

2020 Annual General Meeting of Shareholders of X5 Retail Group N.V.

The Supervisory Board and the Management Board of X5 Retail Group N.V. (the "Company" or "X5") invite the Company's shareholders (the "General Meeting") and holders of global depository receipts ("GDRs") to the Company's annual general meeting of shareholders to be held at Zuidplein 196, 1077 XV Amsterdam, The Netherlands at 11.00 am CET on **Tuesday 12 May 2020** (the "AGM").

Agenda

1. Opening
2. Report of the Management Board for the financial year 2019
3. Financial Statements, result and dividend for the financial year 2019
 - A. Remuneration Report (**voting item**)
 - B. Explanation of the Dividend Policy
 - C. Proposal to adopt the 2019 Financial Statements (**voting item**)
 - D. Proposal to determine the dividend over the financial year 2019 (**voting item**)
4. Discharge
 - A. Proposal for discharge from liability of the members of the Management Board (**voting item**)
 - B. Proposal for discharge from liability of the members of the Supervisory Board (**voting item**)
5. Remuneration of the Management Board: Amendment of the remuneration policy for members of the Management Board (**voting item**)
6. Composition of the Supervisory Board: Appointment of Marat Atnashev as member of the Supervisory Board (**voting item**)
7. Remuneration of the Supervisory Board
 - A. Amendment of the remuneration policy for members of the Supervisory Board (**voting item**)
 - B. Annual award of Restricted Stock Units to members of the Supervisory Board (**voting item**)
8. Shares:
 - A. Authorisation of the Management Board to issue new shares or grant rights to subscribe for shares, subject to the approval of the Supervisory Board (**voting item**)
 - B. Authorisation of the Management Board to restrict or exclude the pre-emptive rights upon issue of new shares or granting of rights to subscribe for shares, subject to the approval of the Supervisory Board (**voting item**)
 - C. Authorisation of the Management Board to resolve that the Company may acquire its own shares or GDRs (**voting item**)
9. Appointment of the external auditor for the financial year 2020 (**voting item**)
10. Any other business and conclusion

Record date

Persons with the right to vote and/or the right to attend the AGM are considered to be those persons who on **14 April 2020** after processing of all debit and credit entries up to and including that day (the "**Record Date**") are registered in one of the registers mentioned hereafter.

The Company's annual report for the financial year 2019 (the "**2019 Annual Report**"), which includes the Company's balance sheet and profit and loss account with the explanatory notes (the "**2019 Financial Statements**"), as well as a copy of the 2019 Remuneration Report and the Remuneration Policies of the Management Board and Supervisory Board, are available on the Company's website www.x5.ru and will also be deposited for inspection by the shareholders and other persons entitled to attend the AGM at the Company's offices in Amsterdam, The Netherlands and are available free of charge. Copies will also be available for inspection at the AGM.

The shareholders' register of the Company in Amsterdam, The Netherlands, has been designated as register to certify the shareholders entitled to vote on the shares. The shareholders identified as entitled to vote on the basis of the shareholders register of the Company on the Record Date may exercise their rights to vote and attend the AGM. These shareholders may also exercise their rights to vote and/or attend the AGM by a written proxy, in the English language, duly executed and legalised in accordance with the laws of the country where the proxy is issued. Proxy holders must present their written proxy at the AGM.

The register of GDR holders maintained by The Bank of New York Mellon (the "**Depository**") indicates the persons entitled to GDRs on the Record Date and entitled to give voting instructions to the Depository pursuant to Article 12 of the GDR Terms and Conditions. GDR holders may instruct the Depository with regard to the exercise of voting rights with respect to Deposited Shares (as defined in the GDR Terms and Conditions) by completing, signing and returning to the Depository the relevant voting documentation forwarded by the Depository to the GDR holders. The deadline for providing instructions to the Depository will be specified by the Depository in the information provided to GDR holders. The Depository will procure the exercise of voting instructions received from GDR holders by the relevant deadline in accordance with the GDR Terms and Conditions and the normal processes of the Depository.

GDR holders who wish to vote in person at the AGM will, on request, be granted an exclusive proxy to do so by the Depository. GDRs holder to whom such exclusive proxy have been granted must notify the Management Board of the Company of their intention to attend and vote at the AGM and must provide the Management Board with a copy of such proxy at least five (5) days prior to the AGM. GDR holders who intend to vote in this manner must provide sufficient proof of identification on admission to the AGM. In addition, if the exclusive proxy has been granted by the Depository to a GDR holder which is a legal entity, the person who represents such legal entity at the AGM must provide sufficient proof that he is duly authorised to do so by means of a statement from a local lawyer or notary admitted to practice in the jurisdiction of the GDR holder, duly executed and legalised in accordance with the laws of such jurisdiction.

Amsterdam, 19 March 2020

Stephan DuCharme
Chairman of the Supervisory Board

Igor Shekhterman
Chief Executive Officer

Explanatory Notes to the Agenda

2. Report of the Management Board for the financial year 2019

This agenda item includes an account of the financial year 2019, including the report of the Supervisory Board.

3. Financial Statements, result and dividend for the financial year 2019

A. Remuneration Report (voting item)

The Remuneration Report describes the implementation of the Remuneration Policy for the Management Board and the Supervisory Board in 2019, which is set out on pages 243- 253 of our 2019 Annual Report, and made available on the Company's website as a stand-alone document. The Remuneration Report is subject to an advisory vote in line with article 2:135b sub 2 of the Dutch Civil Code. It is proposed to the General Meeting to cast a favourable advisory vote.

B. Explanation of the Dividend Policy

In accordance with the Dutch Corporate Governance Code the policy on additions to reserves and on dividends is dealt with and explained as a separate agenda item.

The Company approved its dividend policy in 2017. The dividend policy is to target a payout ratio of at least 25% of the full year consolidated net profit in accordance with IFRS, provided the Company's financial position allows for it. When considering a proposal to pay dividends, the Supervisory Board shall be guided by a target consolidated net debt / EBITDA ratio of below 2.0x as per the end of the year for which the dividend is being proposed. For the year 2019, this policy has resulted in the proposal under agenda item 3D.

C. Proposal to adopt the 2019 Financial Statements (voting item)

It is proposed to the General Meeting to adopt the 2019 Financial Statements. The 2019 Financial Statements are included in the 2019 Annual Report which is deposited for inspection by the shareholders and other persons entitled to attend the AGM at the Company's offices in Amsterdam, The Netherlands. Copies of the 2019 Annual Report are available on-line on the Company's website, and will also be available for inspection at the AGM.

D. Proposal to determine the dividend over the financial year 2019 (voting item)

The Supervisory Board, in consultation with the Management Board, proposes which part of the profits will be added to the reserves. Within the scope of the dividend policy of the Company as discussed under agenda item 3B, the following proposal is made for the determination and distribution of dividend on global depositary receipts (GDRs).

It is proposed to the General Meeting to determine the dividend for the financial year 2019 at RUB 110.47 per GDR¹, representing 115,8% of consolidated net profit under IAS 17, or 153,8% under IFRS 16. The total dividend will amount to RUB 30,000 million, which includes an amount of RUB 10,493 million that will be paid from retained earnings under IFRS 16. The ex-dividend date is 28 May 2020; the record date is set at 29 May 2020. The dividend, if approved by the General Meeting, shall be paid to holders of GDRs by the Depositary in USD within 45 days from the date of the AGM in accordance with the dividend policy. The Depositary shall announce the final payment date for holders of GDRs upon the RUB/USD conversion date.

¹ Gross amount subject to taxes and fees

4. Discharge

A. Proposal for discharge from liability of the members of the Management Board (voting item)

It is proposed to the General Meeting to discharge the members of the Management Board in office in 2019 from all liability in relation to the exercise of their duties in the financial year 2019, to the extent that such exercise is apparent from the 2019 Financial Statements or other public disclosures prior to the adoption of the 2019 Financial Statements.

B. Proposal for discharge from liability of the members of the Supervisory Board (voting item)

It is proposed to the General Meeting to discharge the members of the Supervisory Board in office in 2019 from all liability in relation to the exercise of their duties in the financial year 2019, to the extent that such exercise is apparent from the 2019 Financial Statements or other public disclosures prior to the adoption of the 2019 Financial Statements.

5. Remuneration of the Management Board: Amendment of the remuneration policy for members of the Management Board (voting item)

The most recent adjustments of the Remuneration Policy for members of the Management Board was adopted by the General Meeting in 2018. The Supervisory Board, upon recommendation of the Nomination and Remuneration Committee, proposes to make certain adjustments to the current Remuneration Policy for members of the Management Board, to align it with article 2:135a sub 2 of the Dutch Civil Code. If adopted, these adjustments will be effective as per 1 January 2020. The Remuneration Policy can be found on the Company's website.

In the proposed Remuneration Policy no substantive changes were made to the current remuneration structure and elements. The adjustments reflect, inter alia, how the remuneration contributes to the Company's strategy of sustainable long-term value creation. Furthermore, the Remuneration Policy for members of the Management Board explains how the identity, mission and values of X5 have been taken into account. A description of certain key terms of the agreements with members of the Management Board, as well as a description of the decision-making process for adoption, revision or implementation of the Remuneration Policy and of the possibility for deviating from the policy, have been included.

6. Composition of the Supervisory Board: Appointment of Marat Atnashev as member of the Supervisory Board (voting item)

The Supervisory Board proposes to appoint Marat Atnashev as member of the Supervisory Board for a term ending on the day of the annual general meeting of shareholders to be held in 2023, which is the third year after the year of the appointment.

Marat Atnashev is currently the Director of Group Portfolio Management at CTF Consultancy Ltd. ("CTF"). Before that, from 2016 to 2019, Mr. Atnashev was Dean of the Moscow School of Management SKOLKOVO. From 2011 to 2015, he worked at EVRAZ plc. as Vice President, Major Projects, Head of the Iron Ore Division. From 2010 to 2011, Mr. Atnashev held a position of a Director of the Directorate of Major Projects at JSC Garzpromneft. From 2000 to 2010, he worked at TNK (from 2003 - TNK-BP) at various positions in supply chain management, finance and major project management.

Mr. Atnashev graduated with honors from the Energy Department of the State University of Management (SUM), Moscow, in 1999; in 2003, he became a PhD (Candidate) in Economics. Furthermore, he also holds

an MBA from INSEAD, France (2002). In 2008, he graduated from the BP Major Projects and Engineering academy, MIT (USA) and in 2016 received an MPA from Harvard Kennedy School (USA).

He is a member of the Board of Directors of Management Company “Rosvodokanal”, a member of the Supervisory Board of A1 Investment Holding S.A., a member of the Board of Directors of ABH Holdings S.A., a member of the Board of Directors of Alfa Bank (Russia) and a member of “AlfaStrakhovanie” PLC.

Mr. Atnashev will be succeeding Mr. Elinson who will not be available for re-appointment by the AGM. Subject to his appointment, Mr. Atnashev will replace Mr. Elinson as member of the Audit and Risk Committee and Nomination and Remuneration Committee.

Marat Atnashev has no shareholding in the Company.

Starting 2020 the Supervisory Board unanimously resolved to reduce the term of (re-)appointment for Supervisory Board members to a maximum of three years, to promote agility and diversity, and to create more flexibility in view of rapidly changing skill requirements at Supervisory Board level.

7. Remuneration of the Supervisory Board

A. Amendment of the remuneration policy for members of the Supervisory Board (voting item)

The Supervisory Board proposes to adjust the Remuneration Policy to align it with article 2:135a sub 2 of the Dutch Civil Code, which can be found on the Company’s website. In the adjusted Remuneration Policy no substantive changes were made to the current principles underlying the Supervisory Board remuneration as last amended in 2019. The adjustments reflect, inter alia, how the remuneration contributes to the Company’s strategy of sustainable long-term value creation.

B. Annual award of Restricted Stock Units to members of the Supervisory Board (tranche 11) (voting item)

For 2020, it is proposed to the General Meeting that the Supervisory Directors Stephan DuCharme, Petr Demchenkov, Geoff King, Mikhail Kuchment, Karl-Heinz Holland, Nadia Shouraboura and Alexander Torbakhov shall be awarded a number of RSUs with award date 19 May 2020, equal to 100% of the gross annual remuneration of the relevant Supervisory Director in 2020, divided by the average market value of one GDR as of 19 May 2020.

Under the rules of the RSU plan, the average market value is defined as the volume weighted average price of a GDR over the thirty calendar days immediately preceding 19 May 2019. The volume weighted average price is calculated using the closing price of a GDR taken from the Official List of the London Stock Exchange.

The awarded RSUs will vest on 19 May 2023, followed by a lock-in period ending on 19 May 2025. Each award is subject to forfeiture rules depending on the relevant Supervisory Director’s term of office during the period until the date of vesting.

8. Shares

A. Authorisation of the Management Board to issue new shares or grant rights to subscribe for shares, subject to the approval of the Supervisory Board (voting item)

It is proposed to the General Meeting to authorize the Management Board for a period of 18 months from the date of this AGM, i.e. until and including 12 November 2021, to issue shares or grant rights to subscribe for shares, subject to the approval of the Supervisory Board. The authority to issue shares or to grant rights to acquire shares is intended for the issue of shares or the granting of rights to subscribe for shares in respect of

the Company's share-based compensation plans and to provide the possibility to react in a timely and flexible manner in respect of the financing of the Company. Resolutions to issue shares or grant rights to subscribe for shares are subject to Supervisory Board approval. This proposal is made in accordance with article 6 paragraph 1 of the Articles of Association and article 2:96 of the Dutch Civil Code. In accordance with current corporate governance practices the proposal is limited to a period of 18 months from the date of this AGM, i.e. until and including 12 November 2021, and to a maximum of 10% of the issued share capital. This authorisation also applies to the issue of new GDRs, or rights to subscribe for new GDRs. One GDR represents 0.25 share of the Company. When this authorization shall be approved, the current authorization shall no longer be utilized.

B. Authorisation of the Management Board to restrict or exclude the pre-emptive rights upon issue of new shares or granting of rights to subscribe for shares, subject to the approval of the Supervisory Board (voting item)

It is proposed to the General Meeting to authorize the Management Board for a period of 18 months from the date of this AGM, i.e. until and including 12 November 2021, to restrict or exclude, subject to the approval of the Supervisory Board, pre-emptive rights in relation to the issue of shares or the granting of rights to subscribe for shares. This proposal is made in accordance with article 7 paragraph 3 of the Articles of Association and article 2:96a of the Dutch Civil Code. In accordance with the proposal under agenda item 9, this proposal is limited to a period of 18 months from the date of this AGM and until and including 12 November 2021. Pursuant to the Articles of Association, if less than 50% of the issued and outstanding capital is represented, this proposal can only be adopted by a majority of at least two-thirds of the votes cast. If 50% or more of the issued and outstanding capital is represented, a simple majority is sufficient to adopt this proposal. When this authorization shall be approved, the current authorization shall no longer be utilized.

C. Authorisation of the Management Board to resolve that the Company may acquire its own shares or GDRs (voting item)

The General Meeting is requested, in accordance with article 9 paragraph 3 of the Articles of Association, to authorise the Management Board for a period of 18 months as of the date of the AGM, i.e. until and including 12 November 2021, to cause the Company to purchase, for general corporate purposes and/or to cover obligations under the Company's restricted stock unit plan, shares or GDRs in the Company's own capital, representing up to 10% of the issued share capital of the Company as at the date of the AGM (for the avoidance of doubt, the 'issued share capital of the Company' includes issued shares and/or GDRs yet owned by the Company (directly or indirectly) in its own capital). GDRs may be acquired at the stock exchange or otherwise, at a price between par value and 110% of the opening price at the London Stock Exchange at the date of the acquisition.

The Supervisory Board has resolved, in accordance with article 17 paragraph 3 of the Articles of Association and subject to the above authorisation by the General Meeting to the Management Board, that in case the amount of Company's own issued share capital or GDRs being purchased reaches a level of more than 5% of the Company's own issued share capital as at the date of the AGM (for the avoidance of doubt, the 'issued share capital of the Company' includes issued shares and/or GDRs yet owned by the Company (directly or indirectly) in its own capital), the Management Board shall obtain Supervisory Board approval before proceeding with such purchase.

The Company may only acquire its own fully paid up shares or GDRs, provided that the part of the Company's net assets which exceeds the aggregate of the issued share capital and the reserves which must be maintained by virtue of the law, is at least equal to the purchase price for the Company's own shares.

9. Appointment of the external auditor for the financial year 2020 (voting item)

In 2019 the Audit and Risk Committee conducted its annual assessment of the functioning and independence of the external auditor. The Supervisory Board, as per the recommendation of the Audit and Risk Committee following the assessment, proposes to re-appoint Ernst & Young Accountants LLP as the Company's external auditor for the financial year 2020.