

INTERNAL REGULATIONS OF THE MANAGEMENT COMMITTEE OF BEFIMMO SA

Regarding the language of the terms of reference, these terms of reference are written in Dutch and French, neither language taking preference over the other; the English version is an unofficial translation.

Introduction

The Board of Directors (hereinafter also referred to as the “Board”) has established an Management Committee to which it has delegated its management powers in accordance with Article 19 of the Articles of Association of Befimmo SA (hereinafter also referred to as the “Company”).

This delegation of powers does not concern:

- the definition of strategy and general policy;
- the acts reserved by the law or the Articles of Association for the Board of Directors;
- in addition to the matters so reserved by the law or the Articles of Association, the acts and decisions that the Board of Directors decides to maintain within its area of competence (“reserved matters” listed in Article 4 of the present Internal Regulations).

In accordance with Article 14 of the Act of 12 May 2014 regarding Regulated Real Estate Companies (“Sociétés Immobilières Réglementées” - “SIR” or “BE-REIT”), the actual management of the Company is entrusted by the Board of Directors to the members of the Management Committee, who are also referred to as “Executive Officers”.

The Management Committee is a collegial decision-making body in its responsibilities and functioning.

The Management Committee periodically reviews its Internal Regulations and, as applicable, submits proposals to the Board of Directors to approve the adaptations that it deems desirable.

The present Internal Regulations of the Management Committee were adopted by the Board of Directors on 5 October 2016¹.

Article 1 – Composition of the Management Committee

The members of the Management Committee are appointed by the Board of Directors, on the proposal of the Appointments and Remuneration Committee.

At present, the members of the Management Committee are:

- the Chief Executive Officer (the “CEO”)
- the Chief Financial Officer (the “CFO”)
- the Chief Operating Officer (the “COO”)
- the General Counsel & Secretary General (the “SGC”)

Article 2 - Role of the Management Committee

The role of the Management Committee is to:

¹ With effect on 17 October 2016.

- Make proposals to the Board of Directors with regard to strategy and general policy;
- Implement the strategy defined by the Board of Directors, including decisions to acquire or transfer rights *in rem* over buildings or shares of Real-Estate Companies;
- Ensure the operational management of the company and report on this to the Board of Directors.

Article 3 – Matters reserved for the Board of Directors by virtue of the law or the Articles of Association

In accordance with the law and the Articles of Association, the Board is responsible in particular for the following decisions (non-exhaustive list):

- Defining the strategy and the general policy of the Company (including matters regarding Human Resources, communication, IT/cybersecurity, etc.);
- Adopting the annual accounts, establishing the half-yearly and quarterly accounts of the Company and taking all necessary measures to ensure the integrity and publication at the appropriate time of these documents and all other significant, financial or non-financial, information (brochures, press releases, etc.);
- Establishing the management report for the General Meeting of the shareholders, which includes in particular the company governance statement and the remuneration report;
- Calling the Ordinary and Extraordinary General Meetings of the shareholders of the Company;
- Deciding on the use of the authorised capital;
- Establishing the special Board of Directors reports as provided for by law (authorised capital, contributions in kind, reports on mergers/splits, etc.);
- Deciding on the executive management structure of the Company and determining the powers and missions entrusted to the Executive Officers individually or collectively; hiring and deciding on the remuneration of the Executive Officers, following the opinion of the Appointment and Remuneration Committee; assessing the performance of the Executive Officers and the implementation of the Company's strategy;
- Deciding on corporate values;
- Deciding on the risk level that the Board deems acceptable;
- Supervising the services of the External Auditor and the internal audit function, taking into account the examination carried out by the Audit Committee;
- Putting in place structures and procedures to promote proper functioning and shareholder confidence, including prevention and management mechanisms for conflicts of interest.

Article 4 - Matters reserved for the Board of Directors in addition to the acts and decisions reserved by virtue of the law or the Articles of Association

- Establishing the budget;

- Concluding leases (long-term lease contracts, usufruct etc.) involving a valuation in excess of 50 million euro²;
- Concluding any real estate investment or disinvestment agreement involving a valuation in excess of 50 million euro;
- Answering calls for tenders³ and deciding in a general way on any agreement or deed binding on the Company and involving a total amount, over the global duration of the contract or commitment, in excess of 50 million euro;
- Decisions with regard to civil or taxation proceedings, of a judicial or administrative kind⁴ (including decisions to settle a dispute or a proceeding on an amicable settlement) where the amount at stake or the financial risk exceeds 5 million euro, it being understood, however, that decisions with regard to criminal proceedings or involving the risk of a loss of reputation fall within the competence of the Board of Directors with no threshold limits;
- Decisions with regard to financing or hedging not provided for in the financial policy, in the hedging policy or in the budget (for example, financing of a non-budgeted real estate project) and public operations;
- Acquisition or transfer of any securities (including derivative or structured products) involving an amount in excess of 1 million euro, excluding the acquisition or transfer of derivative or structured products used in the framework of the hedging policy, for as long as they remain within the framework of the hedging policy or budget.
- Deciding on six-month or longer liquidity investments;
- Decisions, deeds and agreements concerning the Executive Officers;
- Appointing of independent real estate experts in accordance with BE-REIT regulations;
- Any decision not forming part of the strategic or general policy framework, as defined by the Board of Directors.

Article 5 – Management powers and responsibilities of the Management Committee

Consequently, the management powers of the Management Committee include, in particular, the following matters:

- Analysing, drawing up and proposing, under the guidance of the Executive Director, the policy and general strategy of the Company to be submitted to the Board of Directors (including general policies covering financial management, risk management, establishing of the budget, etc.);
- Drawing up, preparing and presenting proposals to the Board of Directors or its specialised Committees regarding all matters falling within their areas of competence;

² This amount is calculated as follows: [annual rent/fee] x [number of years of the agreement] without updating or indexation.

³ The answers to calls for applications are not subject to a ceiling, as they do not constitute a commitment, unlike answers to calls for tenders.

⁴ In particular, lodging of claims, complaints, legal proceedings such as summons, seizure, application to set aside, appeal, withdrawal of proceedings.

- Submitting to the Board of Directors the drafts of exhaustive, specific, reliable and precise financial statements and other financial and non-financial information, in accordance with the accounting and regulatory standards and the policies of the Company, as well as an objective assessment of the financial situation of the Company;
- Drawing up files on investment and disinvestment projects and making the related recommendations to the Board of Directors, concerning valuations in excess of 50 million euro;
- Drawing up files on lease contract projects (usufruct, long-term etc.) and making the related recommendations to the Board of Directors, concerning valuations in excess of 50 million euro⁵ ;
- Negotiating and concluding of all real-estate investment and disinvestment agreements concerning valuations in excess of 50 million euro;
- Negotiating and concluding all lease agreements (usufruct, long-term etc.) concerning valuations in excess of 50 million euro;
- In a general way, submitting tenders and deciding on all agreements or other deeds binding on the Company for amounts, over the whole duration of the contract or commitment, of less than 50 million euro⁶ ;
- Decisions with regard to civil or taxation proceedings, of a judicial or administrative kind⁷ (including decisions to settle a dispute or a proceeding on an amicable settlement) where the amount at stake or the financial risk is less than 5 million euro, it being understood, however, that decisions with regard to criminal proceedings or involving the risk of a loss of reputation fall within the competence of the Board of Directors with no threshold limits;
- Managing financial debt and implementing the hedging policy, in accordance with the financial policy or the budget (for example, the conclusion of a financing contract or hedging instrument) ;
- Acquisition or transfer of any securities involving an amount equal to or less than 1 million euro, it being understood that the acquisition or transfer of derivative or structured products used in the framework of the hedging policy are not subject to this limit, for as long as they remain within the framework of the hedging policy or budget
- Deciding on liquidity investments of less than 6 months;
- The day-to-day management of Befimmo SA, involving in particular (but not exclusively) the following aspects:
 - The commercial, operational and technical management of the property portfolio;
 - The drawing up of financing models linked to the investment projects;
 - Acts concerning the tax management of the Company: dealing with information requests from the tax authorities, signing of all documents or declarations for the attention of the local, federal or foreign tax administrations;

⁵ This amount is calculated as follows: [annual rent/fee] x [number of years of the agreement] without updating or indexation.

⁶ The answers to calls for applications are not subject to a ceiling, as they do not constitute a commitment, unlike answers to calls for tenders.

⁷ In particular, lodging of claims, complaints, legal proceedings such as summons, seizure, application to set aside, appeal, withdrawal of proceedings,

- Communication with the administrative, supervisory or market authorities (preliminary investigation and management of certification procedures, miscellaneous reports, updating of data, etc.).
- Organisation and management of support functions, such as:
 - Human resources, including recruitment, training and remuneration of employees, except the decisions, deeds and agreements concerning the Executive Officers;
 - Legal and tax matters;
 - Financial, administrative and legal management of subsidiaries;
 - Management control and internal auditing: setting up of internal controls (identification, assessment, management and follow-up systems for risk, finance and other areas) based on the reference framework approved by the Board of Directors, without prejudice to the monitoring role of the Board of Directors ;
 - Reporting to the Board of Directors, to the FSMA (Financial Services and Markets Authority) and to the auditors on the internal control system;
 - Internal and external communications (excluding the communications governed by Point 3 above);
 - Information technology.

The Management Committee will of its own initiative submit to the Board of Directors any transaction, even one falling within its area of delegation, which the Committee considers it should submit to it, because of its nature, the risks incurred or the parties involved.

Where an operation consists of several sections or transactions, the thresholds given above apply to the operation as a whole and not to each section or transaction taken individually.

Article 6 – Activity report

At each meeting of the Board of Directors, and at least quarterly, the Executive Director and the other members of the Management Committee will report to the Board of Directors on the important aspects of operational management. They will supply the Board of Directors with all significant information concerning at least the following matters:

- Developments affecting the activities of the Company and changes in its strategic situation;
- The financial outlook and results of the Company and an assessment of its financial situation;
- Major current or potential disputes;
- Regular follow-up on all questions falling within the competence of the Board of Directors.

This Report will be supplied at least 8 days before the meeting of the Board of Directors for which it is intended.

Article 7 - Mode of operation

- The Management Committee is a decision-making body of a collegial kind with regard to responsibility and functioning: its decisions are taken on the basis of the consensus of its members who are collegially responsible. If a consensus cannot be reached, the point or file concerned is put on the agenda of the meeting of the Board of Directors for deliberation and decision.
- The members of the Management Committee will take the necessary measures to develop a climate of confidence and close cooperation between them, by contributing to open discussions and the constructive expression of divergences of opinion.

- The Management Committee will meet as often as is necessary, under the chairmanship of the Executive Director, and in principle, once a week. As the need may arise, it can be convened at any time by the Chairperson or if two members at least of the Management Committee express such a wish.
- The Management Committee deliberates on the basis of files containing all the information necessary to take decisions, each member having received copies of such files beforehand.
- The Management Committee may invite any person to its meetings whose presence it considers useful.
- The files for the meetings of the Management Committee are centralised and distributed by the General Counsel & Secretary General, who is also responsible for drawing up the minutes. The minutes summarise the discussions and give the decisions taken by the Management Committee. They are approved by the members of the Committee and a copy is filed by Befimmo SA in its records. The Executive Director, the General Counsel & Secretary General or another member of the Committee is authorised to certify copies of, or extracts from, the minutes of the deliberations.

Article 8 – Observance of the rules of corporate governance

The members of the Management Committee undertake to comply with the regulations applicable to Befimmo SA and, in particular, the legislation on Regulated Real-Estate Companies, the provisions of the Belgian Code of Corporate Governance, the Articles of Association of Befimmo SA, the Corporate Governance Charter of Befimmo SA, the Code of Ethics of Befimmo SA, the rules for preventing market abuse, as well as the present Internal Regulations.

Article 9 – Conflicts of interests and functions

The members of the Management Committee will act in the interest of the Company. They will organise their personal and professional affairs in such a way as to avoid any conflict of interests, direct or indirect, with the Company.

They will inform the Management Committee of potential conflicts of interest and, where necessary, abstain from discussing and voting on the point concerned, in accordance with the procedures for the prevention of conflicts of interests provided for by the Corporation Code, the BE-REIT (Regulated Real Estate Companies) legislation and in the Governance Charter of Befimmo SA.

In addition, the point or file concerned by the conflict of interest is put on the agenda of the meeting of the Board of Directors for deliberation and decision.

Article 10 – Operations concerning securities of the Company

With regard to operations concerning securities of the Company, the members of the Management Committee are subject to the rules for the prevention of market abuse set out in the Dealing Code of Befimmo SA.

In particular, they must inform the Compliance Officer prior to any operation and comply with the publicity procedures provided for by the applicable legislation.

Article 11 – Determination of objectives, assessment of performance and remuneration

The remuneration of the members of the Management Committee is fixed, in accordance with the Remuneration Policy of Befimmo SA (which is an integral part of the Governance Charter), by the Board of Directors on the proposal of the Appointment and Remuneration Committee and after consultation with the Executive Director with regard to the remuneration of members of the Executive Committee apart from himself/herself.

Every year, the Board of Directors, on the proposal of the Appointment and Remuneration Committee, establishes the objectives of the members of the Management Committee for the year(s) to come and assesses their performance for the past year, in accordance with the Remuneration Policy of Befimmo SA. This assessment is used, in particular, to decide on the allocation, in whole or in part, of the variable part of their annual remuneration.

The payment of the variable remuneration of the members of the Management Committee is spread out over a period of three years and the final allocation of the deferred part of the variable remuneration is subject to middle-term and long-term, predetermined and objectively measurable performance criteria.

Article 12 – Representation of the Company

The Company is validly represented in all its deeds and all obligations with respect to all third parties and public or private administrations:

- by two Board Members acting together, or
- within the limits of the management powers conferred on the Management Committee, by two members of the said Committee acting together, or
- by the person authorised for daily management, within the limits of daily management.
