



Supervisory Board rules of Nieuwe Steen Investments n.v.

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These rules were adopted by the Supervisory Board on 28 April 2004.



Article 1. Establishment and scope

- 1.1. These rules are supplementary to the provisions of the law and articles of association, and lay down rules and procedures for use in matters concerning the Supervisory Board ('SB') to be followed by the Supervisory Board van Nieuwe Steen Investments n.v. ('the Company').
- 1.2. The Supervisory Board undertakes to comply with these provisions, insofar as they concern it.

Article 2. Composition of Supervisory Board

- 2.1 The Supervisory Board consists of not less than three individuals. The number of Supervisory Board members is determined by the holders of the Company's priority shares ('the Priority Shareholders').
- 2.2 Supervisory Board members are appointed by the general meeting of the shareholders of the Company (the 'GM') from amongst two or more persons nominated by the Priority Shareholders, those nominations being binding.
- 2.3 Supervisory Board members are appointed for a term of four years. The Supervisory Board decides how its members are to retire, in rotation. Under the rotating retirement system, one Supervisory Board member retires each year, at the annual general meeting. Supervisory Board members retiring under the roster may be re-appointed twice.
- 2.4 The Supervisory Board appoints a Chairman and Secretary from amongst its members. The Chairman holds office for one year, after which the Supervisory Board appoints another Chairman to that position. The Chairman may be re-appointed.
- 2.5 The Supervisory Board and directors of the Company ('the Directors') will endeavour to ensure that the Supervisory Board incorporates the expertise relevant to the Company. The Supervisory Board produces its own outline of its scope and composition as desired itself, in consultation with the Directors, having regard to the nature of the Company, its activities and the background expertise desired of Supervisory Board members. This outline is subject to the consent of the Priority Shareholders.
- 2.6 Supervisory Board members must be capable of assessing policy fundamentals as a whole. Each Supervisory Board member will have the specific expertise required to perform his duties, in his role as part of the SB's outline. The Supervisory Board must be composed in such a way that it can perform its duties properly. Supervisory Board members may not be re-appointed without carefully considering matters in the light of the profile requirements above first.
- 2.7 The Supervisory Board will be made up such that its members can operate independently and critically of one another, the Directors or any partial interests of any kind.
- 2.8 Supervisory Board members are deemed to be independent if the dependency criteria below do not apply to them. These dependency criteria mean that the Supervisory Board member in question:



- a) Has been an employee or member of the Board of the Company (including associated companies for the purposes of Article 1 of the Law on reporting control of publicly quoted companies 1996) in the last five years;
- b) Receives any personal financial payment from the Company or from any of its associated companies other than the payment they receive for their work as a Supervisory Board member and insofar as this does not fit into the normal course of business;
- c) Had significant business dealings with the Company or with any of its associated companies in the year prior to their appointment, including in any case where the Supervisory Board member or an organization of which they are a shareholder, partner, employee or consultant appeared as advisers to the Company (consultants, external accountants, notaries or advocates) or where a Supervisory Board member is a member of the Board or employee of a financial institution with which the Company has long-term dealings:
- d) Is a member of the Board of a company of which a member of the Board of the Company he supervises is a supervisory board member;
- e) Holds ten per cent or more of the shares in the Company;
- f) Is a member of the Management or Supervisory Boards or otherwise represents an organization holding ten per cent or more of the shares in the Company, other than group companies;
- g) Has been involved in the management if the members of the Board were absent or incapacitated in the preceding twelve months.

2.9 The SB's members may not include more than one former member of the Board of the Company. When proposing to appoint a former member of the Board, consideration must be given to what influence the former member of the Board has on the operation on and of the Supervisory Board and the functioning of the Board.

The Supervisory Board assumes that the Board must have the confidence of the meeting of the shareholders; this complies with the policy on (re) appointing members.

Article 3. Duties of Supervisory Board

- 3.1 The SB's duties are to supervise the policy of the Board and the general course of business of the Company and its associated companies. The Supervisory Board assists the Board with advice. In performing the duties assigned them, the members of the Supervisory Board are guided by the interests of the Company and its associated companies, weighing the interests of those involved in the Company. The Supervisory Board is responsible for ensuring that it operates well.
- 3.2 The Chairman is in principle available to the other Supervisory Board members and to the Board at all times. The Chairman maintains close, frequent contact with the Board and informs the Supervisory Board precisely and regularly of these contacts.



- 3.3 The Chairman represents the Supervisory Board outwardly. He endeavours to ensure that the other members of the Supervisory Board are optimally involved in the SB's work and coordinates all its activities.
- 3.4 The Supervisory Board may, if it so desires, appoint an audit committee, a remuneration committee and/or a selection and appointments committee from amongst its numbers. The duty of these committees is to prepare the foundations for the SB's decision. The Supervisory Board is still responsible for its own decisions, even if the groundwork for them is prepared by committees appointed from amongst the SB. The Supervisory Board will lay down rules for each committee, stating what the committee in question's role and responsibilities are, its makeup and how it performs its duties.
- 3.5 Under Article 14 para. 6 of the Company's articles of association, the Supervisory Board is assisted by an investment committee in approving decisions by the Board to conclude agreements or acquire or dispose of real estate or rights thereto.
This investment committee is appointed by the SB, and consists of at least one Supervisory Board member. The Supervisory Board will lay down rules for the investment committee.
- 3.6 The Chairman is responsible for ensuring that the Supervisory Board and committees operate properly, and for ensuring that members are adequately informed, ensures sufficient time is available for decision-making, and handles the new members', familiarization and training programs for their members.
- 3.7 Delegated supervisory board members are those with particular duties. Any Supervisory Board member directing the company if the members of the Board are absent or incapacitated will resign from the Supervisory Board to take up his management duties.
- 3.8 The Chairman is assisted in his duties by the Company Secretary.

Article 4. Remuneration and costs

- 4.1 The remuneration of each Supervisory Board member is determined by the Priority Shareholders.
- 4.2 The Company will reimburse Supervisory Board members all costs they reasonably incur in attending Supervisory Board meetings.
- 4.3 The Company will reimburse any other costs Supervisory Board members incur in the course of their duties, in full or otherwise, provided such costs are not incurred without consulting the Chairman and obtaining his consent first. Other costs the Chairman himself incurs will be dealt with in accordance with the rules of conduct applied to the other Supervisory Board members.
- 4.4 The remuneration, reimbursement of costs agreed and other terms and conditions agreed on establishing the Supervisory Board on the date above will be settled between the Company and individual Supervisory Board members in writing.

Article 5. Meetings

- 5.1 The Supervisory Board meets at least once in any three-month period and otherwise as often as one or more Supervisory Board members and/or Directors so desire. Meetings are held at the Company's offices in principle. The Directors will attend these meetings unless the Supervisory Board instructs otherwise.



- 5.2 The Supervisory Board meets without the Directors being present whenever the Supervisory Board members so desire. The Supervisory Board will meet separately once a year in any case, the purpose of that meeting to be to evaluate the workings of the Supervisory Board and Board. Once again, this meeting will in principle be held at the Company's offices. As a general rule, the Chairman will inform the Board when the Supervisory Board is to meet in advance, and inform it of the conclusions reached soon after the meeting.
- 5.3 The Supervisory Board will set the dates for its normal meetings a year in advance.
- 5.4 Supervisory Board members will attend all Supervisory Board meetings and other functional activities unless prevented for good reason.
- 5.5 Meetings will be convened by the Board or by a Supervisory Board member acting on its behalf. Notices of meetings will be given in writing in good time before the meeting in question, and be accompanied by the agenda, documents to be discussed and any resolutions to be submitted.
- 5.6 Supervisory Board meeting agendas will be drawn up by the Chairman, and will contain subjects arising from time to time and a number of points to be raised by the Supervisory Board that it wishes to see raised at each meeting.
- 5.7 Meetings are chaired by the Chairman. Minutes of meetings will be produced by a person appointed for that purpose, will be sent out to all Supervisory Board members and adopted by the Supervisory Board at its next meeting, and signed in witness of that by the SB's Chairman and Secretary. Minutes of meetings will also be sent to the Board unless the provisions of Article 5.2 apply.
- 5.8 The minutes must record the subjects, views, deliberations and decisions dealt with at the meeting briefly but adequately such that any Supervisory Board members and/or Directors not present at that meeting have a clear and complete picture of the discussions at that meeting, where relevant.
- 5.9 Supervisory Board decisions will, as a normal rule, be taken at Supervisory Board meetings. Decisions must be recorded in writing.
- 5.10 The Supervisory Board can only take decisions if not less than two thirds of Supervisory Board members are present at the meeting, in person or by proxy. Decisions are taken by a simple majority of the votes cast. If the vote is tied, a second meeting must be held; if the vote is tied again, the Chairman will have a casting vote.
- 5.11 Supervisory Board members will strive for unanimity in general. If any Supervisory Board member is unhappy with a decision taken they must raise their objections at the Supervisory Board. If any Supervisory Board member cannot accept the final decision, they must declare their opposition to it and ensure that this is minuted, together with their reasons. If the Supervisory Board member considers their objections to be so fundamental that they are unable to accept any liability for the majority decision, they should then resign.
- 5.12 Supervisory Board members will avoid expressing minority views in principle. Should a Supervisory Board member resign on account of having a contrary opinion, however, they should make a statement, with reasons, that they draw up in consultation with the Chairman of the Supervisory Board.



- 5.13 The Supervisory Board has its own secretariat with its own (confidential) files at the Company's offices, where all documents concerning the Supervisory Board are kept.
- 5.14 The Supervisory Board may also take decisions other than at meetings. Votes as in Article 5.9 can only be taken unanimously at a meeting at which all Supervisory Board members are present in person or by proxy. Votes can only be given in writing (which includes e-mail and fax). Such decisions must be recorded in writing and included in the minutes at the next meeting.

Article 6. Information

- 6.1 The Management Board will inform the Supervisory Board in writing on all facts and developments concerning the Company that the Supervisory Board requires to perform and exercise its duties properly.
- 6.2 Without prejudice to the general rule in the preceding paragraph, the Management Board will provide the Supervisory Board with a report at the end of each quarter giving details concerning the balance sheet, results, real estate acquisitions and disposals, conversion projects, letting developments and funding plans, together with explanatory notes by the Management Board.
- 6.3 All Supervisory Board members are expected to give the Company due effort and attention. It is assumed in any case that Supervisory Board members will note the information they receive on the Company and respond in the manner arising out of their duties.
- 6.4 Should a Supervisory Board member receive information or indications from a source other than the Management Board or Supervisory Board which is of interest in terms of their supervision, they must bring that information to the attention of the Chairman as soon as possible; the Chairman will then inform the Supervisory Board.
- 6.5 Supervisory Board members may rely on information given them by the Management Board, unless they have reason to doubt that that information is correct and/or complete in the light of other information. If a declaration of completeness is furnished to the accountants, the Management Board will make the same declaration in writing to the Supervisory Board.

Article 7. Supervision

- 7.1 The Supervisory Board's task is to ensure that the Management Board does its job properly.
- 7.2 The Supervisory Board supervises the Management Board's policy as a whole and the Company's course of business.
- 7.3 In exercising its supervision as stated in the preceding paragraph, the Supervisory Board will take as its starting point the question as to whether policy is being conducted in accordance with basic responsible business principles. With this in mind, the Supervisory Board will ensure that policy is conducted at all times in accordance with the law, articles of association and other rules and regulations and that the Company's continuing survival is assured. The Supervisory Board will ascertain that the decisions which the Management Board has taken and will take are well founded and were reached with care.
- 7.4 The Supervisory Board's aim is to supervise matters preventively, as well as retrospectively. The Supervisory Board will intervene as and when necessary.



7.5 The Supervisory Board will ensure that:

- The Management Board draws up a policy plan, or at least formulates policy fundamentals in writing with which the Supervisory Board can agree;
- The Management Board's policy is in line with and is carried out in accordance with established policy plans and fundamentals;
- Financial reports are issued on a quarterly basis at least;
- It is in possession of sufficient information to give a balanced judgment at all times;
- The decisions underlying its supervision are clearly supported by reasons and underpinned;
- No unjustified personal betterment is conferred on any members of the Supervisory or Management Boards;
- It can be reasonably certain that the records are correct and reliable, that the annual accounts provide a true and accurate picture of the Company's financial position and that other reports on the Company are produced reliably and with care;
- Any warning signs concerning the Company are responded to promptly and adequately.

7.6 The Management Board may not take any decisions requiring the Supervisory Board's prior consent or authority under Article 14, paragraph 5 of the Company's articles of association until the Supervisory Board gives that consent or authority in writing and minutes it.

Article 8. Accountants

8.1 The accountants are appointed by the General Meeting of the Shareholders. The Management Board reports to the Supervisory Board annually on developments in dealings with the external accountants, and their independence in particular (including the desirability of rotating managing partners within the firm of external accountants responsible for auditing). Based on this and other factors, the Supervisory Board will present its nominations to the General Meeting of the Shareholders to appoint external accountants.

8.2 At least once every four years, the Management Board and the Supervisory Board will conduct a thorough review of the work of the external accountants in the various entities and capacities in which they work, reporting their main findings to the General Meeting to enable it to evaluate nominations as external accountants. To ensure audits are conducted independently, neither the accountants, the organization to which they belong or any of their associated companies may be instructed to provide advice or consultancy services without obtaining the Supervisory Board's consent first.

Article 9. Annual accounts

9.1 The Supervisory Board will ensure that the Management Board draws up the annual accounts in good time and presents them together with the annual report and other documents, including the accountants' certification, to the Supervisory Board for discussion and evaluation with a view to obtaining the Supervisory Board's approval.

9.2 The external accountants will also attend meeting(s) (or parts of meetings) of the Supervisory Board devoted to this subject.

9.3 The Supervisory Board will deliberate partly on the basis of the accountants' report (preferably issued in writing), and must be given a copy of the accountants' certification.

9.4 The Supervisory Board will also deliberate on the management letter produced, if any.



- 9.5 In considering the annual accounts, the Supervisory Board will ascertain the choice and application of the principles used in determining assets and profits. Any changes to these principles merit particular attention. The external accountants must confirm to the Supervisory Board that the principles adopted have in fact been applied.
- 9.6 The Supervisory Board must examine and give a qualitative verdict on the various provisions considered necessary, even if rules for conduct are already in existence in their case.
- 9.7 The Supervisory Board will meet at least once a year to obtain the external accountants' opinion on how the administration is operating and any changes that need to be made to the organization or working methods.
- 9.8 All Supervisory Board Members in post on the date on which the annual accounts are drawn up must sign those accounts if they accept them. Should any Supervisory or Management Board members not accept the annual accounts, they will refrain from signing them, stating the reasons why.
- 9.9 The Supervisory Board will ensure that the annual report gives a true and accurate picture of the position and does not conflict with the annual accounts. The Supervisory Board will be deemed to accept the contents unless a Supervisory Board member distances himself or herself from the report.
- 9.10 Supervisory Board members will ensure that the statements the Management Board makes in the annual report give a true and accurate picture in the light of the relevant facts and circumstances at the time the report is signed. It will also pay similar attention to statements made at the General Meeting in respect of [the Company's] prospects.
- 9.11 Any proposal the Management Board makes to pay an interim dividend is subject to the Supervisory Board's consent. The Supervisory Board will ensure that any dividends proposed do not reduce the assets to less than the capital plus tied up reserves required by law or the articles of association, are in accordance with the relevant provisions of the articles of association and do not include any provisions which are in fact indefensible.
- 9.12 The Supervisory Board will ensure that the annual accounts are presented to the General Meeting in good time, and that they satisfy statutory requirements in respect of convening meetings of the shareholders.

Article 10. Dealings with the shareholders

- 10.1 The General Meeting of the Shareholders is the forum at which the Management Board and The Supervisory Board report on and give an account of how they have performed their duties.
- 10.2 The Supervisory Board ensures that General Meetings are held in good time, items on the agenda are announced as necessary and that they are minuted and that the minutes are available for inspection as laid down in the articles of association.
- 10.3 The Supervisory Board and Management Board will meet to discuss forthcoming General Meetings immediately beforehand. The Management Board will agree on what information the Management Board is to give the General Meeting in addition to its directors' report (such as prospects) in consultation with the Supervisory Board.
- 10.4 The Supervisory Board and Management Board will attend General Meetings unless prevented for overriding reasons.



10.5 The Supervisory Board will furnish the General Meeting with all the information required insofar as it relates to items on the agenda unless the Company's overriding interests dictate otherwise.

Article 11. Informal contacts and confidentiality

11.1 Any Supervisory Board members who are taken into confidence, informally or by other indirect means, on matters concerning the Company will proceed with caution in those contacts and always assume that the Supervisory Board, or the Chairman at least, can be included in that confidence.

11.2 The Chairman represents the Supervisory Board outwardly. All other Supervisory Board members will refrain from doing so.

11.3 Supervisory Board members will treat any and all information and documents they obtain in the course of their duties as strictly confidential, and will not disclose them outside the Supervisory Board or Management Board, even after they retire.

Article 12. Rules of conduct

(Without prejudice to the above, Supervisory Board members will be guided in their duties by the Recommended rules of conduct for Supervisory Board members, 1986.)

12.1 As members of the Supervisory Board, Supervisory Board members do not represent or support any interests other than those of the Company.

12.2 Supervisory Board members must be free and independent of the Company to perform their duties. They exercise their duties freely and without consultation.

12.3 Supervisory Board members are at liberty with respect to the Management Board, whose policy they must be able to supervise independently.

12.4 The Supervisory Board is also aware that shareholders and third parties involved must be able to be confident that the Supervisory Board is working as it should.

12.5 The Supervisory Board will satisfy itself at all times that it can operate in the Company's interests. Should interests become entangled, an additional degree of care will be required in preparing, taking and implementing decisions. In such cases, the Supervisory Board will act as openly as possible. It may be necessary to involve expert third parties in some cases.

12.6 As soon as the Supervisory Board sees any conflict of interests impending, it must indicate this and report it to the Chairman of the Supervisory Board immediately. If the Supervisory Board believes the conflict of interests can be resolved through *ad hoc* arrangements, the Supervisory Board member(s) will assist in those arrangements.

12.7 Should the Chairman of the Supervisory Board have a conflicting interest (or a potential conflicting interest) that is of material significance to the Company and/or him- or herself, they must report this to the Deputy Chairman of the Supervisory Board immediately and furnish all relevant information.

12.8 Supervisory Board members must not take part in any discussion or decision on any subject or transaction in which they have a conflicting interest (or potential conflicting interest).



- 12.9 If the Supervisory Board finds that a conflicting interest is such as to prevent the Supervisory Board member concerned inherently in performing their duties, that Supervisory Board member must resign.
- 12.10 A conflict of interests exists in any case where the Company proposes to enter into transactions with organizations
- In which any Supervisory Board member has a personal financial interest;
 - Of which any member of the Management Board is related in family law to any member of the Company's Supervisory Board, or
 - In which any member of the Company's Supervisory Board holds a directorship or supervisory position.
- 12.11 All transactions in which conflicting interests of Supervisory Board members are involved will be settled on prevailing industry terms. Any transactions in which conflicting interests of Supervisory Board members are involved require the consent of the Supervisory Board. All transactions with members of the Supervisory Board will be published in the annual report, giving details of any conflicting interests and stating that best practice provisions III.6.1 to III.6.3 have been complied with.
- 12.12 The Supervisory Board is responsible for taking decisions to resolve conflicting interests between Management Board members, Supervisory Board members and the external accountants and the Company.
- 12.13 Supervisory Board members must not use any prior knowledge to their own advantage or that of others.

Article 13. Personal liability

- 13.1 Supervisory Board members are aware that, as a general rule, the Supervisory Board acts collectively, so that all Supervisory Board members are liable personally, that is, they are all fully liable for any shortcomings in the Supervisory Board's performance of its duties. Supervisory Board members will not be liable if they can show proof that any shortcomings are not attributable to them and that they were not negligent in taking action to avert the consequences.
- No division of labour within the Supervisory Board, e.g. when appointing committees, can be taken as such proof per se. Any matters that are discussed and prepared in committee remain the concern of the Supervisory Board as a whole.
- 13.2 The Supervisory Board members are aware that liability may arise even where no fault is involved.
- 13.3 Supervisory Board members should intervene at any time there are alarming developments at the Company, because liabilities and losses exceed shareholders' equity plus reserves and cannot rely on comforting statements by the Management Board, on pain of being potentially held liable themselves.
- 13.4 Supervisory Board members should bear in mind that, even if they are relatively poorly paid or hold officers' liability insurance, this may not prevent them being held liable. On the other hand, the courts may mitigate damages if they consider them excessive, or if awarding damages in full would have unacceptable consequences.
- 13.5 Supervisory Board members can rely on the accountants to a large extent, without prejudice to their obligation to consider reports and other information by the accountants



carefully and monitor the course of affairs critically themselves. Even if the accountants approve the accounts without qualification, this does not exonerate the Management or Supervisory Boards from liability for the annual accounts being correct.

- 13.6 Supervisory Board members will be aware that, if there is a failure to comply with statutory requirements in respect of keeping and retaining accounts and the obligations to disclose and lodge (concerning the annual accounts), such shortcomings in performance will result in the Supervisory Board having aggravated liability for any deficiencies of assets should [the Company] become insolvent.
- 13.7 Supervisory Board members should determine (and assist in determining) the Company's policy as if they were directors, on pain of being liable as directors for any deficiencies of assets should [the Company] become insolvent.
- 13.8 Supervisory Board members should be aware that the scope of exoneration [from liability for their actions] is limited to what is apparent from the annual accounts in question, is not binding towards third parties or towards any administrator in insolvency making recourse against the Supervisory Board members for deficiencies of assets on the grounds that they were knowingly deficient in the performance of their duties.
- 13.9 Any Supervisory Board member who becomes aware that the Company is committing or is about to commit an offence, or who is aware of any facts or circumstances that necessarily or probably result in the Company committing an offence, must not stand by and allow that offence to be committed, but must take appropriate action, on pain of criminal liability.
- 13.10 Supervisory Board members are aware of the responsibilities and risks involved in performing their duties. The Company has taken out a directors' and officers' liability policy that covers the risks and costs involved within reasonable limits.

Article 14. Conflicts

- 14.1 Supervisory Board members will do everything in their power to avoid conflicts within the Supervisory Board. Any conflicts that prevent work being performed properly cannot be allowed to continue and must be resolved one way or another through the Chairman's intervention. In the final instance, such conflicts will have to be resolved by [members] resigning voluntarily, being suspended or dismissed.
- 14.2 If a conflict between the Supervisory Board and Management Board cannot be resolved by negotiation, the Supervisory Board will discuss matters within itself immediately, distinguishing between objective differences of opinion and personal differences where possible. An external expert may be asked to give an opinion, whether binding or otherwise.
- 14.3 Preventive supervision also includes avoiding conflicts within the Management Board. If any conflicts do arise, however, the Supervisory Board will offer itself emphatically for consultation. If this fails to bring about a solution, and a conflict prevents work being done as it should, the Supervisory Board must intervene. The recommendations of sections 13.1. and 13.2. apply here *mutatis mutandis*.
- 14.4 The Supervisory Board must investigate and the Management Board must inform it of any conflicts of a substantial nature between the Management Board and outside parties or others in the Company. The Supervisory Board will not as a rule allow itself to become directly involved in such conflicts or with the parties involved, although it will consult on them with the Management Board.



Article 15. Miscellaneous

- 15.1 The contents of these rules may be modified at the instigation of the Management Board or Supervisory Board. In the former case, proposals must be approved by the Supervisory Board.
- 15.2 The Supervisory Board adopted these rules at its meeting on 28 April 2004, and supersedes the rules previously adopted.
