

REPORT OF THE BOARD OF DIRECTORS OF Etn. Fr. COLRUYT N.V. OF 18 JUNE 2015 TO THE EXTRAORDINARY GENERAL MEETING OF SHAREHOLDERS OF 12 OCTOBER 2015

(Translation for your information; only the Dutch version is legally binding)

Subject:

- Authorised capital - renewal

Etn. Fr. Colruyt NV is a publicly listed company; hence it needs to take account of the fluctuating nature of the financial markets surrounding it and must be able to respond very quickly, since the circumstances and the conditions on the various markets can vary from one day to the next, or indeed from one hour to the next.

Under the given circumstances it is very difficult, if not impossible to respond via a general meeting, for this meeting needs to be convened through a publication procedure to be started at least 30 days in advance; if the quorum is not met, the procedure has to be started all over again, which means that in the end, more than a month and a half may have gone by since the date of the first notice of meeting.

Therefore the Board of Directors asks you to enable it to respond to opportunities whenever appropriate and whenever necessary; the Board is in particular thinking of stock market conditions favouring the issuing of shares; market conditions favouring the issuing of convertible bonds or bonds with subscription rights or other securities, whenever the Board of Director deems it necessary or appropriate to attract outside capital; opportunities to enter into a partnership with any party willing to acquire new shares, directly or through a structure with warrants, options etc. ; and last but not least and certainly of equal importance, the hypothesis of a public bid or of the threat of a public bid.

Stock market events in the past have shown that the independence of a company can only be guaranteed if more than half of the shares and voting rights are in the hands of a stable management.

The Board of Directors of the Etn. Fr. Colruyt NV is of the opinion that it can never be in the interests of a company like Colruyt – of which the management, the direction and the majority shareholders have a very long tradition in the company and are very close to the reality of every day and to the personnel members at every level – to have the company switch over to an entirely different kind of management in an abrupt and hostile manner and against the will of the current direction.

Practice has not only shown that such a struggle in the highest decision-making bodies of the company can take months, but also that it claims the full attention of these decision-making bodies; and not only on a purely rational level, it also claims someone's whole personality emotionally speaking. If the attention of the management is focused on a phenomenon that in itself is unproductive, this can and will cause irreparable damage to the company.

Moreover practice has demonstrated that usually also the smallest shareholder will suffer from such strategic struggles, as the crucial information about the moves and countermoves made is only accessible to a limited group of people.

This will also have adverse effects on management as well as on the personnel and – as these matters often receive negative publicity – on the customers who are left in suspense. Especially for a distribution firm that lives by the – not always rational – choice of the public day by day, this may have an adverse effect on the continued existence of the company.

For all these reasons the Board of Directors considers it its duty to avoid hazardous situations concerning the ownership of shares.

This does however not mean that the Board of Directors de facto rejects every transfer, take-over or change at the level of the direction, the management or at any other level. Such a change can be in the interests of the company if it comes about in an atmosphere of serenity, in which the underlying economic factors mentioned above receive more attention than the rivalry and hostility between two groups, the victims of which will be the company in the first instance and in general the shareholders in the second instance. Moreover, only in such a serene atmosphere is the Board of Directors able to guarantee an equal treatment of all the shareholders.

For the above reasons the Board of Directors wishes to make use of the legal means available, in particular with regard to the authorised capital.


The Board of Directors suggests raising the amount with which it is authorised to increase the share capital to 274.000.000 EUR.

The Board of Directors also asks the General Meeting of Shareholders to approve the renewal of the power of the Board of Directors to increase the share capital within the framework of the authorised capital, for a term of 3 years as from the date of the Extraordinary General Meeting deciding thereupon (probable 12/10/2015).

Finally, the Board of Directors suggests to renew the authorisation of the Board of Directors to increase the subscribed capital by virtue of article 6 of the articles of association, under the conditions set forth in article 607, par. 2 of the Companies Code – as of the time the company has been notified by the Banking, Finance and Insurance Commission of a public take-over bid on the securities of the company. The authorisation is granted for a term of three years as from the date of the Extraordinary General Meeting deciding thereupon.

Halle, 18/06/2015

The Board of Directors,



Jef Colruyt
Director



Frans Colruyt
Director