

X5 DEVELOPS COOPERATION PROGRAMME FOR RETAIL SPACE TENANTS

Moscow, 3 June 2015. – X5 Retail Group, a leading Russian food retailer, announced today new win-win cooperation terms for tenants of Pyaterochka stores retail space. Planeta Zdorovya pharmacy chain is the first to enjoy the benefits of the new partnership model. According to a letter of intent signed by the Pyaterochka and Planeta Zdorovya representatives, 150 Planeta Zdorovya pharmacies are planned to be opened at Pyaterochka stores in various Russian regions.

Planeta Zdorovya pharmacies will be located both outside the cash desks and inside Pyaterochka's shopping area (shop-in-shop concept). Outlets outside of the shopping area will be subject to a differentiated lease rate system, with rates calculated based on traffic and the outlet's area. As for shop-in-shop pharmacies, their lease payments will be determined not only by traffic but also by conversion, i.e. the ratio of the number of purchases in the partner's outlet to that in the main shop.

Differential rates will help support small and medium-sized enterprises thanks to a transparent calculation system and streamlined lease agreement processes. For outlets expanding into new regions, the model will reduce the risk of going out of business thanks to attractive lease rates, while at the same time improving scalability against the federal chain. The company plans to implement this lease payment calculation system for other tenants that are going to open at least 20 points of sale.

In addition, tenants adding shop-in-shop stores and demonstrating strong performance results will get free ad spots and store navigation perquisites from Pyaterochka.

Today, pharmacies operate at 633 Pyaterochka proximity stores (211 of which operate under the shop-in-shop model), accounting for 12% of the entire chain. This cooperation programme ensures synergy between the chain and the tenants in the process of increasing traffic and conversion, at the same time providing customers with additional services. The shop-in-shop model also allows the pharmacies inside Pyaterochka stores to offer minimum price markups. Other businesses operating under Pyaterochka's shop-in-shop model include repairs and everyday services kiosks, kids stores, mobile phone stores, bakers, butchers and farming goods corners.

Note to Editors:

X5 Retail Group N.V. (LSE: FIVE, Fitch – ‘BB’, Moody's – ‘B1’, 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 March 2015, X5 had 5,639 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 4,958 Pyaterochka proximity stores, 405 Perekrestok supermarkets, 83 Karusel hypermarkets and 193 convenience stores. The Company operates 33 DCs and 1,407 Company-owned trucks across the Russian Federation.

For the full year 2014, revenue totaled RUB 633,873 mln (USD 16,498 mln), EBITDA reached RUB 45,860 mln (USD 1,194 mln), and profit for the period amounted to RUB 12,691 mln (USD 330 mln).

X5's Shareholder structure is as follows: Alfa Group – 47.86%, founders of Pyaterochka – 14.43%, X5 Directors – 0.04%, treasury shares – 0.04%, free float – 37.63%.

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