



VOENTORG AND X5 LAUNCH A JOINT PROJECT

Moscow, 21 August 2014 – OJSC Voentorg and X5 Retail Group N.V., one of the leading Russian food retailers, announce the launch of a joint project, a **VoentorgPyaterochka**-branded retail chain. The project is intended to improve the living environment for the military and their families and is set to be rolled out at Voentorg's retail facilities, which are located in close proximity to where the military and their families live.

According to the memorandum signed on 20 August, the first stage of the project will include the opening of 5–7 VoentorgPyaterochka stores in Moscow and Moscow Region by the end of November 2014. Over 100 similar stores are slated for opening in Moscow and the Central Federal District in 2015. The average sales floor of the new stores would total 350 sq m, while the product mix would embrace approximately 4,000 items with food products accounting for 75% of the mix. Voentorg will be in charge of the stores operations management with the entire project based on the reverse franchising model developed by X5 Retail Group within the nationwide Pyaterochka retail chain.

The project also provides for the sales of private label items under the Russian Army umbrella brand in both joint project and regular Pyaterochka stores.

Previously, Voentorg and Pyaterochka retail chain had only collaborated on some charity projects. For example, this May the trading companies jointly sponsored a campaign on occasion of the Great Patriotic War Victory Day. On 6–9 May, Voentorg and Pyaterochka officers presented commemorative gift sets to over 400 veterans gathered around festive tables in Moscow, Moscow and Tula Regions for receptions and shows organised by non-government veteran associations. The first joint event was held on 6 May at the headquarters of the Committee for the National Russian Public Organisation of War and Military Service Veterans in Moscow. General Mikhail Moiseev, the Committee Chair, Vladimir Tobolnov, First Deputy General Director at Voentorg, and Igor Pletnev, Director for Development at Pyaterochka, were all among the speakers at the ceremony.

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Note to Editors:

X5 Retail Group N.V. (LSE: FIVE, Moody's - "B2", S&P - "B+") is a leading Russian food retailer. The Company operates several retail formats: the chain of economy class stores under the Pyaterochka brand, the supermarket chain under the Perekrestok brand, the hypermarket chain under the Karusel brand, Express convenience stores under various brands and the online retail channel under the E5.RU brand.

At 30 June 2014, X5 had 4,779 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 4,128 Pyaterochka economy-class stores, 387 Perekrestok supermarkets, 81 Karusel hypermarkets and 183 Express stores. The Company operates 30 DCs and 1,622 Company-owned trucks across the Russian Federation.

For the full year 2013, revenue totaled RUB 534,560 mln, EBITDA reached RUB 38,350 mln, and net income amounted to RUB 10,984 mln. In H1 2014, revenue totaled RUB 299,746 mln, EBITDA reached RUB 21,194 mln, and net income amounted to RUB 6,449 mln.

X5's Shareholder structure is as follows: Alfa Group – 47.86%, founders of Pyaterochka – 14.43%, X5 Directors – 0.03%, treasury shares – 0.03%, free float – 37.65%.

OJSC Voentorg subholding company consists of five subsidiaries which provide and oversee services to the Russian Defence Ministry across the country, from Kamchatka to Kaliningrad and from the archipelago of Novaya Zemlya to the North Caucasus.

The company's assets include:

- over 1,500 retail and food facilities, such as stores, cafeterias, canteens and tea shops;
- service centres;
- tailor and mending shops.

OJSC Voentorg field minimarkets are set up ad hoc on occasion of large scale events held by the Russian Armed Forces, including the 2014 and 2013 Tank Biathlon World Championships, the Defence Ministry's "Military service contract – your choice!" campaign, 2014 Naval Derby, 2013 Peace Mission Russian-Chinese joint military exercise, 2013 West Russian-Belarusian joint military exercise, etc.