

OVER 330 ALOE PHARMACIES TO OPEN AT PYATEROCHKA STORES WITHIN TWO YEARS

Moscow, 12 February 2015 — X5 Retail Group, a leading Russian food retailer (LSE ticker: "FIVE"), announces the signing of a letter of intent between Pyaterochka, X5's proximity chain, and the Aloe pharmacy chain. The partnership involves the opening of at least 330 Aloe pharmacies at Pyaterochka stores by the end of 2017.

Aloe pharmacies of 20 to 100 sq m will be located both outside (near the cash desks) and inside (shop-in-shop) Pyaterochka shopping areas. The shop-in-shop cooperation scheme will generate synergies between Pyaterochka and the lessee in the process of increasing traffic and conversion, while at the same time providing customers with additional services. This model also allows the pharmacies inside Pyaterochka stores to offer minimised price markups.

The pharmacies will be opened in 21 cities. The first openings will take place in St Petersburg, Yaroslavl, Lipetsk, Ryazan and Obninsk. The parties also plan to open pharmacies in Moscow, Yekaterinburg, Krasnodar, Rostov, Vladimir, Kostroma, Tver, Bryansk, Nizhny Novgorod, Saratov, Samara, Orenburg, Kazan, Belgorod, Karelia and Murmansk.

Going forward, the parties will discuss opportunities to develop cooperation in other regions where Pyaterochka operates.

This Pyaterochka arrangement will provide Aloe with a vast distribution network and access to a target market, while also opening up new opportunities for scaling up its business alongside the growth of a leading national food chain. The partnership will leverage the complementary value propositions of Pyaterochka and Aloe to boost traffic thanks to additional services offered to customers.

Such cooperation is part of Pyaterochka's strategy for developing partnerships in the high-value segments of additional services, which also include mobile phone stores, repairs and everyday service kiosks, children's stores, bakers, farmers' markets and more. The main purpose of sublease agreements is to create a comprehensive product and service offering tailored to customers' needs at each location. In line with this initiative, Pyaterochka is working to build a strong pool of major partners that provide specialised services or goods of the highest quality.

Pyaterochka has successfully implemented similar cooperation agreements with the Planeta Zdorovya pharmacy chain and other partners offering high-value additional services, including Rospechat, Tele2, Euroset and other companies and regional chains.

Note to Editors:

X5 Retail Group N.V. (LSE: FIVE, Fitch – 'BB', Moody's – 'Ba3', S&P – 'BB-') is a leading Russian food retailer. The Company operates several retail formats: the chain of proximity stores under the Pyaterochka brand, the supermarket chain under the Perekrestok brand, the hypermarket chain under the Karusel brand and Express convenience stores under various brands.

As of 31 December 2015, X5 had 7,020 Company-operated stores. It has the leading market position in both Moscow and St. Petersburg and a significant presence in the European part of Russia. Its store base includes 6,265 Pyaterochka proximity stores, 478 Perekrestok supermarkets, 90 Karusel hypermarkets and 187 convenience stores. The Company operates 35 DCs and 1,561 Company-owned trucks across the Russian Federation.

For the full year 2014, revenue totaled RUB 633,873 mln (USD 16,498 mln), EBITDA reached RUB 45,860 mln (USD 1,194 mln), and profit for the period amounted to RUB 12,691 mln (USD 330 mln). In 9M 2015, revenue totaled RUB 578,701 mln (USD 9,763 mln), EBITDA reached RUB 41,780 mln (USD 705 mln), and net income amounted to RUB 12,084 mln (USD 204 mln).

X5's Shareholder structure is as follows: Alfa Group – 47.86%, founders of Pyaterochka – 14.43%, X5 Directors – 0.06%, treasury shares – 0.02%, free float – 37.64%.

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