

**Disclosure of insider information/Notice of the material fact
About the data, which, in the Issuer's opinion, have material effect on the value of its issued securities**

1. General information	
1.1. Full legal name of the Issuer:	Public Joint-Stock Company Interregional Distribution Grid Company of the South
1.2. Short company name of the issuer	IDGC of the South, PJSC
1.3. Location of the issuer	49, Bolshaya Sadovaya str., Rostov-on-Don, Russian Federation 344002
1.4. PRSN code of the issuer	1076164009096
1.5. TIN code of the issuer	6164266561
1.6. Unique issuer code assigned by the registering authority	34956-E
1.7. (address of the web page used by the issuer to disclose information)	http://www.mrsk-yuga.ru http://www.e-disclosure.ru/portal/company.asrpx?id= 11999

2. Notice content	
<p>2.1. Brief description of the event (action), which occurrence (commitment), in the Issuer's opinion, has effect on the value of its securities: On procedure of offering, term for offering in relation to interest-bearing non-convertible documentary exchange-traded bonds to the bearer series BO-02 to be kept in custody by IDGC of the South, PJSC on a centralized and mandatory basis (identification number 4B02-02-34956-E of 04.09.2014 ; international securities identification code (number (ISIN): not assigned at the disclosure date) (hereinafter referred to as Exchange-traded bonds).</p> <p>2.2. In case if the relevant event (action) is related to or connected with a third party – full company name (for non-commercial organizations – name), location, TIN code (if applicable), PRSN code (if applicable), or surname, name, patronymic (if any) of this person: information concerns the owners of the issuer's Exchange-traded bonds.</p> <p>2.3. If the relevant event (action) pertains the third party or is related thereto - full legal name (for non-commercial entities – name), registered address, T.I.N. (if applicable), OGRN(if applicable) or surname, name, patronymic (if any) of such party: it's not possible to provide information as it concerns potential investors in IDGC of the South, PJSC Exchange-traded bonds ». The decision is adopted by the Sole management body – General Director of IDGC of the South, PJSC on July 07, 2017 (Order No. 469 of July 07, 2017). The content of the decision adopted by the Sole management body of the joint-stock company:</p> <p>1. to determine that Exchange-traded bonds shall be offered by way of collection of specific offers from the purchasers to purchase Exchange-traded bonds at a fixed price and coupon rate for the first coupon period in a manner previously determined by the Issuer and upon terms and conditions stipulated in the Decision on issuance and Securities prospectus.</p> <p>2. to determine that offers with the proposal to conclude the Preliminary agreements as defined in the Decision on issuance of Exchange-traded bonds shall be submitted to Gaspormbank (Joint-Stock Company).</p> <p>3. to determine that the period for offering with the proposal to conclude Preliminary agreements with potential purchasers of Exchange-traded bonds containing the obligation to conclude main sale and purchase agreements for Exchange-traded bonds at the offering date of Exchange-traded bonds, which starts at 04:00 p.m on July 07. 2017 and ends at 05:00 p.m. on July 07, 2017</p> <p>July 07, 2017</p>	

In relation to: Participation in offering Exchange-traded bonds of the Public Joint-Stock Company Interregional Distribution Grid Company of the South, series BO-02.

ATTENTION: YOU SHOULD STUDY INFORMATION BELOW BEFORE TAKING ANY ACTIONS.

This notice apply to information below and issue documents placed at <http://www.mrsk-yuga.ru;http://e-disclosure.ru/portal/company.aspx?id=11999> (hereinafter jointly referred to as **Documents**), and you should carefully read the provisions of this notice before taking any actions in relation to such Documents. When reviewing and taking any actions in relation to Documents you shall undertake to follow conditions given below including any amendments thereto, which you may receive from us as a consequence of review of the Documents by you.

THIS NOTICE AND DOCUMENTS PROVIDED TO YOUR ATTENTION ARE NOT AN OFFER TO SELL ANY SECURITIES AND ARE NOT INTENDED TO BE REVIEWED OR ACCESSED BY ANY PERSONS IN THE UNITED STATES OF AMERICA, AUSTRALIA, CANADA AND JAPAN.

THIS NOTICE AND DOCUMENTS MAY BE SENT OR DISTRIBUTED AS DETERMINED BELOW ONLY AND MAY NOT BE REPRODUCED IN ANY OTHER WAY.

Neither Gasprombank (Joint-Stock Company), nor Public Joint-Stock Company Interregional Distribution Grid Company of the South (hereinafter referred to **the Issuer**) hereby makes an offer to sell any securities and makes actions to receive an offer to purchase any securities in relation to any persons in any jurisdiction. This notice and Documents provided to your attention may not be used for or in relation to preparation of a notice in any jurisdictions or under any circumstances, in which the notice so prepared shall be held inadmissible or illegal. The Issuer requests any person, which obtains access to this notice and Documents, to review and observe the following restrictions. Documents provided for review are for informational purposes only and don't advertise the offer to sell any securities in any country.

Any securities of the Issuer may not be offered for sale or sold in the United States of America without being registered or exempt from registration in accordance with the US Securities Act of 1933 (as amended from time to time).

This notice and Documents are intended only for: (i) persons outside Great Britain or (and) professional investors being subject to article 19(5) of the Order (Financial Cooperation) of 2005 within the framework of the UK Financial Services and Markets Act 2000 (hereinafter referred to as «**Order**»), or (iii) legal entities and other persons with big net capital, to whom such notice and Documents may be legally sent subject to article 49(2)(a) - 49(2)(d) of the Order (all such persons hereinafter jointly referred to as **Relevant parties**). Any securities may be purchased and any invitation, offer or subsription, or purchase agreement, or other acquisition agreement in relation to such securities may be accepted by such Relevant parties only. Any person not being a Relevant party shall have no right to act in relation to or in any other way rely on this notice and Documents and information contained therein.

Any public offering of securities, which may be treated as based on the fact , that this notice and Documents are sent in any member state of the European Community, which accepted Directive 2003/71/EU (together with any additional procedure for application thereof in such member state (hereinafter referred to as the **Prospectus directive**), addressed exclusively to qualified investors of such EU member state within the meaning of the Prospectus directive.

This notice and Documents are not an issue prospectus for the purpose of interpretation in

accordance with the procedures for application of the Prospectus directive and other applicable law. This notice and Documents as well as the issue prospectus prepared in relation to the Issuer's securities offering may not be distributed in any country where such distribution requires observance of additional requirements or violates the law of such country.

POSSESSION OF EXCHANGE-TRADED BONDS OR OTHER FINANCIAL INSTRUMENTS IS ALWAYS SUBJECT TO RISKS.

This notice is for informational purposes only and contains limited information about investments in the Issuer's securities. Such investments shall be proceeded by the weighted decision based, inter alia, on the thorough analysis of transactions, financial position, sales and Income, economic climate in Russia and other risk factors made by the Issuer and its affiliates.

Dear Investor,

hereby we notify you of the possibility to participate in offering non-convertible interest-bearing documentary exchange-traded bonds of the Public Joint-Stock Company Interregional Distribution Grid Company of the South (hereinafter referred to as the **Issuer**), Gasprombank (Joint-Stock Company) (hereinafter referred to as Gasprombank) acting as the initiator of offering (hereinafter referred to as the Initiator). This notice is the proposal to offer but is not an offer.

The Issuer obtained access to the auction at the stock exchange during offering of issue of documentary interest-bearing non-convertible exchange-traded bonds to the bearer series BO-02 to be held in custody on a mandatory and centralized basis in the amount of 6,000,000 (Six million) pieces with par value of RUR 1,000 (one thousand RURles) each and with maturity date on the 1,813th (One thousand eight hundred and thirteenth) day of the exchange-traded bonds offering date and with ability of early redemption, upon the holders' request or the Issuer's discretion, which are publicly offered (hereinafter referred to as Exchange-traded bonds). The issue of Exchange-traded bonds is admitted by CJSC MICEX Stock Exchange to the auction at the stock exchange during offering on September 04, 2014 and identification number 4B02-02-34956-E is assigned. Admission of Exchange-traded bonds to the auction at the stock exchange during offering shall not mean that actual information provided in the issue documents is accurate and reliable. Exchange-traded bonds shall be offered via sale and purchase of Exchange-traded bonds at the PJSC Moscow Stock Exchange. Exchange-traded bonds offering is planned on **July 14, 2017** but it may take place on the other date. The final date of offering is determined in accordance with the Decision on issuance of securities and Securities prospectus (hereinafter referred to as **Issue documents**). The Exchange-traded bonds may be paid for by funds only.

You may participate in offering by making the proposal to conclude the preliminary agreement to purchase Exchange-traded bonds (hereinafter referred to as the Offer to purchase) as determined below in a form given in the Annex to this notice specifying the maximum total amount in Russian RURles, for which you are willing and ready to purchase Exchange-traded bonds as well as the minimum coupon rate on Exchange-traded bonds, at which you are willing and ready to purchase Exchange-traded bonds for the stated amount.

The Offer to purchase is your offer to conclude the Preliminary agreement (as determined below).

In order to observe the requirements to Exchange-traded bonds offering procedure, the Initiator shall review only those Offers to purchase, which are properly prepared and signed and received by the Initiator in a manner and upon terms and conditions set forth in this notice.

Offering procedure and Payments

If you decide to participate in offering Exchange-traded bonds, please, confirm your consent to

the procedure and conditions of Exchange-traded bonds offering stated in the Issue documents and this notice delivering the Offer to purchase properly prepared and signed by you to Gasprombank (by courier, fax or e-mail) to the address below on or before 05:00 p.m. (Moscow time) on July 07, 2017 (hereinafter referred to as the Closing time). In this case the Offer to purchase provided by the legal entity shall be prepared on the headed paper of such legal entity, signed by the authorized representative and affixed with his/her seal. The Offer to purchase may not be revoked after the the Closing time commences.

For the avoidance of doubt draw your particular attention that receipt of your Offer to purchase by the Initiator shall not mean acceptance thereof. The Initiator shall not undertake any obligations and shall not make any representations or warranties that your Offer to purchase shall be accepted completely or in part.

After the first coupon rate on Exchange-traded bonds being determined, the Issuer shall decide to accept or not to accept your Offer to purchase. Only if it's decided to accept your Offer to purchase, Gasprombank acting as a proxy on the Issuer's behalf and at the Issuer's expense or as an agent on its own behalf and at the Issuer's expense shall send you (by courier or by fax or e-mail) the notice of acceptance (hereinafter referred to as the Notice of acceptance) of your Offer to purchase to the address or fax, or e-mail stated in your Offer to purchase. If the Notice of acceptance is sent by fax or e-mail, it shall be considered received when it's sent. If the Issuer decides not to accept your Offer to purchase or the Issue elects not to review your Offer to purchase or no decision is made in relation thereto, Gasprombank shall not notify you thereof. In this case the fact that you are not provided with such notice shall not mean that your Offer to purchase has been accepted (silence doesn't mean acceptance).

ATTENTION! ACCEPTANCE OF YOUR OFFER TO PURCHASE SHALL MEAN CONCLUSION OF THE PRELIMINARY AGREEMENT (HEREINAFTER REFERRED TO AS THE PRELIMINARY AGREEMENT) BETWEEN YOU AND THE ISSUER, IN ACCORDANCE WITH WHICH YOU AND THE ISSUER UNDERTAKE TO CONCLUDE THE MAIN EXCHANGE-TRADED BONDS SALE AND PURCHASE AGREEMENT (HEREINAFTER REFERRED TO AS THE MAIN AGREEMENT) AT THE EXCHANGE-TRADED BONDS OFFERING DATE ON THE FOLLOWING CONDITIONS: THE ISSUER SHALL UNDERTAKE TO SELL TO YOU AND YOU SHALL UNDERTAKE TO PURCHASE FROM THE ISSUER AND PAY FOR EXCHANGE-TRADED BONDS IN THE AMOUNT, AT THE OFFERING PRICE AND COUPON RATE STATED IN THE NOTICE OF ACCEPTANCE. IN THIS CASE QUANTITY OF EXCHANGE-TRADED BONDS STATED IN THE NOTICE OF ACCEPTANCE SHALL DEPEND ON THE OFFERING PRICE, THE COUPON INTEREST RATE AND MARKET DEMAND FOR EXCHANGE-TRADED BONDS. YOUR OFFER TO PURCHASE MAY BE ACCEPTED COMPLETELY OR IN PART. IF YOUR OFFER TO PURCHASE IS ACCEPTED IN PART, THE PRELIMINARY AGREEMENT SHALL BE CONSIDERED CONCLUDED ONLY IN RELATION TO SUCH PART OF YOUR OFFER TO PURCHASE STATED IN THE NOTICE OF ACCEPTANCE *. THE PROCEDURE OF CONCLUSION OF THE MAIN AGREEMENT (EXCHANGE-TRADED BONDS OFFERING PROCEDURE), EXCHANGE-TRADED BONDS OFFERING DATE, OFFERING PRICE, COUPON RATE ON EXCHANGE-TRADED BONDS AND PAYMENT PROCEDURE SHALL BE DETERMINED IN ACCORDANCE WITH ISSUE DOCUMENTS.

*The Notice of acceptance shall specify quantity of Exchange-traded bonds calculated on the basis of the offering price as well as the relevant portion of funds stated in your Offer to purchase as the maximum amount of funds, for which you are ready to purchase Exchange-traded bonds.

This notice, the Offer to purchase and the Notice of acceptance (if any) shall form an integral

part of the Preliminary agreement.

All disputes related to conclusion of the Preliminary agreement, its validity and enforceability shall be resolved in Moscow Arbitration Court.

If you agree to the above conditions and procedure for Exchange-traded bonds offering, you may send a copy of the Offer to purchase to Gazprombank by e-mail BondsBook@gazprombank.ru, Semen.Odintsov@gazprombank.ru (Attn.: Semen Odintsov) and further on send the original Offer to purchase by courier to Gazprombank office at: 7 Koroviy Val, Moscow, 119049 (attn.: Semen Odintsov).

Best regards,

Public Joint-Stock Company Interregional Distribution Grid Company of the South

[ON THE INVESTOR'S HEADED PAPPER] (for legal entities)

Date:

At GPB (JSC)

Address for correspondence:

7 Koroviy Val, Moscow, 119049

Attn.: : Semen Odintsov

E-mail: BondsBook@gazprombank.ru.

Semen.Odintsov@gazprombank.ru

Fax: +7 (495) 983-17-63

In relation to: Participation in offering Exchange-traded bonds of the Public Joint-Stock Company Interregional Distribution Grid Company of the South, series BO-02.

Dear Sir/Madam,

In accordance with the invitation (hereinafter referred to as the **Invitation**) to make offers to conclude preliminary agreements, in accordance with which the investor and the Public Joint-Stock Company Interregional Distribution Grid Company of the South shall undertake to conclude, at the offering date of documentary interest-bearing non-convertible exchange-traded bonds to the bearer series BO-02 to be held in custody on a mandatory and centralized basis, on the 1,813th (one thousand eight hundred and thirteenth) day from the exchange-traded bonds offering date publicly offered and bearing identification number 4B02-02-34956-E of 04.09.2014 (hereinafter referred to as **Exchange-traded bonds**), main agreements for sale and purchase of Exchange-traded bonds of the Public Joint-Stock Company Interregional Distribution Grid Company of the South (hereinafter referred to as the **Issuer**), we send you this notice.

We hereby acknowledge that we [specify you full name], read the conditions and procedure of Exchange-traded bonds offering and payments stated in the Offer and Issue documents and declare our consent and readiness to observe such conditions and procedure.

In relation thereto we hereby declare that we are ready to participate in Exchange-traded bonds offering and offer to purchase Exchange-traded bonds from the Issuer on the following conditions:

The maximum amount we are ready to pay for Exchange-traded bonds (Russian RURles)*	Minimum first coupon rate on Exchange-traded bonds, at which we are ready to purchase Exchange-traded bonds for the stated maximum amount
[please, specify]	[please, specify]

We draw your attention to the fact that the Participant in the auction at the PJSC Moscow Stock Exchange, which makes bids to purchase Exchange-traded bonds upon our instructions, shall be [please specify your broker] (for Purchasers operating through the broker).

This notice is the Offer to purchase, offer to conclude the Preliminary agreement. This Offer to purchase shall be valid till July 14, 2017 inclusively. If this Offer to purchase is accepted, please, send us the Notice of acceptance as follows: if sent by courier: [specify your office address (place of registration, if the individual)], if sent by fax: [specify your office fax; fax number – for the individual)], if sent by e-mail: [specify e-mail of the responsible employee of your office (individual's e-mail address)].

All terms used but not determined in this notice shall have the meaning prescribed in the Invitation.

Best regards,

Full name:

Position:

(if the person acts under the power of attorney, specify the document details)

Seal

* this amount is net of expenses related to purchase of Exchange-traded bonds and payments.

2.4. If the relevant event (action) pertains or may have material effect on the value of the Issuer's certain securities – type, category and other identification attributes of such Issuer's securities: **Interest-bearing, non-convertible, documentary Exchange-traded bonds to the bearer series БО-02 to be held in custody by IDGC of the Souty, PJSC on a mandatory and centralized basis (identification number of issue 4B02-02-34956-E of 04.09.2014).**

2.5. The date, when the relevant event (relevant action) occurs (is committed) and if

2.6. the relevant event occurs in relation to the third party (relevant action is committed by the third party) – also the date when the Issuer came to know of occurrence of the stated event (commitment of the stated action): «7» **July** 2017

3. Signature

3.1. Head of Department
Corporate Secretary
(acting under Power of Attorney No 215-16 dd.
30.12.2016)

_____ E. N. Pavlova

(Signature)

3.2. Date '7' July 2017

Stamp here