

**REPORT OF THE BOARD OF DIRECTORS OF ETN. FR. COLRUYT NV OF 14 JUNE 2018 TO
THE EXTRAORDINARY GENERAL MEETING OF SHAREHOLDERS OF 10 OCTOBER 2018**

(Only the Dutch text is officially valid)

Subject:

- Waiver of the pre-emptive right in application of article 596 of the Companies Code.

- Capital increase reserved for the employees of the Colruyt Group pursuant to article 609 of the Companies Code.

- Justification of the issue of new Colruyt shares and of the deviation from the pre-emptive right.

Every year since 1987, employees of Colruyt Group have been given the opportunity to subscribe to a capital increase of Etn. Fr. Colruyt NV.

Each time such a capital increase without pre-emptive right was carried out, the Board of Directors pointed out one of its main objectives, i.e. to in time create a large group of employee-shareholders in the capital structure of Etn. Fr. Colruyt NV and thus to closely involve them in the corporate life of the company and Colruyt Group.

The capital increases made in this perspective over the last few years have demonstrated that there is a considerable interest for this among the employees.

In accordance with article 609, par. 2, 4° of the Companies Code, the new shares may be issued at an issue price that may be a maximum of 20 % less than the current price for these shares.

Employees who subscribe to new shares in the framework of the capital increase reserved for employees of Colruyt Group qualify for a "tax credit for subscription to and payments for purchasing employers' shares" (cf. pension savings schemes under the former Monory bis system). The tax credit for the acquisition of employers' shares amounts to 30% with a maximum of EUR 770 (income year 2018, tax assessment year 2019). Every employee can opt for the application of either the tax credit for employer's shares or the tax credit for bank-managed pension savings funds. Combining both is not allowed.

As a result of the proposed capital increase the number of shares may be increased by a maximum of 1.000.000 raising the number from 150.196.352 to 151.196.352 which means a maximum dilution of 0,666%.

Taking into account the identical capital increases undertaken from 1987 to now, this brings the total dilution for all similar operations together to 15,21%.

The financial dilution from a maximum of 1.000.000 shares to be issued is the difference between the average stock market price over the last 30 days prior to the Extraordinary General Meeting of 10 October 2018 and the issue price. The amount of

the dilution and percentage per share shall be determined at the Extraordinary General Meeting of 10 October 2018.

Taking all this into account, it has been proposed to the Extraordinary General Meeting of Shareholders of 10 October 2018 to proceed to an increase of the capital of Etn. Fr. Colruyt NV under the regime of art. 609 of the Companies Code, under the conditions stated hereinafter. This capital increase is reserved solely for employees of Colruyt Group.

- Conditions

a. Issue of a maximum of 1,000,000 new registered shares without mention of nominal value; these shares may not be transferred for 5 years, as of the time of the subscription, in accordance with article 609, par. 1 of the Companies Code. Exceptions to the five-year blocking period for the shares are: dismissal by the employer, retirement, death or invalidity of the beneficiary or his/her spouse.

b. Subscription to the new shares is reserved solely for employees of Colruyt Group who have worked for at least six months in one of the companies of Colruyt Group on 15/10/2018 (commencement date of the subscription period) and who are not serving out a period of notice at that time.

Every employee shall be able to subscribe to a maximum of 5.000 new shares.

c. The new shares shall be issued as shares with a corporation tax of 30% on dividends. They shall enjoy the same rights as the outstanding ordinary shares. However, these shares are not transferable for five years as of the time of subscription, by virtue of article 609 par. 1 of the Companies Code; they shall be transferable by virtue of article 609, par. 609 par. 3 of the said Code, in the event of the dismissal or retirement of the employee-owner, his death or that of his spouse, his disability or that of his spouse. As of 1 April 2018, the new shares shall participate in the profit of the company. The new shares shall be registered in the share register as registered shares.

d. The new shares shall be fully paid up in cash at the time of subscription, at the full issue price to be set by the Extraordinary General Meeting deciding on this agenda.

e. Inclusion on the Euronext Brussels Market shall be applied for.

f. During the period of non-transferability, as pointed out in a., the shares shall be registered in the share register in the name of the subscriber. By the fact of him subscribing, the subscriber requests to convert these shares into dematerialised shares upon expiry of the said 5-year period and to transfer them at that time to his share account. At the time of subscription, the subscriber has to undertake to open a share account to this end before expiry of the 5-year period.

g. The costs of these operations shall be at the expense of the company; any taxes shall be borne by the subscribers.

h. Determination of the issue price: the issue price shall be set on the basis of the average stock market price of the Colruyt share during the 30 days prior to the Extraordinary General Meeting of 10 October 2018 and after application of a below par rating of maximum 20 %.

i. In accordance with art. 596 of the Companies Code and in the interests of the company, the pre-emptive right to subscribe to these shares shall be waived in the favour of the employees, as specified above.

j. Subscription period and subscription conditions: the subscription period shall commence on 15/10/2018 and end on 15/11/2018.

A special letter, accompanied by a subscription form and an information note shall be forwarded to each employee belonging to the Colruyt group.

Every employee shall be able to subscribe to a maximum of 5.000 new shares.

If the number of shares subscribed for is greater than the maximum number of 1.000.000, there shall be a distribution. The conditions of the distribution shall in the first instance take into account the possibility for each employee to obtain the maximum tax benefit. In a next stage, there shall be a proportionate reduction in relation to the number of shares subscribed to by each employee.

The maximum amount by which the subscribed capital shall be increased shall be determined by the Extraordinary General Meeting of Shareholders by multiplying the issue price by the maximum number of new shares to be issued.

The Board of Directors requests authorisation to take all appropriate action to effect the capital increase, under the conditions determined by the Extraordinary General Meeting of Shareholders.

Halle, 14/06/2018

The Board of Directors,


Jef Colruyt,
Director


Frans Colruyt
Director