

X5-CENTROSOYUZ PROJECT MAY OPEN UP TO 1,000 NEW STORES OVER NEXT THREE YEARS

Moscow, 12 April 2017 – X5 Retail Group, a leading Russian food retailer, announces the signing of a cooperation agreement with the Central Union of Consumer Societies of the Russian Federation (Centrosoyuz). This partnership will encourage the development of retail trade in Russia's regions, supporting both X5's social mission of cooperation with the consumer and the Centrosoyuz mission to secure the supply of affordably priced staples and other high-quality products to remote rural areas. This five-year agreement has the potential to lead to the opening of up to 1,000 new stores under the joint brand of COOP-Pyaterochka during the first three years of the project.

COOP-Pyaterochka stores would be opened at Centrosouyz's existing consumer cooperatives, and would improve the food supply infrastructure thanks to renovations and upgrades to Centrosoyuz stores, introduction of advanced retail standards, and use of Pyaterochka's logistics solutions.

The project will be implemented mostly through franchising. With access to X5's extensive supplier base and logistics capabilities, Centrosoyuz will benefit from reliable supplies of a wide assortment of goods and improved affordability. The consumer cooperative will coordinate with local consumer societies and Pyaterochka to select retail facilities, optimise document management, and organise repairs and upgrades in order to develop modern retail formats.

Centrosoyuz's educational infrastructure will be made available for personnel trainings for joint stores and for Pyaterochka's own operations, while students of the Russian University of Cooperatives will be offered internships at Pyaterochka stores.

The parties have also agreed to open up to 5,000 Pyaterocka-based shop-in-shops by 2021 that will sell goods from local farmers and consumer cooperatives. The primary focus of this subleasing partnership is to create a comprehensive product and service offering tailored to the needs of the local customer.

The agreement also enables Pyaterochka to supply products from its own assortment to consumer cooperatives that are not part of the project, thereby improving the availability of food and non-food products to rural residents. With the goal of optimising logistics costs and reducing shrinkage, deliveries may take place directly to the stores or to the partners' distribution centres in the regions where Pyaterochka operates.

Note to Editors:

X5 Retail Group N.V. (LSE: FIVE, Fitch – 'BB', Moody's – 'Ba2', 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 2016, X5 had 9,187 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 8,363 Pyaterochka proximity stores, 539 Perekrestok supermarkets, 91 Karusel hypermarkets and 194 convenience stores. The Company operates 35 DCs and 2,318 Company-owned trucks across the Russian Federation.

For the full year 2016, revenue totalled RUB 1,033,667 mln (USD 15,420 mln), Adjusted EBITDA reached RUB 79,519 mln (USD 1,186 mln), and net profit for the period amounted to RUB 22,291 mln (USD 333 mln).

X5's Shareholder structure is as follows: Alfa Group – 47.86%, Intertrust Trustees Ltd (Axon Trust) – 11.43%, X5 Directors – 0.06%, treasury shares – 0.01%, Shareholders with less than 3% – 40.63%.

Centrosoyuz of Russia is a non-profit organisation that brings together more than 2.5 million shareholders, and 2.6 thousand consumer unions and societies in almost every region of Russia. The consumer cooperation organisations that make up Centrosoyuz employ more than 171,000 people across the country.

At the end of 2016, Centrosoyuz consisted of 40,000 trading enterprises, including 38,000 stores, 15,500 agricultural storage and processing facilities, public food and household service facilities, etc. More than 80% of the consumer cooperation retail facilities are located in rural areas and small towns of Russia. In many Russian regions, local consumer societies are the only organisations to deliver food, medicines, and other essential goods to remote settlements.

Forward looking statements:

This announcement includes statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements can be identified by the fact that they do not only relate to historical or current events. Forward-looking statements often use words such as "anticipate", "target", "expect", "estimate", "intend", "expected", "plan", "goal", "believe", or other words of similar meaning.

By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances, a number of which are beyond X5 Retail Group N.V.'s control. As a result, actual future results may differ materially from the plans, goals and expectations set out in these forward-looking statements.

Any forward-looking statements made by or on behalf of X5 Retail Group N.V. speak only as of the date of this announcement. Save as required by any applicable laws or regulations, X5 Retail Group N.V. undertakes no obligation publicly to release the results of any revisions to any forward-looking statements in this document that may occur due to any change in its expectations or to reflect events or circumstances after the date of this document.

For further details please contact:**Maxim Novikov**

Head of Investor Relations

Tel.: +7 (495) 502-9783

e-mail: Maxim.Novikov@x5.ru**Andrey Vasin**

Investor Relations Officer

Tel.: +7 (495) 662-88-88 ext. 21-456

e-mail: Andrey.Vasin@x5.ru