

2015 Annual General Meeting of Shareholders of X5 Retail Group N.V.

The Management Board of X5 Retail Group N.V. (the "Company" or "X5") invites 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 Parkstraat 20, 2514 JK The Hague, The Netherlands at 11.00 am CET on **7 May 2015** (the "AGM").

Agenda

1. Opening
2. Report of the Management Board for the financial year 2014
3. Financial Statements for the financial year 2014
 - a. Remuneration Policy
 - b. Explanation of policy on additions to reserves and payment of dividends
 - c. Determination of the allocation of the profits earned in the financial year 2014 (**voting item**)
 - d. Adoption of the Financial Statements for the financial year 2014 (**voting item**)
4. Discharge from liability of the members of the Management Board (**voting item**)
5. Discharge from liability of the members of the Supervisory Board (**voting item**)
6. Composition of the Management Board:
Re-appointment of Mr. F.M. Lhoëst as member of the Management Board (**voting item**)
7. Composition of the Supervisory Board:
 - A. Appointment of Mr. G. King as member of the Supervisory Board (**voting item**)
 - B. Appointment of Mr. P.W. Demchenkov as member of the Supervisory Board (**voting item**)
8. Amendment of the Remuneration Policy for Management Board and Executive Committee (**voting item**)
9. Remuneration of the Supervisory Board (**voting item**)
10. Authorisation of the Management Board to issue new shares or grant rights to acquire shares, subject to the approval of the Supervisory Board (**voting item**)
11. Authorisation of the Management Board to restrict or exclude the pre-emptive rights upon issue of new shares or granting of rights to acquire shares, subject to the approval of the Supervisory Board (**voting item**)
12. Authorisation of the Management Board to resolve that the Company may acquire its own shares or GDRs (**voting item**)
13. Amendment of the Company's Articles of Association (**voting item**)

14. Appointment of the external auditor for the financial year 2015 (**voting item**)

15. 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 **9 April 2015** 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 2014 (the "2014 Annual Report"), which includes the Company's balance sheet and profit and loss account with the explanatory notes (the "2014 Financial Statements"), as well as a copy of the proposed amendment of the Articles of Association, 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 "Depositary") indicates the persons entitled to GDRs on the Record Date and entitled to give voting instructions to the Depositary pursuant to Article 12 of the GDR Terms and Conditions. GDR holders may instruct the Depositary 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 Depositary the relevant voting documentation forwarded by the Depositary to the GDR holders. The deadline for providing instructions to the Depositary will be specified by the Depositary in the information provided to GDR holders. The Depositary 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 Depositary.

Alternatively, GDR holders who wish to vote in person at the AGM will, on request, be granted an exclusive proxy to do so by the Depositary. A GDR holder to whom such exclusive proxy has 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 Depositary 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, 26 March 2015

The Management Board

Explanatory Notes to the Agenda

2. Report of the Management Board for the financial year 2014

This agenda item includes an account of the financial year 2014, including the report of the Supervisory Board.

3a. Remuneration Policy

In accordance with article 2:135 paragraph 5a of the Dutch Civil Code the Remuneration Policy is dealt with and explained as a separate agenda item. The Remuneration Policy for the members of the Management Board has been approved at the Annual General Meeting of Shareholders on 29 April, 2013. The proposed amendment of the Remuneration Policy for the year 2015 and beyond is described under agenda item 8.

3b. Explanation of policy on additions to reserves and payment of dividends

The Management Board will give an explanation to the General Meeting of the dividend and reservation policy of the Company.

3c. Determination of the allocation of the profits earned in the financial year 2014 (voting item)

The Supervisory Board proposes to the General Meeting to transfer the result for the financial year 2014 to the other reserves of the Company.

3d. Adoption of the Financial Statements for the financial year 2014 (voting item)

It is proposed to the General Meeting to adopt the 2014 Financial Statements. The 2014 Financial Statements are included in the 2014 Annual Report which is deposited for inspection by the shareholders and other persons entitled to attend the AGM at the Company's offices in The Hague, The Netherlands. Copies of the 2014 Annual Report are available on-line on the Company's website, and will also be available for inspection at the AGM.

4. 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 2014 from all liability in relation to the exercise of their duties in the financial year 2014, to the extent that such exercise is apparent from the 2014 Financial Statements or other public disclosures prior to the adoption of the 2014 Financial Statements.

5. 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 2014 from all liability in relation to the exercise of their duties in the financial year 2014, to the extent that such exercise is apparent from the 2014 Financial Statements or other public disclosures prior to the adoption of the 2014 Financial Statements.

6. Composition of the Management Board: re-appointment of Mr. F.M. Lhoëst as member of the Management Board and Company Secretary (voting item)

The Supervisory Board proposes to re-appoint Mr. Frank Lhoëst as member of the Management Board and Company Secretary for another four-year period ending on the day of the annual general meeting of shareholders to be held in 2019.

Frank Lhoëst (9 March 1962), a Dutch national, was appointed as Company Secretary and member of the Management Board of X5 on 5 November 2007, and re-appointed for a second term in 2011. Previously, Mr. Lhoëst has held several positions at Intertrust Group, from account manager in the Netherlands Antilles to



founder and director of the Intertrust office in Vienna, Austria. In 2002, Mr. Lhoëst established the Intellectual Property Group of Intertrust in the Netherlands. Mr. Lhoëst graduated from the Leiden University with a degree in Law.

Mr. Lhoëst's remuneration shall be determined by the Supervisory Board within the scope of the Company's remuneration policy adopted by the General Meeting. In accordance with provision II.2.14 of the Dutch Corporate Governance Code the main elements of Mr. Lhoëst's contract with the Company are available on the Company's website www.x5.ru.

7. Composition of the Supervisory Board

7A. Appointment of Mr. Geoff King as member of the Supervisory Board (voting item)

The Supervisory Board proposes to appoint Mr. King as member of the Supervisory Board for a term ending on the day of the annual general meeting of shareholders to be held in 2019, which is the fourth year after the year of the appointment.

Geoffrey King (6 July 1965) is a British national. He has extensive financial and retail experience, including almost 22 years at Tesco PLC where he held various finance positions, including CFO for Tesco Ireland, Tesco International and Tesco Poland. More recently he was the Group CFO of Maxis Communications Berhad, a major telecoms operator in Malaysia and India, and for the past ten months has been an advisor to the X5 CEO whilst picking up a detailed understanding of the Company's activities.

The Supervisory Board recommends to appoint Mr. King in view of his proven track record in the food retail industry, and his knowledge and experience in reporting, disclosure and communication matters in listed companies. Mr. King has no shareholding in the Company.

7B. Appointment of Mr. Peter Demchenkov as member of the Supervisory Board (voting item)

The Supervisory Board proposes to appoint Mr. Demchenkov as member of the Supervisory Board for a term ending on the day of the annual general meeting of shareholders to be held in 2019, which is the fourth year after the year of the appointment.

Peter Demchenkov (28 September 1973), a Russian national, is CEO of ALIDI, a leading provider of distribution and logistics services in Russia. From 2004 to 2005 he was Development Director of the Investment bank CIT Finance, and from 1997 to 2004 Peter worked in Procter & Gamble's Business Development Department in Eastern Europe. Peter graduated from the St-Petersburg Polytechnical University with a degree in Technical Cybernetics.

The Supervisory Board recommends to appoint Mr. Demchenkov in view of his broad experience in the FMCG industry in Russia, in particular in the fields of logistics and distribution. Mr. Demchenkov has no shareholding in the Company.

As per the date of the AGM Mr. David Gould, Mr. Alexander Tynkovan and Mr. Alexander Malis will step down from the Supervisory Board. Subject to the appointment of Mr. Geoff King and Mr. Peter Demchenkov, the Supervisory Board shall be composed of 7 members. Going forward, the Supervisory Board may nominate additional candidate board members to strengthen its independence and expertise.

8. Amendment of the Remuneration Policy for Management Board and Executive Committee

In order to enhance the link between executive remuneration and the Company's performance, in support of the Company's strategic plan approved in 2014, it is proposed to substitute the current deferred cash incentive plan by an annual cash incentive and a cash-based long-term incentive plan, both effective as per 1 January 2015.

Annual Cash Incentive Plan

The annual incentive for members of the Management Board and Executive Committee rewards both quantitative financial indicators and individual targets. The on-target pay-out as a percentage of base salary is 100%, contingent on full achievement of the objectives, with a cap at 140% in case of exceptional performance.

The Supervisory Board sets the annual incentive targets -and their weight- at the beginning of each financial year, as well as performance ranges, i.e. the value below which no pay-out will be made (the threshold), the on-target value and the maximum pay-out level. The quantitative financial indicators include net sales and EBITDA. The individual targets include targets related to divisional performance, mission-related or key project-related targets, as well as qualitative behavioral targets.

Both the financial and individual performance measures are considered success factors for the Company in the short term, while also contributing to the achievement of the long-term objectives of the Company. X5 does not disclose the actual targets set, or the required performance levels, as this qualifies as commercially sensitive information.

Cash-Based Long-Term Incentive Plan

The long-term incentive plan is a plan in two stages of consecutively three (2015-2017) and two (2018-2019) years. The plan awards the Company's senior executives and other key employees for the achievement of ambitious goals during each applicable performance cycle. These goals reflect the Company's strategic direction approved in 2014. The primary indicator considered by the Supervisory Board for this incentive program is based on the relative performance of specific revenue targets, with an EBITDA threshold in each performance cycle.

For each stage the size of the long-term incentive pool is determined as a percentage of EBITDA. Cash awards under the long-term incentive plan are payable upon achievement of the targets set for each stage, subject to employment with the group and approval of the Supervisory Board. The size of individual cash awards in each relevant stage is based on the total annual remuneration of the participant at the beginning of the stage, and a performance rate reflecting the level of individual performance under the annual cash incentive plan.

Scenario analyses are prepared regularly to estimate possible future pay-out levels. These analyses are included in the annual evaluation of the Remuneration Policy performed by the Nomination and Remuneration Committee.

All other features of the Remuneration Policy remain unchanged.

9. Remuneration of the Supervisory Board (voting item)

Extraordinary compensation

Subject to approval of the General Meeting of Shareholders, the Supervisory Board proposes that the following Supervisory Board members each receive an additional compensation for extraordinary time and efforts spent on key strategic projects in relation to the Company's ongoing transition during 2014.

Extraordinary compensation overview for members of the Supervisory Board (in USD):

	Remuneration
Alexander Tynkovan	150,000
Igor Shekhterman	150,000
Pawel Musial	420,000

Annual grant of Restricted Stock Units to independent members of the Supervisory Board

It is proposed to the General Meeting that under the Restricted Stock Unit Plan, the independent Supervisory Directors Christian Couvreur, Igor Shekhterman, Pawel Musial, Geoff King and Peter Demchenkov shall be granted a number of Restricted Stock Units (RSUs) with award date 19 May 2016, equal to 100% of the gross annual remuneration -excluding extraordinary compensation- of the relevant Supervisory Director, divided by the average market value of one GDR as of 19 May 2015. Under the rules of the 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 2015. 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 award is subject to the relevant Supervisory Director holding office during the period until the award date. The awarded RSUs will vest on 19 May 2018, followed by a lock-in period ending on 19 May 2020.

10. Authorisation to issue shares (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 7 November 2016, to issue shares or grant rights to acquire 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 acquire 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 acquire 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 7 November 2016, 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.

11. Authorisation to restrict or exclude pre-emptive rights (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 7 November 2016, 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 acquire 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 10, this proposal is limited to a period of 18 months from the date of this AGM and until and including 7 November 2016. 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.

12. Authorisation to acquire shares (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, until 7 November 2016, to cause the Company to purchase, for general corporate purposes, 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), at or below the market price of the GDRs (as being traded at London Stock Exchange) when such purchase is being executed.

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.

13. Amendment of the Company's Articles of Association (voting item)

The proposed amendment of the Articles of Association mainly consists of references to the Company's internal rules for the Management Board and the Supervisory Board.

The Supervisory Board has granted its approval for the amendment of the Articles of Association.

The General Meeting is requested to approve the proposed amendments. The existing text of the Articles of Association with the proposed amendments is published on the Company's website (www.x5.ru) and is available for inspection at the offices of the Company until the AGM is held.

The resolution to amend the Articles of Association also includes the authorization of each Director of the Company as well as any and all lawyers and paralegals practicing with Hogan Lovells LLP in Amsterdam to execute the notarial deed of amendment to the Articles of Association.

14. Appointment of the external auditor for the financial year 2014 (voting item)

The Supervisory Board proposes to re-appoint PricewaterhouseCoopers as the Company's external auditor for the financial year 2015.