

TERMS OF REFERENCE OF THE BOARD OF DIRECTORS OF BEFIMMO SA

(Last update: 23 February 2017¹)

Article 1 - Composition

The Board of Directors (hereinafter the “Board”) is composed of a majority of non-executive Directors, at least three independent Directors, within the meaning of the Code of Company Law and the 2009 Belgian Code of Governance, and a majority of Directors not linked to the shareholders of the Company.

The overall composition of the Board shall be such as to benefit from the know-how and professional experience of its members, in the fields of real estate and finance, and in the exercise of a Directorship in a listed company, without excluding candidate Directors whose experience in other areas and whose personality would be an asset to the Company.

Each Director should also have personal qualities that enable him to carry out his duties in a flexible and collective manner, but with a fully independent mind.

He must have an impeccable reputation for integrity (notably in terms of confidentiality, conflicts of interest and prevention of insider trading) and have a critical sense, a business sense and the ability to develop a strategic vision.

Each Director should also have sufficient motivation and the time required to attend Board meetings – and the meetings of any committee(s) of which he is a member – and to prepare such meetings.

With regards to the composition of the Board, the Company promotes competence, experience and knowledge complementarity and strives to comply with recommendations of the Corporate Governance Commission on diversity in general, it being understood that the Company strictly complies with the legal provisions regarding gender diversity.

Article 2 - Appointments and renewal of Directorships

Directorships may not exceed a four-year term. They are renewable.

Directors are appointed and their Directorships renewed by the General Meeting of shareholders of Befimmo SA, on a proposal of the Board.

Before making proposals to the Meeting, the Board shall:

- (a) Consider the opinions and recommendations of the Appointment and Remuneration Committee, notably regarding:
 - the number of Directors that it deems appropriate, subject to the legal minimum:

¹ This document was drafted in French, in case of inconsistencies between the French version and its translations, the French version will prevail.



- The suitability to the needs of the Board of the profile of the Director whose Directorship is to be renewed, as appropriate;
 - The determination of the profile sought, on the basis of general criteria for the selection of Directors and on the basis of the latest assessment of operation of the Board (stating in particular the skills, knowledge and experience available and needed within the Board) and any specific criteria for the selection of one or more new Directors;
 - The candidates already identified or interviewed by the Appointment and Remuneration Committee.
- (b) Carry out its own interview of the candidates, if it wishes, examine their curriculum vitae and references, find out about other Directorships they hold (in listed or other companies) and assess them.
- (c) Take a decision in accordance with the provisions of Articles 13 and 14 of these terms of reference.

The Board shall ensure that adequate plans are put in place for the succession of the Directors. It shall ensure that any appointment of a Director or renewal of a Directorship, whether for an executive or other Director, will allow the work of the Board and its Committees to continue, and maintain a balance of skills and experience therein.

Where one or more Directorships fall vacant, the remaining Directors may fill them temporarily, subject to the opinion of the Appointment and Remuneration Committee, until the next General Meeting, where a definitive election will take place.

Article 3 – Remuneration of Directors

3.1 The amount of the remuneration of the Non-Executive Directors shall be set by the General Meeting of shareholders of Befimmo SA, on a proposal of the Board. Before putting its proposals to the Meeting, the Board shall consider the opinions and recommendations of the Appointment and Remuneration Committee.

Total remuneration shall be composed of a fixed annual amount and attendance tokens.

Furthermore, Directors who are members of a committee set up by the Board or assigned a specific duty by the Board (within the meaning of Article 5(3) of these terms of reference), shall receive remuneration in the form of attendance tokens for attending meetings of these committees and for carrying out their duties.

The value of these attendance tokens shall be set by the General Meeting of shareholders of Befimmo SA, on a proposal of the Board. Before putting its proposals to the Meeting, the Board shall consider the opinions and recommendations of the Appointment and Remuneration Committee.

3.2 The amount of the remuneration of the Executive Director(s) is covered by an agreement with Befimmo SA and shall be set by the Board on a proposal of the Appointment and Remuneration Committee. The same procedure shall be applied to any review of remuneration of the Executive Director(s).



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Article 4 – Role of the Chairman

The Board elects its Chairman from among the non-executive members, on the basis of their knowledge, know-how, experience and mediating skills.

The Chairman of the Board may not also hold the post of Chief Executive Officer.

The Chairman shall steer the activities of the Board. In his absence, Board meetings shall be chaired by a Director designated by the other Directors.

He shall set the agenda for the board meetings after consulting the Chief Executive Officer and shall ensure that procedures relating to the preparatory work, the deliberations, the passing of resolutions and the implementation of decisions are properly applied.

The Chairman shall endeavour to ensure that the Directors reach a consensus by discussing the items on the agenda in a critical and constructive way. He shall act as the interface between each Director and the Board. He shall take the measures necessary to develop a climate of trust within the Board of Directors by contributing to open discussions, constructive dissent and support for the Board's decisions.

The Chairman shall endeavour in particular to ensure that any new member of the Board integrates well, and shall ensure that he receives the training devised by the Appointment and Remuneration Committee.

The Chairman shall establish a close relationship with the Chief Executive Officer by providing him with support and advice, whilst respecting his executive responsibilities. He shall ensure efficient interaction between the Board of Directors and the Chief Executive Officer.

Article 5 – Duties of the Board

In addition to the duties assigned to it by the Code of Company Law, the Board has the duties set out in point 4 of the corporate governance charter.

It is also the body that decides on the Company's executive management structure and determines the powers and obligations of executive management.

Article 6 – Observers

The Board of Directors may select one or several observers to attend all or part of the Board meetings according to modalities to be defined by the Board for each observer.

Observers shall be subject to the same confidentiality terms as Directors.

Article 7 – Committees of the Board

The Board shall set up committees, lay down their terms of reference and designate Board members as the members of such committees and on a proposal of the Appointment and Remuneration Committee. When making these appointments, the Board shall ensure that the overall composition of each committee embodies the skills required for carrying out its duties.

These appointments shall comply with any statutory provisions and the Belgian Code of Governance regarding the composition and operation of such committees, and shall be made by applying, mutatis mutandis, the procedures set out in Article 2 above.

Specific duties may also be assigned to one or more members designated by the Board; they shall report to the Board on the conduct of their duties.

Article 8 – Adherence to the applicable rules

By accepting a Directorship, a board member shall adhere to all the rules applicable to Befimmo SA and in particular to the regulations on B-REITs (“Sociétés Immobilières Réglementées/Gereguleerde Vastgoedvennootschappen”), the Articles of Association of Befimmo SA, the corporate governance charter of Befimmo SA and these terms of reference.

Article 9 – Right to information

Each Director is entitled to receive, within Befimmo SA, all the information and documents necessary to properly carry out his duties, with the exception of information and documents relating to corporate opportunities as defined and in the cases laid down by the corporate governance charter.

Article 10 – Preparation of Board meetings

The Chairman shall ensure that the Directors receive sufficient accurate information well in advance of meetings so that the board can deliberate in full knowledge of the facts.

For the purpose of preparing Board meetings, Directors shall commit the time necessary to review the received information and documents and shall ask for additional information and documents whenever they deem appropriate. They undertake to take an active part in the work of the Board.

Article 11 – Frequency of meetings

The Board of Directors shall meet at least four times per year and as often as circumstances require.

Article 12 – Notices and agenda

The Board of Directors shall meet when convened by its Chairman or two Directors, with notice of at least 24 hours before the meeting.



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Notices of meetings shall be valid when made by letter or any other medium of telecommunication involving a material representation. Notices of meetings shall include the agenda.

The agenda shall list the topics to be discussed at the meeting.

Article 13 – Proxies

Any Director who is unable to attend may be represented by another Board member at a particular meeting. The proxy must be given in writing or any other medium of telecommunication which involves a material representation.

A Director may represent several colleagues and issue as many votes, in addition to his own, as he received proxies.

Article 14 – Quorum and voting majority

Except in case of force majeure, the deliberations and resolutions of the Board of Directors shall be valid only if at least half of its members are present or represented. If this condition is not satisfied, a new meeting must be convened which, provided at least two Directors are present or represented, may make valid deliberations and resolutions on the topics on the agenda of the preceding meeting.

Every decision of the Board is taken by absolute majority of the Directors present or represented and, where one or more of them abstain, by a majority of the other Directors. In the event of a tied vote, the person chairing the meeting has a casting vote.

In exceptional cases duly justified by urgency and social interest, the Board of Directors may adopt resolutions by means of a circular. However, such procedure shall not be used for the completion of annual statements and, if applicable, the use of authorised capital. Resolutions must be passed unanimously by the Directors. Their signature shall be affixed either on one single document or on multiple copies of such document. These resolutions shall have the same validity as if they had been passed at a Board meeting convened and held in the usual way, and shall bear the date of the last signature placed by the Directors on the above-mentioned document.

Article 15 – Minutes

The minutes shall summarise the discussions, specify the decisions taken and indicate any reservations expressed by the Directors.

The minutes shall be signed by the Chairman of the Board, at least one other Director, and any board member wishing to do so.

The original is kept by Befimmo SA for its records.

A director, a person in charge of the day-to-day management or a person explicitly authorised by the Board is authorised to certify copies or excerpts of minutes of meetings.

Article 16 – Conflicts of interest and function

Directors shall organise their personal and business affairs so as to avoid any conflict of interest with Befimmo SA.

Directors shall inform the Board of Directors of any conflict of interest and shall refrain from voting on the item concerned, in accordance with the Code of Company Law.

Where a Director finds that a transaction proposed to the Board is likely to be of interest to another company in which he has a Directorship or any other mandate, he shall forthwith inform the Chairman of the Board of Directors thereof and, unless adequate “Chinese wall” procedures have been established within the entity to which he belongs, shall withdraw from the discussion and decision-making process regarding this transaction and not receive the relevant information, as provided for by the corporate governance charter.

Directors may accept Directorships in other companies as long as they do not hold more than five Directorships in listed companies and comply with the obligations for notifying such mandates set out in the corporate governance charter.

Where a Director intends to accept a Directorship in addition to the ones he already holds (with the exception of Directorships held in companies controlled by Befimmo SA and Directorships which, in the opinion of the Director concerned, are not liable to affect his availability), he shall inform the Chairman of the Board and consider with him whether this new commitment will leave him sufficiently available for Befimmo SA.

Article 17 – Transactions involving the Company's stocks

For transactions involving the Company's stocks, Directors are subject to the rules to prevent market abuses set out in the corporate governance charter.

In particular, he shall inform the Compliance Officer before carrying out any such transaction.

Article 18 – Self-assessment

Under the leadership of the Chairman, and where appropriate with the assistance of the Appointment and Remuneration Committee, the Board shall regularly assess its own composition, size, effectiveness and operation and its interaction with the Chief Executive Officer and other executive officers, and the Committees.

This self-assessment has four objectives:

- to judge the operation of the Board of Directors;
- to check whether important issues are properly prepared and discussed;
- to assess the actual contribution of each Director through his attendance of meetings of the Board of Directors and his constructive commitment in the discussions and decision-making; and
- to check whether the composition of the Board of Directors is in line with requirements, including when a chair is open or in case of renewal of mandate.

The Board may call upon external experts to assist in this assessment exercise.

Article 19 – Other assessments

Under the leadership of the Chairman, the Board shall consider the self-assessment reports of the Committees it has set up and decide on any adjustments proposed by the Committees.

The non-executive Directors shall carry out an annual assessment of their interaction with the Chief Executive Officer and the other executive officers (although not in their presence).

The Board and Non-Executive Directors shall be assisted in this by the Appointment and Remuneration Committee. They may call upon the assistance of external experts.



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