

**REPORT OF THE BOARD OF DIRECTORS OF ETN. FR. COLRUYT OF 09 SEPTEMBER 2011 TO THE EXTRAORDINARY GENERAL MEETING OF SHAREHOLDERS OF 13 OCTOBER 2011**

(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 the Colruyt Group have been given the opportunity to subscribe to a capital increase of Etn. Fr. Colruyt N.V.

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 N.V. and thus to closely involve them in the corporate life of the company and the 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.

For employees, subscription to the capital increase gives entitlement to the application of the Monory bis system. The Monory Bis system enables the employee-subscriber to deduct the acquisition of these shares (up to a ceiling of 690 euro) from his taxable income.

The tax deduction (up to a maximum of 690 euro) is then calculated taking the specific tax rate of the tax payer into account.

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 168,294,930 to 169,294,930; which means a maximum dilution of 0.594%.

Taking into account the identical capital increases undertaken from 1987 to now, this brings the total dilution for all similar operations together to 12.14%.

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 13 October 2011 and the issue price. The amount of the dilution and percentage per share shall be determined at the Extraordinary General Meeting of 13 October 2011.

Taking all this into account, it has been proposed to the Extraordinary General Meeting of Shareholders of 13 October 2011 to proceed to an increase of the capital of Etn. Fr. Colruyt N.V. under the regime of art. 609 of the Companies Code, under the conditions stated hereinafter. This capital increase is reserved solely for employees of the Colruyt Group.

- Conditions

a. Issue of a maximum of 1,000,000 new VVPR 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.

b. Subscription to the new shares is reserved solely for employees of the Colruyt Group who have worked for at least six months in one of the companies of the Colruyt Group on 18 October 2011 (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 (VVPR shares) shall be issued as shares with reduced advance corporation tax (currently 15 %, art. 269, par. 3 of the Income Tax Code 92)) on the 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. The transfer of such a registered share shall automatically imply the transfer of the VVPR tax benefit. Any change to tax legislation can however jeopardise the said tax benefit.

As of 1 April 2011, the new shares shall participate in the profit of the company. The new shares shall be registered in the share register as registered shares with VVPR tax benefit.

d. The new VVPR 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. To this end, 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, together with the VVPR strips, 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.

Upon expiry of the 5-year period, a separate dematerialised page of coupons called "VVPR strips" shall also be created; such a strip shall give entitlement to the reduced advance corporation tax when it is presented together with the dividend coupon for the corresponding financial year. These VVPR strips shall be quoted separately on the Fixing Market. In so doing the shares and the VVPR strips shall be separately negotiable and the transfer of a share shall no longer automatically imply the transfer of the tax benefit.

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

g. 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 13 October 2011 and after application of a below par rating of maximum 20 %.

h. 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.

i. Subscription period and subscription conditions: the subscription period shall commence on 18 October 2011 and end on 18 November 2011.

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, 09 September 2011

The Board of Directors,

NV Herbeco, (permanently  
represented by Piet Colruyt),  
Director

Jef Colruyt,  
Director