURITIES

	Effective interest rate, %	31 December 2018	31 December 2017
Five-year USD loan participation notes issued in 2013 (the "2018 LPNs") ⁽ⁱ⁾	6.33%	-	12,819
Five-year USD loan participation notes issued in 2016 (the "2021 LPNs") ⁽ⁱⁱ⁾	6.04%	24,405	20,193
Five-year USD loan participation notes issued in 2018 (the "2023 LPNs") ⁽ⁱⁱⁱ⁾	5.26%	21,186	-
Five-year RUB debt securities issued in 2017 ^(iv)	8.32%	9,998	9,993
Total		55,589	43,005
Less: current portion due within twelve months and presented as short-term portion		(753)	(13,016)
Long-term portion of debt securities		54,836	29,989

- (i) As of 31 December 2018 the Group fully repaid the outstanding balance of non-convertible five-year loan participation notes issued in 2013 (the "2018 LPNs").
- (ii) In November 2016 the Group issued non-convertible five-year loan participation notes (the "2021 LPNs") for the total amount of USD 350 million (RUB 22,362 million at the Central Bank of Russia exchange rate as at the inception date) on the Irish Stock Exchange. Net proceeds from the issuance, after the deduction of related offering costs, amounted to USD 348 million (RUB 22,210 million at the Central Bank of Russia exchange rate as at the inception date). The annual coupon rate of the 2021 LPNs is 5.875% with interest being paid semi-annually. The Group used net proceeds from the issuance for implementation of the Group's current capital expenditure program and for general corporate purposes. The 2021 LPNs are guaranteed by certain entities of the Group. The 2021 LPNs mature in November 2021.
- (iii) In February 2018 the Group issued non-convertible five-year loan participation notes (the "2023 LPNs") for the total amount of USD 300 million (RUB 17,277 million at the Central Bank of Russia exchange rate as at the inception date) on the Irish Stock Exchange. Net proceeds from the issuance, after the deduction of related offering costs, amounted to USD 298 million (RUB 17,154 million at the Central Bank of Russia exchange rate as at the inception date). The annual coupon rate of the 2023 LPNs is 5.075% with interest being paid semi-annually. The 2023 LPNs are guaranteed by certain entities of the Group. The 2023 LPNs mature in November 2023.
- (iv) In December 2017 the Group issued non-convertible five-year loan securities for the total amount of RUB 10,000 million on the Moscow Stock Exchange. Net proceeds from the issuance, after the deduction of related offering costs, amounted to RUB 9,979 million. The annual coupon rate of the loan securities is 8.1% with interest being paid semi-annually. The loan securities mature in December 2022.

The table in Note 22 details changes in the Group's financial liabilities, including both cash and non-cash changes.

Covenants

In accordance with the terms of the 2018, 2021 and 2023 LPNs, the Group is subject to certain covenants, which are calculated on the basis of consolidated financial statements of the Group, prepared in accordance with IFRS. Such financial covenants mainly consist of limitations on the Consolidated Net Debt to Consolidated EBITDA ratio, Consolidated Equity to Consolidated Total Assets ratio and Obligor Cover ratios.

As of 31 December 2018, the Group was in breach of the Consolidated Net Debt to Consolidated EBITDA covenant which lead to additional financial restrictions being placed on the Group until this breach is fully rectified (see also Note 22 for other debt covenants).

DME LIMITED AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018 (Amounts in millions of Russian Rubles)

22. BORROWINGS

	Effective interest rate, %	31 December 2018	31 December 2017
Loan from ING Bank	3.06%	3,360	1,600
Loan from Raiffeisen Bank	6.34%	1,642	2,195
Total		5,002	3,795
Less: current portion due within twelve months and presented as short-term borrowings		(1,765)	(2,201)
Long-term borrowings		3,237	1,594

In September 2015 the Group entered into a EUR-denominated five-year loan facility agreement for a total amount of EUR 38 million (RUB 2,914 million at the Central Bank of Russia exchange rate as at the inception date) provided by Raiffeisen Bank International AG ("Raiffeisen Bank") to finance design and construction of a parking terminal PM-2.1. The loan is guaranteed by certain Group companies and is at fixed rate of 5% per annum. As of 31 December 2018 the loan facility was fully utilized.

In May 2017 the Group entered into a EUR-denominated eight-year loan facility agreement for the total amount of EUR 59 million (RUB 4,102 million at the Central Bank of Russia exchange rate ruling at the inception date) provided by International Netherlands Group N.V. Bank ("ING Bank") at a variable rate of EURIBOR +1.2% to finance the installation of a baggage handling system in the new segment of Terminal 2. As of 31 December 2018 the undrawn amount of the loan facility was EUR 9.85 million.

Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	31 December 2017	Financing cash flows (i)	Non-cash flow changes Effect of exchange rate changes on the balance	Accrual of interest expense	31 December 2018
Borrowings	3,795	228	734	245	5,002
Debt securities (Note 22)	43,005	(926)	9,686	3,824	55,589
Amounts due to grantor under a concession agreement (Note 14)	3,381	(345)	-	344	3,380
	50,181	(1,043)	10,420	4,413	63,971

- (i) The cash flows from bank loans and debt securities represents the net amount of proceeds from borrowings and repayments of borrowings and interest in the consolidated statement of cash flows.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018 (Amounts in millions of Russian Rubles)

Covenants

In accordance with the terms of the loan facility agreements with Raiffeisen Bank International AG and ING Bank, the Group is subject to certain covenants, which are calculated on the basis of consolidated financial statements of the Group, prepared in accordance with IFRS. Such financial covenants mainly consist of limitations on the Consolidated Total Debt to Consolidated EBITDA ratio, Consolidated Net Debt to Consolidated EBITDA ratio, Consolidated Equity to Consolidated Total Assets ratio and Obligor Cover ratios.

As of 31 December 2018, the Group was in breach of the Consolidated Net Debt to Consolidated EBITDA covenant under the loan arrangements with Raiffeisen Bank and ING Bank. Prior to the reporting date the Group received waivers from the banks confirming that the banks will not exercise their rights to demand early repayment of the loans. The Group was in compliance with other financial covenants as of 31 December 2018.

23. TRADE AND OTHER PAYABLES

	31 December 2018	31 December 2017
Amounts payable for the acquisition of property, plant and equipment	2,981	1,588
Rent deposits received	1,418	775
Trade payables	1,113	939
Advances received	1,062	1,139
Total trade and other payables	6,574	4,441

24. TAXES OTHER THAN INCOME TAX PAYABLE

	31 December 2018	31 December 2017
Value added tax	895	960
Social insurance tax	417	389
Property tax	4	11
Other taxes	29	14
Total taxes other than income tax payable	1,345	1,374

25. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

	31 December 2018	31 December 2017
Accrued employee expenses	1,978	1,787
Other liabilities	366	328
Total accrued expenses and other current liabilities	2,344	2,115

Accrued employee expenses as of 31 December 2018 and 2017 comprised accrued salaries and bonuses of RUB 1,394 million and RUB 1,291 million, respectively, and an accrual for unused vacation of RUB 584 million and RUB 496 million, respectively.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018 (Amounts in millions of Russian Rubles)

26. TRANSACTIONS WITH RELATED PARTIES

Related parties may enter into transactions which unrelated parties might not, and transactions between related parties may not be effected on the same terms, conditions and amounts as transactions between unrelated parties.

All related parties, with whom the Group entered into significant transactions during the years ended 31 December 2018 and 2017 or had significant balances outstanding as of 31 December 2018 and 2017, are considered to be entities under common control.

The following tables provide the total amount of transactions, which have been entered into with related parties during the years ended 31 December 2018 and 2017 as well as year-end balances:

	31 December 2018		31 December 2017	
	Amounts owed by related parties	Amounts owed to related parties	Amounts owed by related parties	Amounts owed to related parties
Entities under common control	1,157	26	907	33

During 2018 the Group issued USD 3.5 million five-year loan (RUB 230 million as of the date of issuance) to related party under common control bearing a fixed interest rate of 5% per annum.

	2018			2017		
	Sales to related parties	Purchases from related parties	Interest income	Sales to related parties	Purchases from related parties	Interest income
Entities under common control	73	183	2	65	125	15

Compensation of key management personnel

Key management comprised 7 and 8 persons as at 31 December 2018 and 2017, respectively. Total gross compensation (including mandatory pension and other payroll related contributions to state funds and before withholding of personal income tax) to those individuals included in payroll and related charges in the consolidated profit or loss amounted to RUB 484 million (including social insurance tax of RUB 65 million) and RUB 471 million (including social insurance tax of RUB 63 million) for the years ended 31 December 2018 and 2017, respectively. The outstanding balances due to key management personnel amounted to RUB 903 million and RUB 794 million as at 31 December 2018 and 2017, respectively, and comprised accrued salaries, bonuses and accrual for unused vacation.

27. OPERATING LEASES ARRANGEMENTS

The Group as Lessee

The Group leases buildings, certain objects of movable property and land (including the land on which the airfield is located and which the Group leases from the Moscow Region government). The term of the lease of land is 49 years from the inception of lease agreement in May 1998. The amount of lease payments is fixed, however they are adjusted by the lessor from time to time.

Future minimum lease payments under contracted operating leases are as follows:

	2018	2017
Within one year	133	127
In two to five years	398	394
After five years	2,447	2,545
Total minimum lease payments	2,978	3,066

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018 (Amounts in millions of Russian Rubles)

Included in minimum lease payments within one year in the amount of RUB 15 million as of 31 December 2018 and 2017, which represent the value of lease payments under lease agreements for the current lease term automatically extended for an indefinite term in accordance with the provisions in these agreements. These agreements can be terminated by either lessor or lessee by notification of the other party one month before termination.

The Group as Lessor

Operating lease agreements consist mainly of short-term contracts for the lease of the Group's trading space and catering areas. The lease payments consist of a fixed amount, and a variable part that is contingent on sales levels and certain other performance indicators, achieved by the lessees. Lessees are selected based on the results of tenders. Contracts with the selected lessees are signed for a term of less than one year, and contain an automatic extension clause. The contracts are automatically extended for the subsequent period, unless one of the parties exercises, in due time, its option not to extend the rental period. The lessees do not have an option to purchase the property at the end of the lease period.

Rental income earned by the Group is set out in Note 7.

The future minimum lease payments representing fixed part of the rentals under contracted operating leases for the year 2018 amount to RUB 1,322 million.

28. CONTINGENCIES, COMMITMENTS AND OPERATING RISKS

The Group's contracted capital commitments, related to construction of passenger and cargo terminals and modernization of existing assets as of 31 December 2018 and 2017, consisted of the following:

	31 December 2018	31 December 2017
Reconstruction and expansion of passenger terminal	13,749	22,165
Reconstruction of office buildings	589	13
Reconstruction of fuel storage facilities	260	233
Construction of multilevel parking	78	389
Reconstruction and expansion of cargo terminal	25	256
Construction of aircraft maintenance hangar	19	-
Construction of warehousing facilities	11	17
Construction of electric power plant	9	4
Other	459	351
Total capital commitments	15,199	23,428

Operating environment of the Group – Emerging markets such as Russia are subject to different risks than more developed markets, including economic, political and social, and legal and legislative risks. Laws and regulations affecting businesses in Russia continue to change rapidly, tax and regulatory frameworks are subject to varying interpretations. The future economic direction of Russia is heavily influenced by the fiscal and monetary policies adopted by the government, together with developments in the legal, regulatory, and political environment.

Starting from 2014, sanctions have been imposed in several packages by the U.S. and the E.U. on certain Russian officials, businessmen and companies.

The above mentioned events have led to reduced access of the Russian businesses to international capital markets, increased inflation, economic recession and other negative economic consequences. The impact of further economic developments on future operations and financial position of the Group is at this stage difficult to determine.

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The government of the Russian Federation directly affects the Group's operations through regulation of certain operating activities of the airports in Russia. According to current Russian legislation, certain infrastructure items may not be privately owned and must remain federal property. With respect to the Group, which operates under a long-term concession arrangement (see Note 14), such infrastructure items include the airfield, runways, adjacent taxiways, apron and certain navigation equipment. The contractual agreement regulating the relationship between the government and operators of such infrastructure items in Russia may not be as detailed and comprehensive as the contractual agreements governing similar infrastructure assets in more developed countries. Terms of contractual agreements between the government and infrastructure operators are not standardized, and may vary substantially from one arrangement to another. As laws and regulations evolve, develop or otherwise change in the future, the lease agreement between the Group and the government may change significantly.

In addition, because of its importance to the public, the airport attracts a significant amount of political attention. The Group is subject to a high level of scrutiny from public officials and may from time to time be subject to government reviews, public commentary and investigations. Furthermore, the overall legal environment for private business in the Russian Federation is such that there exists a possibility that government bodies and regulatory agencies may take differing views on whether or not a given private business has complied with the relevant laws and regulations. Effects of such non-compliance may vary from administrative penalties and fines to criminal prosecution. The Group's management believes that it has properly complied with all relevant regulations and applicable laws.

Taxation – Laws and regulations affecting business in the Russian Federation continue to change rapidly. Management's interpretation of such legislation as applied to the activity of the Group may be challenged by the relevant regional and federal authorities. Recent events suggest that the tax authorities are taking a more assertive position in their interpretation of the legislation and assessments and as a result, it is possible that transactions and activities that have not been challenged in the past may be challenged. Fiscal periods generally remain open to tax audit by the authorities in respect of taxes for three calendar years proceeding the year of tax audit. Under certain circumstances reviews may cover longer periods.

Russian transfer pricing legislation was amended starting from January 1, 2012 to introduce additional reporting and documentation requirements. The new legislation allows the tax authorities to impose additional tax liabilities in respect of certain transactions, including but not limited to transactions with related parties, if they consider transaction to be priced not at arm's length. As the practice of implementation of the new transfer pricing rules has not yet developed and wording of some clauses may have more than one interpretation, the impact of challenge of the Group's transfer pricing positions by the tax authorities cannot be reliably estimated.

Starting 2015, the Russian "de-offshorization law" came into force introducing several new rules and concepts and amending others, which may have an impact on the Group's tax obligations, including taxation of profit of controlled foreign companies, the concept of beneficial ownership and the broader rules for determining the tax residency of legal entities. According to these changes, the undistributed profits of the Group foreign subsidiaries, considered as controlled foreign companies, may result in an increase of the tax base of the controlling entities, and the benefits of enjoying reduced tax rates to the income paid to foreign entities under double tax treaties ("DTTs") may come under additional scrutiny.

Current withholding tax and DTTs administration practice in Russia require foreign tax residents to demonstrate and substantiate with documents their beneficial ownership rights to the Russian-sourced income received in order to obtain a tax exemption or apply a reduced withholding tax rate under an applicable double tax treaty. The criteria to establish beneficial ownership rights are evolving with the development of court practice in Russia. Although the practice is still in its early stage of development, it is clear that in many cases foreign tax residents receiving income from Russian sources are disallowed DTTs benefits due to inability to confirm their beneficial ownership rights to the income received. The Group relies on the application of DTTs in its cross-border activities and treats its foreign tax resident companies as beneficial owners of the income received. As determination of the beneficial owner requires significant judgement and is frequently challenged by the tax authorities, the Group faces a risk of not being qualified to apply the DTTs. If crystalized, this risk would result in significantly increased withholding tax liabilities in Russia.

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Management believes that it has provided adequately for tax liabilities based on its interpretations of tax legislation. Where uncertainty exists, the Group has accrued tax liabilities as management's best estimate of the probable outflow of resources which will be required to settle such liabilities. However, the relevant authorities may have differing interpretations, and the effects on the financial statements could be significant. Management's estimate of the possible exposure in relation the imposition of additional income tax and other taxes (e.g. VAT), including penalties and other charges, that is more than remote, but for which no liability is required to be recognized under IFRS is not disclosed as in the management's view such disclosure may prejudice the Group's position in any possible future dispute with the tax authorities. This estimation is provided for the IFRS requirement for disclosure of possible taxes and should not be considered as an estimate of the Group's future tax liability.

Environmental matters – The enforcement of environmental regulation in the Russian Federation is continually evolving. The Group periodically evaluates its obligations under environmental regulations. Potential liabilities, which might arise as a result of changes in existing regulations, civil litigation or legislation, cannot be estimated but could be material. In the current enforcement climate under existing legislation, management believes that the Group has met the government's federal and regional requirements concerning environmental matters. Therefore, there are no significant liabilities for environmental damage or remediation.

Legal proceedings – During the year, the Group was involved in a number of court proceedings (both as a plaintiff and a defendant) arising in the ordinary course of business. In the opinion of management, there are no current legal proceedings or other claims outstanding, which management believes could have a material effect on the result of operations or financial position of the Group, other than those for which provision has been made in these consolidated financial statements.

Insurance – The Group's insurance program is designed to cover a majority of risks inherent in airport operation without any substantial gaps in coverage. The main operational risks of the Group are covered by property damage policy and airport civil liability policy while other insurance contracts are designed to cover minor losses or to provide additional benefits for employees and to meet current legislation requirements without any major influence to airport business.

Property and civil liability of the Group are insured by well known Russian insurance companies. The full coverage insurance value of property is RUB 8,449 million. Third party liability of DME Limited and its subsidiaries is insured for the amount of RUB 34,735 million.

29. RISK MANAGEMENT ACTIVITIES

The Group's senior management oversees the risk management process and ensures that appropriate policies and procedures are designed and implemented, and that financial risks are timely identified, measured and managed in accordance with approved policies. Such policies are summarized below.

Capital risk management

The Group manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to the equity holder through the optimization of the debt and equity balance. The capital structure of the Group consists of long-term borrowings, including bank loans, amounts due to grantor under a concession agreement and equity, consisting of share capital and retained earnings.

Management of the Group regularly reviews its gearing ratio, calculated as proportion of net debt to equity, to ensure that it is in line with the Group's adopted policy on debt management. During 2018 the Group complied with all external capital requirements, except as described in Note 22.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018 (Amounts in millions of Russian Rubles)

Major categories of financial instruments

The Group's financial assets include bank deposits and loans issued, amounts due from grantor under a concession agreement, finance lease receivable, trade and other receivables and cash and cash equivalents.

	31 December 2018	31 December 2017
Financial assets		
Cash and cash equivalents	4,822	10,270
Trade and other receivables	3,251	2,682
Finance lease receivable	494	418
Loans issued	241	-
Short-term investments	3	40
Restricted cash	1,887	1,714
Total financial assets	10,698	15,124

The Group's principal financial liabilities are trade and other payables, borrowings, debt securities and amounts due to grantor under a concession agreement. All financial liabilities are carried at amortized cost.

	31 December 2018	31 December 2017
Financial liabilities		
Debt securities	55,589	43,005
Trade and other payables	5,512	3,302
Amounts due to grantor under a concession agreement	3,380	3,381
Long-term borrowings	3,237	1,594
Short-term borrowings	1,765	2,201
Total financial liabilities	69,483	53,483

Liquidity Risk

Liquidity risk is the risk that the Group will not be able to settle all liabilities as they fall due. The Group's liquidity position is carefully monitored and managed by the treasury function. Management controls current liquidity based on expected cash flows and revenue receipts through establishing and maintaining a cash fund sufficient to cover its contractual obligations for the period of three to six upcoming months. Such funds are normally kept as highly liquid short-term bank deposits or on current bank accounts, and are available on demand. In addition, the Group's policy is to continually maintain a diversified portfolio of open credit lines with reputable banks, which serve to secure for the Group a stable ad hoc borrowing capability.

The Group has both interest bearing and non-interest bearing financial liabilities. The interest bearing liabilities consist of amounts due to grantor under a concession agreement, borrowings and the debt securities. The non-interest bearing liabilities include trade and other payables, accrued expenses and other current liabilities.

DME LIMITED AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018 (Amounts in millions of Russian Rubles)

The following tables detail the Group's remaining contractual maturity for financial liabilities. The tables have been drawn up based on undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

	Effective interest rate, %	Less than 1 month	1-3 months	3 months- 1 year	1-5 years	Over 5 years	Total
31 December 2018							
Non-interest bearing liabilities		3,010	497	286	1,536	474	5,803
Loans and borrowings	3.06%-8.32%	111	837	4,867	66,473	230	72,518
Amounts due to grantor under a concession agreement	10.6%	-	-	261	1,391	17,219	18,871
Total		3,121	1,334	5,414	69,400	17,923	97,192
31 December 2017							
Non-interest bearing liabilities		1,666	992	67	683	175	3,583
Loans and borrowings	3.06%-8.32%	429	247	17,406	36,609	1,775	56,466
Amounts due to grantor under a concession agreement	10.6%	-	-	261	1,391	17,567	19,219
Total		2,095	1,239	17,734	38,683	19,517	79,268

The following tables detail the Group's expected maturity for its financial assets, except for cash and cash equivalents. The tables below have been drawn up based on the undiscounted contractual maturities of the financial assets, including interest that will be earned on those.

	Effective interest rate, %	Less than 1 month	1-3 months	3 months- 1 year	1-5 years	Over 5 years	Total
31 December 2018							
Accounts receivable		2,007	542	637	65	-	3,251
Loans issued	5-7%	1	-	-	243	-	244
Finance lease receivable	47%	20	38	172	921	499	1,650
Total		2,028	580	809	1,229	499	5,145
31 December 2017							
Accounts receivable		1,899	747	12	24	-	2,682
Investments	3.2-8%	40	-	-	-	-	40
Finance lease receivable	47%	17	33	149	798	632	1,629
Total		1,956	780	161	822	632	4,351

Currency Risk

Currency risk is the risk that the financial results of the Group will be adversely impacted by changes in exchange rates to which the Group is exposed. The Group has export revenue and purchases third-party services, which are denominated in foreign currencies. Certain receivable and payable balances, related primarily to settlements with customers and suppliers and most of loans and borrowings of the Group are denominated in currencies other than the Russian Ruble, the functional currency of the Company and most of the subsidiaries of the Group.

DME LIMITED AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018 (Amounts in millions of Russian Rubles)

Currency risk is regularly assessed and managed by Financial Assets Management department. The Group's foreign currency position for net current assets is evaluated daily. The consolidated foreign currency position of all of the Group's assets and liabilities is assessed quarterly. The Group mitigates potential negative impact of exchange rate movements primarily through aiming to maintain a balanced structure of foreign currency assets and liabilities. Available cash and cash equivalents are the key instrument used by management to correct an imbalanced foreign currency position. Management also continually monitors market trends in order to appropriately adjust the Group's contractual payment terms to take advantage of favorable changes in exchange rates.

For the year ended 31 December 2018 the Russian Ruble appreciated against the US Dollar, EURO by 17%, 13%, respectively (depreciated against the US Dollar, EURO by 15%, 13% for the year ended 31 December 2017). The Group does not have or use any formal arrangements (i.e. derivatives) to manage foreign currency risk exposure.

The carrying amounts of the Group's foreign currency denominated monetary assets and liabilities as at the reporting date are as follows:

	Denominated in USD		Denominated in EUR	
	31 December 2018	31 December 2017	31 December 2018	31 December 2017
Assets				
Cash and cash equivalents	4,396	7,587	3	1,092
Trade and other receivables	1,223	990	138	115
Loans issued	243	-	-	15
Finance lease receivable	-	-	494	418
Restricted cash	1	1	1,861	1,687
Total assets	5,863	8,578	2,496	3,327
Liabilities				
Loans and borrowings	45,591	33,012	5,001	3,795
Trade and other payables	1,810	775	232	132
Total liabilities	47,401	33,787	5,233	3,927

The table below details the Group's sensitivity to strengthening of the Russian Ruble against the respective foreign currencies by 10%, all other variables being held constant. The analysis was applied to monetary items at the reporting dates denominated in respective currencies.

	USD – impact		EUR – impact	
	2018	2017	2018	2017
(Gain) / loss	(4,154)	(2,521)	(274)	(1)

The weakening of the Russian Ruble in relation to the same currencies by the same percentage will produce an equal and opposite effect on the consolidated financial statements of the Group to that shown above.

Interest rate risk

Interest rate risk is the risk that movement in interest rates for borrowed funds will have an adverse effect on the Group's financial performance. In general the Group takes a conservative approach to the use of debt leverage, and tends to finance its operations and expansion through internally generated funds.

DME LIMITED AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018 (Amounts in millions of Russian Rubles)

Management carefully monitors changes in interest rates and takes steps to mitigate interest rate risk through careful evaluation of contractual terms for new borrowings, as well as continued improvement of its existing debt portfolio. In assessing the quality of its debt portfolio the Group aims to maintain an appropriate mix of floating and fixed interest rate instruments, and to ensure that contractual terms for the borrowings provide for minimal or no early repayment fees, an option to negotiate a decrease in interest rates and an inability of a credit institution to unilaterally increase interest rates without prior notification and granting an early repayment option at no additional charge.

As at 31 December 2018 and 2017 the Group's borrowed funds consisted of the USD loan participation notes, RUB loan securities, long- and short-term borrowings and amounts due to grantor under a concession agreement.

The Group is exposed to interest rate risk because entities in the Group borrow funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings, with emphasis on fixed rates.

The Group's liabilities under concession agreement bear an inherent interest rate, which is revised on a regular basis (see Note 14). Any changes in the amount of the future payments under the concession agreement may significantly influence the effective interest rate for the related liability, as well as the total amount of the interest expense.

Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group does not hedge its credit risk.

The Group's exposure to credit risk arises primarily with respect to amounts held with the banks, lease receivables, loans issued and receivables in connection with aviation, auxiliary and commercial activities. Credit exposure is managed by establishing credit terms for the most significant customers that are reviewed and approved by management. Credit sales are offered only to foreign customers and most significant customers located within the Commonwealth of Independent States ("CIS") and the Russian Federation with proven credit history. Sales to other customers are made on a prepayment basis. The credit quality of the bank balances and loans issued can be assessed by reference to external credit rating if available or to the working history of the counterparty with the Group. These policies enable the Group to reduce its credit risk significantly.

The carrying amount of cash and cash equivalents, trade and other receivables, lease receivables, restricted cash and other financial assets, net of allowance for expected credit losses, represents the maximum amount exposed to credit risk (Notes 13,17-19). Management believes that there is no significant risk of loss to the Group beyond the allowance already recorded.

As of 31 December 2018, 54% of the total net amount of trade and other receivables related to the eight largest counterparties of the Group (31 December 2017: 44%):

	31 December 2018		
	Outstanding balance, gross	Allowance for expected credit losses	Outstanding balance, net
Transaero	880	(880)	-
S7	762	(10)	752
Vim-avia	504	(504)	-
Forum-Invest	360	(108)	252
Quantico Limited	287	(2)	285
Emirates	171	-	171
Lufthansa	169	-	169
Air Moldova	118	(6)	112
Total	3,251	(1,510)	1,741

DME LIMITED AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018 (Amounts in millions of Russian Rubles)

	31 December 2017		
	Outstanding balance, gross	Allowance for expected credit losses	Outstanding balance, net
Transaero	880	(880)	-
S7	588	(1)	587
Vim-avia	504	(504)	-
Forum-Invest	242	-	242
Quantico Limited	105	-	105
Emirates	96	-	96
Priority Pass Ltd	81	-	81
Lufthansa	71	-	71
Total	2,567	(1,385)	1,182

As of 31 December 2018 98 % of the total amount of amounts held with the banks related to four banks (31 December 2017: 98 %). Bank deposits and cash balances placed with the largest banks as of 31 December 2018 and 2017 are as follows:

	Credit rating	Rating Agency	31 December 2018	31 December 2017
Credit Suisse AG	A	Fitch	4,262	-
Rosbank	BBB -	Fitch	355	5,439
OVERSEA CHINESE BANKING CORPORATION LIMITED	AA -	Fitch	58	601
Raiffeisen Bank International AG. Austria	BBB +	S&P	54	4,037
UBS AG	A +	Fitch	-	4
Total			4,729	10,081

Fair value of financial instruments

According to the accounting policy the Group uses the following hierarchy to determine and disclose fair value of financial instruments:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

Except as detailed in the following table management of the Group believes that the carrying value of financial instruments such as cash and cash equivalents, short-term receivables and payables, lease receivable, short- and long-term investments, borrowings and liabilities under concession, which classified within Level 2 category of the above hierarchy, approximates their fair value. Restricted cash is classified as Level 3 category. The estimated fair values of financial instruments have been determined by the Group using available market information, where it exists, and appropriate valuation methodologies. However, judgment is necessarily required to interpret market data to determine the estimated fair value. Management has used all available market information in estimating the fair value of financial instruments. Certain financial instruments, such as available-for-sale bonds were excluded from fair value analysis either due to their insignificance or due to the fact that the assets were acquired or liabilities incurred close to the reporting dates and management believes that their carrying value either approximates their fair value, or may not significantly differ from each other.

DME LIMITED AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018 (Amounts in millions of Russian Rubles)

	31 December 2018	
	Fair value of financial liabilities	Carrying value of financial liabilities
2021 LPNs (Note 21)	23,722	24,405
2023 LPNs (Note 21)	19,442	21,186
Five-year RUB debt securities issued in 2017 (Note 21)	8,829	9,998
Loan from Raiffeisen bank (Note 22)	1,679	1,642
Loan from ING Bank (Note 22)	4,101	3,360
Total	57,773	60,591

30. SUBSEQUENT EVENTS

Amendment of financial covenants for debt securities – As of 28 March 2019 the Group obtained a consent solicitation to increase Consolidated Net Debt to Consolidated EBITDA ratio up to 4:1.

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