

X5 OPENS NEW DISTRIBUTION CENTRE IN SOUTHERN RUSSIA

Rostov-on-Don, 12 September 2014 – X5 Retail Group N.V. (“X5” or the “Company”), a leading Russian food retailer (LSE ticker: “FIVE”), announced today the expansion of its warehouse facilities in the south of Russia. The opening ceremony of Rostov DC, a new Class A distribution centre, was held today in the Aksaisk District of the Rostov Region. The new distribution centre is on the list of the 100 Governor's Investment Projects of the Rostov Region.

The opening ceremony was attended by Alexander Levchenko, chief officer of the local Ministry of Economic Development, and other representatives of Rostov regional government and Chamber of Commerce and Industry, Russian Federal Service for Surveillance on Consumer Rights Protection and Human Wellbeing (Rospotrebnadzor), Federal Service for Veterinary and Phytosanitary Surveillance (Rosselkhoz nadzor). X5 was represented by Sergei Bakumov, Executive Director for Corporate Services of X5 Retail Group, Olga Naumova, General Director of Pyaterochka, Valeria Solok, Property Director for Hypermarkets and Supermarkets of X5 Retail Group, Gennady Taran, Director of Pyaterochka’s Southern Division, and other senior managers. Over 20 leading X5 suppliers operating in the south of Russia were also in attendance.

With an area of 30,200 sq m, the DC is capable of loading cargo to up to 260 vehicles a day. The facility consists of three warehousing blocks: dry, low temperature and temperature controlled. The DC provides employment to about 600 people and will serve the Pyaterochka chain, which is rapidly expanding across the region and is looking for additional storage capacity. As of 30 June, Pyaterochka’s coverage in the south of Russia was 243 stores in the Rostov, Krasnodar and Stavropol regions, and the number of new stores is growing steadily. Following the launch of Rostov DC, Pyaterochka will enjoy greater centralisation of the supplier-to-store product delivery, contributing to a better product mix offered to consumers.

Rostov DC is X5’s second distribution centre in the south of Russia. Previously, the Company relied on its Don DC with an area of 15,700 sq m, also located in the Aksaisk District. Don DC will continue its operations, focusing on the chain stores of Perekrestok (ten stores in the Rostov Region and ten stores in the Krasnodar Region) and Karusel (four stores in the Volgograd Region and one store in Sochi).

The project to unbundle logistics flows of the X5 businesses was launched back in 2013. With dedicated DCs in place, each chain will benefit from highly centralized product traffic, better efficiency of cargo deliveries, and optimal product mix across the stores. The logistics flows of the X5 chains are expected to be completely independent in 2015.

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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%.