

PYATEROCHKA AWARDED FOR STRONG SME SUPPORT

Moscow, 8 July 2014 – X5 Retail Group N.V., (“X5” or the “Company”), a leading Russian food retailer, announced today that the Pyaterochka retail chain has won the Basis for Growth award, getting the strong SME support prize in the Franchising category.

The Basis for Growth national award is granted yearly for remarkable achievements in supporting Russian SMEs, with the efforts of the nominees winning recognition by the public and business community. Besides the Pyaterochka retail chain, the Basis for Growth – 2014 award winners include Alfa-Bank, Aeroflot – Russian Airlines, DHL Express, Kaspersky Lab and others. The event is supported by the Ministry of Economic Development of Russia and the Russian Union of Industrialists and Entrepreneurs.

X5 Retail Group's reverse franchising model, which is unique for retail chains, was introduced in 2009 and has since been actively developed. The model is currently employed in operation of 58 Pyaterochka stores in Moscow, the Moscow Region and across Russia.

Securing the support of one of the nation's leading retailers when entering the market gives Pyaterochka's partners a competitive edge and sustainable profits. This model allows businessmen who partner Pyaterochka to significantly reduce their start-up risks and costs. The partners get a turnkey business with comprehensive opening and maintenance support across all operations, including refurbishment, equipment, IT solutions, staff training, etc. On top of that, the chain supplies its partners with products to sell, the centralised logistics system, and free marketing and advertising support. It was the franchising programme that allowed Pyaterochka to enter the Sochi market last month, with two stores opened on the basis of the reverse franchising model.

Last month, the Pyaterochka retail chain, recognised by the business community and market experts, ranked second in the Top 100 Franchises of Russia – 2014, a ranking compiled by the BeBoss.ru business portal. In 2012, Pyaterochka won the Golden Brand national franchising prize as the Franchiser of the Year, being the fastest-growing brand in the business. For further information please contact:

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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 31 March 2014, X5 had 4,618 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 3,966 Pyaterochka economy-class stores, 384 Perekrestok supermarkets, 81 Karusel hypermarkets and 187 Express stores. The Company operates 32 DCs and 1,690 Company-owned trucks across the Russian Federation.

For the full year 2013, revenue totaled RUR 534,560 mln, EBITDA reached RUR 38,350 mln, and net income amounted to RUR 10,984 mln. In Q1 2014, revenue totaled RUR 144,167 mln, EBITDA reached RUR 9,796 mln, and net income amounted to RUR 2,469 mln.

X5's Shareholder structure is as follows: Alfa Group – 47.86%, founders of Pyaterochka – 14.43%, X5 Directors – 0.02%, treasury shares – 0.08%, free float – 37.61%.