Minutes of the General Meeting of Shareholders held on 23 March 2011

Minutes of the Annual General Meeting of Shareholders of Sligro Food Group N.V., held at 11:00 on Wednesday, 23 March 2011, at the company's offices in Veghel.

Present:

Supervisory Board: Messrs A. Nühn, Ms Th.A.J. Burmanje and Messrs, F.K. De Moor and R.R. Latenstein van Voorst;

Executive Board: Messrs K.M. Slippens, J.H.F. Pardoel and H.L. van Rozendaal;

Company auditors: Mr P.W.J. Smorenburg of KPMG;

The Executive Committees of Stichting Administratiekantoor Slippens and Stichting Werknemersaandelen Sligro Food Group (trustees' offices), shareholders and other invited guests.

In accordance with article 38 of the Articles of Association, the Supervisory Board appointed its chairman, Mr Nühn, as chairman of this General Meeting of Shareholders.

The agenda comprised the following items.

1. Call to order and announcements

The chairman called the meeting to order and welcomed those present. He asked Mr Van der Veeken to act as secretary and minute-taker for the meeting.

The secretary confirmed that the meeting had been convened in accordance with article 35 of the Articles of Association and the new legal requirements.

The meeting was attended by 132 shareholders in person or by proxy, representing 35,663,279 shares or 80.6% of the issued share capital.

No holders of a right of pledge or usufruct were present and there were no holders of depositary receipts issued with the cooperation of the company. Valid resolutions required an absolute majority of votes, unless prescribed otherwise by law or the Articles of Association.

2. Minutes of the General Meeting of Shareholders of Sligro Food Group N.V. held on 17 March 2010

The minutes of the General Meeting of Shareholders held on 17 March 2010 were adopted and signed by the chairman and secretary in accordance with article 39 of the Articles of Association. The minutes had already been posted on the websites www.sligrofoodgroup.nl and www.sligrofoodgroup.com for the convenience of the shareholders. No comments or remarks on the minutes had been received in the three months that had elapsed since the minutes were posted on the websites.

3. Report of the Executive Board on the 2010 financial year

The chairman explained the difference between items 3 and 4 of the agenda for the meeting. Item 3 was concerned with the report of the Executive Board, which formed the first part (pages 1–87) of the annual report and in which the Executive Board discussed strategy, commercial development, corporate social responsibility, risk and risk management and corporate governance. Item 4 was concerned with the financial statements, i.e. the figures, which formed the second part of the annual report, from page 88 onwards.

The chairman concluded his remarks by announcing that there would be an opportunity for questions on the directors' report from the floor after the presentations by the Executive Board. With regard to item 4 on the agenda, there would again be an opportunity for questions on the financial statements, the part starting on page 88.

Introduction (K.M. Slippens)

After welcoming those present on behalf of the Executive Board, Mr Slippens explained the manner in which this agenda item would be addressed. Mr H. van Rozendaal would first present the full-year figures for 2010. Mr Slippens would discuss the developments in food retail and foodservice. There would then be an opportunity for questions from the floor on the matters raised.

Full-year figures (H.L. van Rozendaal)

Mr Van Rozendaal started his presentation with the profit and loss account figures.

Total sales were 1.3% higher, rising from €2,258 million in 2009 to €2,286 million in 2010. Like-for-like sales growth was 3.6%. It was important to note that 2009 included a 53rd week, boosting sales by €40 million in 2009 compared with 2010. The acquisition of Sanders in 2010, on the other hand, contributed €25 million to the sales figures. Sanders had been included in the consolidation from the fourth quarter of 2010 onwards. Sales growth had also been affected by the sale/disposal of a number of supermarkets which did not fit into the EMTÉ concept.

The gross profit margin declined from 23.3% to 23.1% of sales, reflecting the increased pressure on selling prices in the markets in which Sligro Food Group operated, which had been intensified by the rise in commodity prices seen in the second half of the year in particular.

Other operating income in 2010 came in €3 million higher than in 2009. The difference was mainly explained by the fact that there were book losses in 2009 on the supermarkets sold off because they were hardly profitable, if at all, whereas book profits were made in 2010 on the disposal of several supermarkets which were profitable but which were not suited to the EMTÉ format.

Apart from the Greater Amsterdam project, there was not a great deal to report regarding expenses, since retailers generally kept tight control of costs. The Greater Amsterdam project had, however, given rise to significant exceptional expenses in 2010. The project involved the merger of six distribution centres in Amsterdam, creating a single, large new distribution centre for Sligro's delivery activities in the Amsterdam region, marking the launch of the new BS Amsterdam delivery service. The project would deliver numerous benefits in the future, although there was no payback in 2010. In the first place, the project involved the decommissioning of all kinds of assets, resulting in extra depreciation charges. Secondly, considerable additional costs had been incurred in 2010 to protect customers as far as possible from any inconvenience caused by the changes. The current state of play was that the quality of service was back up to where it should be and that costs had fallen again, to below the level prior to the merger. In the course of the current year, a number of further steps would be taken in order to bring the project to a successful conclusion.

The interest expense was roughly cancelled out by the share in the results of associates. The main associate being the 45% stake in Spar. Sligro Food Group also had investments in the fresh produce partners. The profit before tax for 2010 was €92 million. After deducting €22 million in respect of corporation tax, the net profit came in at €70 million, which was €4 million down on the 2009 figure.

After discussing the profit and loss account, Mr Van Rozendaal turned to the separate figures for the Foodservice and Food Retail divisions.

Food Retail showed an improvement, in line with the Food Retail Masterplan, as expected, with a doubling of the operating result from €6 million in €2009 to €13 million in 2010. The Foodservice division, by contrast, reported a drop in profits compared with 2009. Apart from the effect of the 53rd week in 2009 and the pressure on prices, the extra costs incurred in 2010 on the Greater Amsterdam project were also an important factor behind the decline.

The cash flow statement revealed that the cash flow from operating activities was lower than in the preceding year. A particular factor here was that it had been possible to make a non-recurring reduction in inventory levels in 2009. Another factor was that Sligro Food Group had made a one-off additional payment to the pension fund Stichting Pensioenfonds Sligro Food Group in 2010, as part of a plan to improve the pension fund's financial position. Apart from the extra contribution from the employer, the employees and the pensioners had also contributed towards improving the financial position of the pension fund.

The figure for acquisitions/disposals in the cash flow statement included the net purchase price of €44 million for Sanders. Together with the €3 million proceeds from the sale of supermarkets, the acquisitions/disposals item accordingly showed a net figure of €41 million.

The section on financing in the cash flow statement warranted particular attention. In 2010, the company had taken advantage of the altered conditions on the capital market to make a second US private placement, leading to the contracting of 7-year and 10-year loans together totalling $150 million at equivalent euro interest rates of less than 3.5% and slightly more than 4%, respectively. In retrospect, the timing proved to have been very good, as the loans had been contracted almost at the bottom of the market. The new loans had been used to repay bank borrowings, leaving an increased cash balance as at year-end 2010 of around €65 million.

The balance sheet showed that shareholders' equity had topped half a billion euros for the first time. The acquisition of Sanders was reflected in the balance sheet and that had led to an increase in both intangible assets and property, plant and equipment.

The net profit of €70.2 million meant earnings per share of €1.59, or a drop of 5.4% compared with 2009. A resolution proposing the declaration of a dividend of €0.70 in cash was the next item on the agenda and item 5 on the agenda proposed amending the policy on appropriation to reserves and payment of dividends. The resolution proposed paying dividends in future solely in cash and gradually raising the payout ratio from 40% to 50%. Explaining the proposal, a review was then given of both the growth of the business and the development in the company's financial position over the preceding 10 years. The analysis concluded that the relative level of investment could be expected to be structurally lower in the years ahead than it had been in the past and still maintain the goal of growing by an average of 10% a year. This was expected to mean that the free cash flow would also be structurally higher. The preceding three years had already shown that the free cash flow had consistently been in excess of €70 million. It was this conclusion that lay behind the proposed amendment of the profit retention and dividend policy.

Food Retail and Foodservice (K.M. Slippens)

Mr Slippens began his presentation by outlining the main market developments.

Consumer spending in the Netherlands in 2010 totalled €278 billion, of which food accounted for about €55 billion. Of that €55 billion, some €18 billion had been spent in the foodservice market. The total consumer spending volume in the foodservice market, he noted, was not the same as the volume of the market served by Sligro Food Group’s foodservice activities; the former included the value added by Sligro Food Group’s customers, such as those in the hospitality sector.

Sligro Food Group’s organisation chart, which Huub van Rozendaal had just referred to when presenting his 10-year review, showed the following two main divisions: Foodservice and Food Retail. There was also one central distribution centre, one shared back office and the facilitating business units made up of the fresh produce partners and the production companies. It was possible to further subdivide the two main divisions into three activities: 1) self-service in supermarkets – EMTÉ, 2) self-service in foodservice – Sligro's cash-and-carry outlets, and 3) delivery in foodservice – the delivery service centres, including Van Hoeckel. Each of these three activities generated about one-third of Sligro Food Group’s total sales. Synergistic gains were definitely being achieved between the self-service operation in food retail and the self-service operation in foodservice and between the self-service operation in foodservice and the delivery operation in foodservice.

The food retail market had grown by around 2% in 2010, it being noted that there were differences ranging from 1.2% to 2.5% in the figures for 2010 produced by the various market research organisations. The rate of market growth had picked up somewhat in the course of the year, mainly driven by inflation. Deflation had turned into inflation, largely because of the increased commodity prices. It was not currently possible to say how the higher commodity prices would be passed on in the market but inflation was not necessarily a bad thing for Sligro's sector and business.

Consumers were being cautious about spending. Changes were also afoot in the competitive landscape. This did not merely concern the conversion by Jumbo of the Super de Boer supermarkets but also other changes such as, for example, the transfer of a number of C1000 stores to Albert Heijn and Sligro's own conversion of Golff and Sanders to EMTÉ.

An analysis of the market shares of the various players in the food retail market showed, among other things, that Sligro Food Group's share of the food retail market had increased slightly. In view of the rationalisation of Sligro's network of stores, with 13 stores sold off in 2010, that was an excellent performance. Although EMTÉ had slipped slightly lower in GfK's most recent Christmas Report, the underlying assessments showed no change compared with the preceding year. The figures showed that EMTÉ's like-for-like sales in 2010, with an increase of 6.1%, were significantly higher than the growth in the market, meaning that EMTÉ had recorded strong growth for the second year in a row, which was cause for satisfaction. During the preceding year, approximately 50 stores had been upgraded to the *'verVerste'* ('reFreshed') EMTÉ format, with its emphasis on freshness and good old-fashioned quality. The sales figures for the individual stores showed the project to be a success. Sligro was on track with the Food Retail Masterplan, despite the market undoubtedly having become more difficult.

The end of August 2010 had seen the completion of the Sanders acquisition. A start had immediately been made on the integration of Sanders, with the first Sanders store being converted into an EMTÉ supermarket before the end of the year. A decision had been taken in this connection not only to retain Sanders' unique concept with respect to meat products in the former Sanders stores but also to carry the concept across to some of the other EMTÉ supermarkets.

Plans for Food Retail in 2011 were as follows. First and foremost, Sligro intended to complete the integration of Sanders by the summer, including the conversion of all Sanders supermarkets into EMTÉ stores. By the end of 2011, the plan was to have upgraded all 130 supermarkets to the 'reFreshed' EMTÉ format. Sligro would be continuing its successful sales strategy in 2011, characterised by a good mix of price and loyalty campaigns. The staff were a key factor in the way in which the format was perceived, and this would be reflected in the training plan in 2011.

After the presentation on Food Retail, Mr Slippens turned to the market developments within foodservice in the Netherlands and the developments affecting Foodservice within Sligro Food Group.

The foodservice market had shrunk again in the previous year. The Netherlands Foodservice Institute (FSIN) estimated that sales in the foodservice market had fallen by 2% overall. In those segments that were important to Sligro Food Group, the decline had been as much as 4%. Sligro was the only player in the market to record real growth in foodservice during the year, with like-for-like sales up 2.8%, further strengthening the group's market-leading position vis-à-vis its competitors. This was also clearly indicated by the figures for foodservice market shares. Sligro Food Group's market share in foodservice had risen from 17.4% in 2009 to 18.2% in 2010.

There had been an intensive promotional campaign for the Sligro Self-Service operations in 2010, focusing particularly on Sligro Food Group's 75th anniversary. The programme of investment in the network of cash-and-carry outlets, the results of which could be seen in Roosendaal, Doetinchem, Breda, Tilburg and Rotterdam Zuid, had been pursued with maximum vigour.

A great deal had also happened affecting the Sligro Delivery Service outlets in 2010. In Amsterdam, six sites had been merged to create the new BS Amsterdam delivery centre. This project had involved much more than physically combining six outlets. There had been two separate computer systems and two separate approaches to logistics, originating with Inversco on the one hand and Sligro on the other. There had been much scope for improvement but it had not always been easy and there had been setbacks. Following a sharp dip, the quality of customer service was now well up to standard again and the entire integration process was scheduled for completion by the summer. Besides major financial savings, the project also created scope for further growth in the Amsterdam region. Apart from the BS Amsterdam project, BS Nieuwegein had also opened in 2010 and the institutional side of Inversco’s business had been integrated with Van Hoeckel.

Plans for Foodservice in 2011 were as follows. Various follow-up steps would be taken in the Amsterdam region to improve both the standard of service and the profitability of the delivery side of the business. Following integration with EMTÉ, the existing Sanders distribution centre would become redundant in 2011. The plan was to convert it into BS Enschede for the Sligro Foodservice delivery activities. BS Haps would also be expanded to accommodate the growth. A smooth start had been made with the deliveries to Paresto as from 1 January 2011 but, in view of the complexity of this operation, it would require close attention in 2011.

2011 would see the launch of a new e-commerce project in both the Self-Service and Delivery operations. This would be building on Sligro's existing online presence, such as the proprietary ‘Slimis’ order system for customers. In Self-Service, there would be various changes in the Non-Food Department, which had already been piloted in several outlets and had proved a success, and would now be rolled out to the rest of the network. The expansion and upgrading of Sligro ZB Tilburg, started in 2010, would be completed in 2011. The Sligro cash-and-carry outlets in Amersfoort and Leiden had undergone alterations and refurbishment. In Zwolle, the Sligro outlet was due to relocate, with construction work starting on the new site in 2011. Finally, 2011 would also see the launch of the *'Eerlijk & Heerlijk'* ('Honest & Tasty') concept – Sligro's sustainability concept, which it is planned to use in both Foodservice and Food Retail. The *'Eerlijk & Heerlijk'* range, Sligro's responsible choice, was supported by four elements: organic, fair trade, sustainability and local produce. The intention was to use the *'Eerlijk & Heerlijk'* label not only for own-label products but also for leading brands. The presentation was concluded with a short film on *'Eerlijk & Heerlijk'*.

After Mr Van Rozendaal and Mr Slippens had given their presentations, the chairman invited questions from the floor on the presentations and the directors' report. The chairman requested the shareholders to limit themselves to two, concisely worded questions in the first instance, so as to give everyone a chance to ask questions.

Mr Beijers (Kempen Oranje Participaties and Kempen Orange Fund) thanked the Executive Board for the comprehensive presentations and complimented the directors on producing a particularly transparent report. Mr Beijers then asked the following questions:

1) Was it possible to give details of the own-label share, broken down into Food Retail, Foodservice Self-Service and Foodservice Deliveries?

2) The second question concerned the Executive Board itself. Mr Peterse had departed at the end of February. Was it possible to say anything about his succession?

These questions were answered as follows:

1) *(K. Slippens)* The first question as regards own-label products was to define what you meant by 'own-label' – take, for instance, fresh produce. Sligro applied a conservative definition, meaning that a cucumber remained a cucumber even if it had a 'Sligro' label. Such products were not considered own-label products by Sligro. In the case of EMTÉ, the own-label share was approximately 27% and the figure was rising, which was a good thing. As regards the Foodservice operations, the figure for the Self-Service cash-and-carry outlets was well in excess of 30% while own-label products accounted for approximately 20% of the Delivery Service business. However, the online ordering systems for Delivery Service customers had now been developed to such a stage that customers had an increasingly better picture of the savings represented by own-label products, resulting in a sharp rise in the own-label share for Deliveries recently.

2) *(A. Nühn)* Sligro had reached an advanced stage in the succession process. More news on that front could be expected shortly.

Mr Rienks referred to a statement on page 17 of the annual report to the effect that the Dutch food market was still fragmented to such an extent that the company believed that its chances of being able to achieve its desired level of growth through acquisitions over the coming years could be seen as realistic. Prompted by that statement, Mr Rienks posed the following questions:

1) Did that mean that Sligro Food Group, on the Food Retail side, after the acquisition of Superunie member Sanders, would be taking over other members of the Superunie purchasing combine in the years ahead?

2) On the Foodservice side, was it still desirable to make further acquisitions, since it might well merely have an adverse effect on the optimum situation which had already been achieved in this division? Was it not obvious in that case, in a departure from the past, to take a really serious look at the scope for acquisitions outside the Netherlands?

These questions were answered as follows:

1) *(K. Slippens)* Acquisitions were not only an important element of Sligro's history but also of the company's future. The food retail market was highly fragmented. Superunie members had a combined share of approximately 30%. This included a number of successful, smaller chains with market shares of no more than 6%. If the owners of those chains wanted to sell, Sligro would undoubtedly be willing to talk about acquiring them. Sligro was also following every development, both inside and outside Superunie.

2) *(K. Slippens)* As regards foodservice, Sligro did have a good position, but not yet as good as it could be, since there was always scope for improvement. So, in foodservice, too, Sligro was on the lookout for takeover opportunities. Besides, going international was not a taboo. Sligro was already active for a number of customers outside the Netherlands, even though the activities concerned were still managed from the Netherlands. In other words, Sligro was also monitoring developments abroad, although the focus of the business definitely still lay in the Netherlands, where there was still plenty of opportunity.

Mr Gootjes (VBDO – Association of Investors for Sustainable Development) noted that Sligro Food Group had made considerable progress in the field of Corporate Social Responsibility, particularly as regards the formulation of clear objectives, but VBDO felt it was a pity that Sligro Food Group had not decided to report on CSR activities in accordance with the Global Reporting Initiative (GRI) guidelines. VBDO was, however, pleased about Sligro Food Group's decision to become a member of the Business Social Compliance Initiative (BSCI) and in so doing contribute to the improvement of working conditions in the global chain of production and trade. After these remarks, Mr Gootjes posed the following questions:

1) What was the position as regards Sligro Food Group's BSCI objectives?

2) What was Sligro Food Group's vision with regard to biodiversity?

3) One of the Executive Board's remuneration targets for 2011 was 'to make significant progress in the implementation of the CSR agenda'. How was this objective interpreted?

These questions were answered as follows:

1) *(K. Slippens)* CSR had always been in the company's genes, and always would be. It had been agreed that the targets should be made more measurable, although that was not always easy because opposing effects were often involved. For example, frozen food capacity required energy and therefore had an adverse environmental impact but it also contributed to sustainability because freezing meant less food wastage. Moreover, CSR was not the sole

criterion; there was also the matter of financial returns. Sligro thought it was perfectly possible to combine benefits to society and financial returns. That was the focus of the company's activities. Good progress had been made and efforts in that direction would certainly continue. Sligro had signed up to the BSCI because it very much agreed with the BSCI's nuanced model for bringing about improvements in working conditions in a balanced manner. Sligro was accordingly determined to achieve the targets that had been clearly formulated in the annual report.

2) *(K. Slippens)* It was in Sligro's interests that there should be careful developments in the field of availability of products and Sligro accordingly took its responsibility as regards biodiversity very seriously. It did so through its role in the CBL. The CBL had taken initiatives regarding sustainable palm oil, soy and fish.

3) *(A. Nühn)* For 2011, the Executive Board bonuses only half depended on achieving budgeted profit targets, as they had in 2010. For 2011, the other half depended on achieving three further targets: a) optimising the new delivery centre in Amsterdam, including successfully integrating Inversco into Sligro with the aim of achieving the projected financial savings; b) completing the successful integration of Sanders; and c) achieving significant progress in the implementation of the CSR agenda. This was the first year in which CSR targets had been included in the annual report. The intention was not merely to tick boxes but instead to take a broader look at how the question of CSR should really be addressed in the organisation.

Mr Van Hoeken posed the following questions:

1) He had enjoyed the presentations but would it be possible to illustrate them with a few photographs next year, for example of new stores or other pertinent subjects?

2) Did Sligro Food Group still face sizeable problems?

These questions were answered as follows:

1) *(K. Slippens)* The suggestion to include photographs in the presentations would be taken on board when preparing for the shareholders' meeting the next year. In the previous year, a company film had been shown after the presentation, like the short film on the *'Eerlijk & Heerlijk'* label in 2011, but photographs might indeed also add something to the presentations, obviously.

Adding to this, Mr Van Rozendaal drew attention to the website, which contained numerous photographs and video clips relating to Sligro Food Group.

2) *(K. Slippens)* Sligro preferred to speak of 'challenges' rather than 'problems'. And challenges there certainly were. An example was margins. Sligro was working on various plans for campaigns to improve margins.

Mr Smit (VEB) complimented the Executive Board on the fact that Sligro Food Group's reporting extended over many years. On the website, the annual reports for the past 10 years were available and the annual reports also contained 10-year historical reviews, so that information was available over a period of 20 years in total. Mr Smit then went on to pose the following questions:

1) To what extent did the existing situation of Sligro Food Group's three business units reflect the strategic objectives of the past in terms of sales, profitability and competitiveness? And, looking to the future, how could things be expected to develop in the light of the objective of average sales growth of 10% per annum?

2) Was the squeeze on margins incidental or structural? What could be done about it? Had Sligro taken an active lead in the price war or had it taken Sligro by surprise, forcing the company onto the defensive? An ABN AMRO report a few weeks previously had suggested that the pressure on prices in the retail market was substantial and it was scarcely possible to pass on the higher commodity prices, if at all. What proportion of the commodity price rise could simply be passed on and for what proportion was that not possible? And to what extent would it be possible in the future gradually to restore the balance?

These questions were answered as follows:

1) *(K. Slippens)* Firstly, looking 10 years ahead in Sligro's sector was a very long time, because all sorts of things could happen in Sligro's market. Although there was constant focus on the main goals, just how those goals were achieved really did depend on the opportunities which presented themselves in the market. As regards the expectations 10 years previously, the development in Foodservice was reasonably in line with the projections made at the time, and Sligro might even have done slightly better on that front. As regards Food Retail, it was obvious that, 10 years in the past, it had been impossible to imagine what developments would take place in the market. Or what developments Sligro would undergo, for that matter.

(H. van Rozendaal) The target of average sales growth of 10% per annum was made up of like-for-like growth of 4% (assuming an average of 2% for inflation) and an element of growth through acquisitions of 6%. The past 10 years had shown that actual growth had averaged slightly higher than 10%. Sligro believed there was sufficient room in the market to sustain that rate of growth in the years ahead.

2) *(K. Slippens)* What was going to happen to margins was difficult to predict. Sligro was a small player in food retail. The market was completely dominated by the market leader from Zaandam, and Sligro simply followed suit. In foodservice, the situation was slightly different and Sligro was less dependent on other players. In the longer term, margins were expected to recover, but not in the short term. It was, incidentally, possible also to improve margins by increasing the own-label share, or by having a larger share of fresh produce, for example meat, in the company's supermarkets, because in that Sligro was among the best in the market.

Mr Burgers (Add Value Fund) posed the following questions:

1) Implementation of the Food Retail Masterplan had reached the halfway stage. Since the plan had been launched, there had been numerous developments. His question was therefore whether any changes had been made to the second part of the plan in the light of developments?

2) On page 84, in the Report of the Supervisory Board, a number of topics were mentioned which had been discussed with the Supervisory Board during the year. One of those topics concerned the AFM's comments on the 2009 annual report. Mr Burgers sought an explanation of the nature and the implications of the comments made by the AFM.

These questions were answered as follows:

1) *(K. Slippens)* The Food Retail Masterplan was on track. What had been planned had been done. As regards the years ahead, the squeeze on margins obviously meant that the plan had become more challenging. It therefore required even greater effort.

2) *(H. van Rozendaal)* The AFM had written to the company in 2010 about the 2009 annual report. The letter had concerned technical, highly complicated and very specific matters, such as for example, 'the recycling of cash flow hedges'. The letter had not only been highly complicated, even for experts, but its tone had been rather threatening. The subsequent meetings with AFM representatives concerning the letter had, incidentally, been conducted in a pleasant atmosphere – in stark contrast with the letter. An important specific point of interest to the professional capital market, and therefore also to the AFM, was the percentage Sligro used for the goodwill impairment test. That figure was 9.6% before tax and that information had now also been included in the 2010 annual report. Otherwise, there was not a great deal of change. All of the AFM's comments had been taken on board in the 2010 report.

Mr Boom posed the following question:

Several years ago, Sligro lost Paresto – in effect, the Ministry of Defence – as a customer. Sligro had now succeeded in winning back Paresto. Mr Boom wanted to know the significance of Paresto as a customer?

This question was answered as follows:

(K. Slippens) The sales volume according to Ministry of Defence figures was roughly €33 million annually and the contract ran for three years.

Mr Burger was pleased to note that the necessary moderation had been exercised in fixing the Executive Board bonuses for 2010. He then went on to ask whether Sligro Food Group was also critical of the banks which it used as regards their own policy on bonuses.

Mr Van Rozendaal replied that Sligro Food Group's main concern as regards banks was that any money lent by Sligro Food Group to the banks was repaid by them.

4. Financial statements

4 a. Adoption of the 2010 financial statements (resolution)

The chairman first opened the floor to questions on the financial statements which formed the second part of the annual report (page 88 et seq).

Mr Rienks enquired about the background to the private placement loans contracted in America during the year. He asked Mr Van Rozendaal to explain why the money had been borrowed in America are not in Europe and about the low interest rate and the timing of the loans, in relation to the existing loans among other things.

(H. van Rozendaal) Sligro Food Group had issued loans totalling $150 million, part with a term of 7 years and an interest rate of 3.55% and part maturing after 10 years with an interest rate of 4.15%. Using cross-currency interest rate swaps, these loans had been converted into euro loans totalling €112 million at rates of 3.46% and 3.96%, respectively. For such amounts and maturities, it was not possible to borrow money in Europe on such favourable conditions. For loans of more than €500 million, the situation was different, but Sligro Food Group did not have any use for loans of that amount. The fact that the loans had been contracted almost at the bottom of the market was sheer luck. That was not merely being wise after the event but was only true to date because it was quite possible that interest rates might fall to a new low before long. The bank borrowings at floating interest rates had been repaid early at the end of 2010. In the autumn of 2011, the first tranche of the USD loan contracted in 2004 was due for repayment. In the interim, the company was making a small loss on interest because the interest payable on the earlier debt was higher than the interest income on the borrowed funds received at the end of 2010. The temporally incurred loss was limited partly because of the relatively favourable interest paid by the Dutch government for paying the corporation tax assessment all at once.

Mr Smit (VEB) asked the following questions:

1) On page 102 of the annual report, it was mentioned that the due diligence investigation for the acquisition of Sanders had cost €26. Was that a printing error?

2) According to the annual report, approximately 60% of the total number of shares was currently held on a long-term basis. Was that down to investor interest or had the company itself been trying to secure a few more defensive shareholders?

These questions were answered as follows:

1) *(H. van Rozendaal)* As stated in the financial statements, all amounts in the financial statements were in thousands of euros. That also applied to the said amount. In other words, the costs of the due diligence investigation amounted to €26,000.

2) *(H. van Rozendaal)* There had been no major changes in that regard and the company looked upon long-term shareholders as being highly attractive.

Mr Burgers (Add Value Fund) posed the following question:

Page 119 of the annual report referred to the associates and joint ventures. One of them was Spar, which was a joint venture that could well yield more synergistic gains in the future. Could Mr Van Rozendaal say something about that?

This question was answered as follows:

(H. van Rozendaal) Spar was not a joint venture under the IFRS definition. Sligro held 45% of the shares in Spar, as did Plus Retail. The other 10% of the shares were in the hands of Spar franchisees. It was only possible for Mr Van Rozendaal to say how well Spar had done in 2010 on a general level because Spar had not yet published its annual report for 2010. Spar was yielding a handsome return. Sligro was a satisfied shareholder.

After these questions had been answered, the chairman confirmed that, there having been no votes against or abstentions, the resolution had been carried and the 2010 financial statements had been duly adopted.

Votes for	:	100% of the votes cast
Votes against	:	0% of the votes cast
Abstentions	:	0% of the votes cast

4 b. Adoption of the profit appropriation (resolution)

With the approval of the Supervisory Board, the Executive Board proposed that the profit be appropriated as stated on page 141 of the annual report.

In line with the proposed amendment of the profit retention and dividend policy contained in item 5 on the agenda, it was proposed to declare a dividend for 2010 of €0.70 per share in cash.

The dividend would be payable on 16 April 2011.

The Executive Board’s proposal to distribute a dividend of €0.70 per share was approved by the meeting with no abstentions or votes against.

Votes for	:	100% of the votes cast
Votes against	:	0% of the votes cast
Abstentions	:	0% of the votes cast

4 c. Ratification of the actions of the Executive Board in respect of its management (resolution)

The meeting ratified the actions of the Executive Board in respect of its management in 2010.

Votes for	:	100% of the votes cast
Votes against	:	0% of the votes cast
Abstentions	:	0% of the votes cast

4 d. Ratification of the actions of the Supervisory Board in respect of its supervision (resolution)

The meeting ratified the actions of the Supervisory Board in respect of its supervision in 2010.

Votes for	:	100% of the votes cast
Votes against	:	0% of the votes cast
Abstentions	:	0% of the votes cast

5. Profit retention and dividend policy

Pursuant to the best-practice provisions of corporate governance, a company's profit retention and dividend policy should be included as a separate item of the agenda each year (IV.1.4).

This concerned the policy regarding the amount of the appropriation to reserves and its purpose and the amount of the dividend and the form which it took. Any amendment of this policy had to be put before the general meeting of shareholders for approval.

The business of the meeting included the present resolution proposing such an amendment.

It was proposed to alter the profit retention and dividend policy with effect from 2011, as applicable to the 2010 financial year.

Under the existing profit retention and dividend policy, as implemented by the Executive Board with the shareholders' approval, an attempt was made to distribute 40% of the net profit (the result after tax, excluding exceptional results) in the form of a dividend with a stock dividend option. In 2010, in a departure from that policy, in connection with the 75th anniversary, a one-off cash dividend of €1.00 had been paid. That equated, incidentally, to 60% of the profit.

The Executive Board proposed amending the dividend policy as follows:

- paying a cash dividend only, i.e. abolishing the stock dividend option;
- gradually increasing the payout ratio to 50% of the net profit (instead of 40%).

The proposal to amend the policy was being made in connection with the upward trend in the free cash flow and the further improvement in Sligro Food Group's financial position. The new dividend policy would not affect Sligro Food Group's ambitious growth strategy, which was unchanged.

The approval of the profit appropriation (agenda item 4 b) had already taken place on the basis of this proposed amendment of the profit retention and dividend policy. The proposal to distribute a dividend of €0.70 in cash for 2010 corresponded to a payout ratio of 44%.

Mr Smit (VEB) made the following comment:

The effort to pay out 50% of the profit was a very laudable effort but it had met with some criticism in the market. There were fears that it might mean lower profit expectations.

The response to this comment was as follows:

(H. van Rozendaal) Apart from one article in Mr Smit's own publication, Mr Van Rozendaal had not noticed any such concerns.

Mr Rienks expressed his considerable satisfaction with the proposal as it precisely reflected his own comments the previous year regarding the anniversary dividend.

After these questions had been answered, the chairman confirmed that, there having been no votes against or abstentions, the resolution had been carried.

Votes for	:	100% of the votes cast
Votes against	:	0% of the votes cast
Abstentions	:	0% of the votes cast

6. Remuneration of Supervisory Board members (resolution)

In line with the resolution passed by the General Meeting of Shareholders held on 12 March 2008 to review the remuneration of the members of the Supervisory Board once every three years, it was proposed on this occasion to increase the annual fees payable to the Supervisory Board members, with effect from 1 January 2011.

The present resolution proposed increasing the fee for a member of the Supervisory Board to €32,000 per annum (currently: €29,000) and the fee for the chairman of the Supervisory Board to €40,000 per annum (currently: €34,000).

The proposed amounts reflected market rates and where appropriate to the duties and responsibilities of the Supervisory Board members, having due regard to the expansion of Sligro Food Group's operations.

Mr Smit (VEB) remarked that the proposed increase was entirely reasonable in his view, when one considered the increased pressures on supervisory boards, for example. In that context, he asked whether the increase would enable the Supervisory Board members to pay their liability insurance premiums.

This question was answered as follows:

(H. van Rozendaal) The insurance premium was paid by the company.

After this question had been answered, the chairman confirmed that, there having been no votes against or abstentions, the resolution had been carried.

Votes for : 100% of the votes cast

Votes against : 0% of the votes cast

Abstentions : 0% of the votes cast

7. Authorisation of the Executive Board to repurchase own shares (resolution)

As explained in the notes to the agenda, the resolution related to the authorisation of the Executive Board for a period of 18 months to repurchase paid-up shares in Sligro Food Group N.V., on the stock exchange or privately, up to a maximum of 10% of the issued share capital at a price at most 10% above the market price at the time of the transaction, subject to the approval of the Supervisory Board. This authorisation would be valid until 22 September 2012.

The resolution was carried.

Votes for: : 100% of the votes cast

Votes against : 0% of the votes cast

Abstentions : 0% of the votes cast

8 a. Extension of the period of authorisation of the Executive Board to issue shares (resolution)

It was proposed to renew the authorisation to issue shares vested on 17 March 2010 and extend it by 18 months from the date of the meeting, i.e. until 22 September 2012, on the understanding that any decision by the Executive Board would be subject to the approval of the Supervisory Board. It was also proposed to restrict this authorisation to 10% of the issued share capital, which could be increased by 10% if the issue were undertaken in the context of a merger or acquisition.

Votes against the resolution : 15,691 (Secva)

The resolution was carried.

Votes for : 99.95% of the votes cast

Votes against : 0.05% of the votes cast

Abstentions : 0% of the votes cast

8 b. Extension of the period of authorisation of the Executive Board to restrict or exclude pre-emptive rights (resolution)

It was proposed to renew the authorisation to restrict or exclude shareholders' pre-emptive rights to share issues which was vested on 17 March 2010 and extend it by 18 months from the date of the meeting, i.e. until 22 September 2012.

Votes against the resolution : 6,702 (Secva)

The resolution was carried.

Votes for	:	99.98% of the votes cast
Votes against	:	0.02% of the votes cast
Abstentions	:	0% of the votes cast

9. Any other business and adjournment

Mr Burgers (Add Value Fund) posed the following question:

Page 76 of the annual report contained the passage: ‘That there were no substantial transactions in the foodservice market in 2010 is surprising, given the difficult conditions the market has experienced in recent years.’ He had read in the newspaper that morning that the world market leader in foodservice, Compass Group, had acquired the Dutch catering business Avenance. What was the Executive Board's response?

This question was answered as follows:

(K. Slippens) Avenance was a catering business and was not seen as a competitor but as a potential customer. Neither Avenance nor Compass were currently Sligro customers. The report was therefore not bad news.

Mr Smit (VEB) mentioned the importance of taking account of corporate governance requirements, not least in relation to the appointment of a new member of the Executive Board the following year. He also enquired about the funding ratio of Stichting Pensioenfonds Sligro Food Group.

This question was answered as follows:

(H van Rozendaal) The funding ratio fluctuated from day to day and even during the course of the meeting. The funding ratio was reported to DNB each month. The most recent return had been made in February, when the funding ratio had been 115%.

The chairman announced that, after the meeting, there would be a tour of the distribution centre led by Kees de Rooij, Logistics Director of Sligro Food Group.

There being no other business, the chairman adjourned the meeting after thanking everyone for their contributions.

A. Nühn, chairman

G.J.C.M. van der Veeken, company secretary