

This Offer expires at 17.40 hours CET on 13 November 2015 unless extended

OFFER MEMORANDUM

dated 17 September 2015

RECOMMENDED CASH OFFER

BY

RENAISSANCE INFRASTRUCTURE B.V.



FOR ALL ISSUED AND OUTSTANDING DEPOSITARY RECEIPTS FOR ORDINARY SHARES IN
THE SHARE CAPITAL OF
BALLAST NEDAM N.V.



This offer memorandum (the "**Offer Memorandum**") contains the details of, and the terms and conditions and restrictions to, the recommended public offer within the meaning of article 5:76 of the Netherlands Financial Supervision Act (*Wet op het financieel toezicht*) ("**Wft**") made by Renaissance Infrastructure B.V. (a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) incorporated under the laws of The Netherlands, with its corporate seat in Breda, The Netherlands) (the "**Offeror**") to all holders of issued and outstanding depositary receipts (the "**Depositary Receipts**"; holders of such Depositary Receipts being referred to as "**Depositary Receipt Holder**") issued for ordinary shares in the share capital of Ballast Nedam N.V. (a public limited liability company (*naamloze vennootschap*) incorporated under the laws of The Netherlands, with its corporate seat in Nieuwegein, The Netherlands) (the "**Company**") to purchase for cash their Depositary Receipts on the terms and subject to the conditions and restrictions set forth in this Offer Memorandum (the "**Offer**"). As at the date of this Offer Memorandum 19,613,835 Depositary Receipts are issued and outstanding and subject to the Offer.

Depositary Receipt Holders tendering their Depositary Receipts under the Offer will be paid, on the terms and subject to the conditions and restrictions set forth in this Offer Memorandum, as consideration for each Depositary Receipt validly tendered (or defectively tendered provided that such defect has been waived by the Offeror) by such Depositary Receipt Holder and delivered (*geleverd*) to the Offeror, a cash amount of EUR 0.30 (thirty euro cents) per Depositary Receipt (cum dividend) (the "**Offer Price**") without interest and subject to any required withholding of taxes. If, on or after the date hereof but on or prior to the Settlement Date (as defined below), any cash or dividend in kind or other distribution is declared in respect of the Depositary Receipts and the record date for such cash or dividend in kind or other distribution occurs on or prior to the Settlement Date, the Offer Price will be decreased by an amount per Depositary Receipt equivalent to any such cash or dividend in kind or other distribution per Depositary Receipt.

The board of management (*raad van bestuur*) of the Company (the "**Board of Management**") and the supervisory board (*raad van commissarissen*) of the Company (the "**Supervisory Board**", and together with the Board of Management the "**Boards**") support and recommend the Offer to the Depositary Receipt Holders for acceptance. Reference is made to Section 3.8 (*Decision-making and Recommendation by the Boards*) and the Position Statement (as defined below).

The Acceptance Period (as defined below) under the Offer commences at 9.00 hours CET, on 18 September 2015 and, unless extended, expires at 17.40 hours CET, on 13 November 2015 (such time, as may be extended in accordance with article 15 of the Decree on public offers Wft (*Besluit openbare biedingen Wft*, the "**Takeover Decree**") being referred to as the "**Acceptance Closing Time**" and the day on which the Acceptance Closing Time, as may be extended in accordance with article 15 of the Takeover Decree, occurs being referred to as the

"**Acceptance Closing Date**"). Acceptance under the Offer must be made in the manner specified in this Offer Memorandum.

Depository Receipts tendered on or prior to the Acceptance Closing Time may not be withdrawn, subject to the right of withdrawal of any tender (i) in case of an increase of the Offer Price in accordance with the provisions of article 15a, paragraph 3 of the Takeover Decree and (ii) during any extension of the Acceptance Period in accordance with the provisions of article 15, paragraph 3 of the Takeover Decree. The Offeror reserves the right to extend the Offer past the Acceptance Closing Time, subject to certain restrictions as agreed between the Company and Renaissance Construction. If the Offer is extended past the Acceptance Closing Time, the Offeror will make an announcement to that effect in accordance with the Takeover Decree. See Section 4 (*Invitation to Depository Receipt Holders*). The provisions of article 15, paragraph 2 of the Takeover Decree require that such an announcement be made within three (3) Business Days following the initial Acceptance Closing Time.

The Offer is subject to the fulfilment of the Offer Conditions (as defined below), including, but not limited to, the number of Depository Receipts having been tendered for acceptance on the Acceptance Closing Date, together with (i) any Depository Receipts directly or indirectly held by the Offeror or any of its Affiliates at the Acceptance Closing Date and (ii) any Depository Receipts committed to the Offeror, or any of its Affiliates, in writing, representing at least 65% (sixty-five percent) of the Company's issued share capital (*geplaatst kapitaal*) (excluding any Depository Receipts held by the Company at the Acceptance Closing Date) as at the Acceptance Closing Date. The Offeror and the Company each reserve the right to waive certain Offer Conditions to the extent permitted by law and the terms and conditions of the Merger Agreement. See Section 3.9 (*Offer Conditions*).

Unless the Acceptance Period is extended, the Offeror will, in accordance with article 16, paragraph 1 of the Takeover Decree, announce within three (3) Business Days following the Acceptance Closing Date whether it declares the Offer unconditional (*gestand wordt gedaan*) (the date on which the Offeror makes such announcement being referred to in this Offer Memorandum as the "**Unconditional Date**"). In such announcement, the Offeror will also confirm the aggregate value, the number and the corresponding percentage of Depository Receipts tendered to the Offeror prior to the Acceptance Closing Time.

Announcements stating that the Offeror declares the Offer unconditional (*gestand wordt gedaan*) and announcements concerning an extension of the Offer past the Acceptance Closing Time will be made by press release, a copy of which will be made available on the Company's website at www.ballast-nedam.com and on the Offeror's website at www.ronesans.com.

In the event that the Offeror declares the Offer unconditional (*gestand wordt gedaan*), the Depository Receipt Holders who have validly tendered (or defectively tendered provided that such defect has been waived by the Offeror) and delivered (*geleverd*) their Depository Receipts for acceptance pursuant to the Offer prior to or on the Acceptance Closing Time (each of these Depository Receipts, a "**Tendered Depository Receipt**") will receive promptly, but in any event within five (5) Business Days following the Unconditional Date (the "**Settlement Date**"), the Offer Price in respect of each Tendered Depository Receipt.

Neither the U.S. Securities and Exchange Commission ("**SEC**") nor any securities commission of any State of the United States of America has: (i) approved or disapproved of the Offer, (ii) passed upon the merits or fairness of the Offer or (iii) passed upon the adequacy or accuracy of the disclosure in this Offer Memorandum. Any representation to the contrary is a criminal offence in the United States of America.

The information required by article 18, paragraph 2 of the Takeover Decree in connection with the Offer is included in the position statement of the Boards (the "**Position Statement**"). The Position Statement, including all appendices thereto, does not form part of this Offer Memorandum and has not been reviewed or approved by the Netherlands Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten* or "**AFM**") prior to publication. The Position Statement may be reviewed by the AFM after publication.

At 14:00 hours CET on Friday 30 October 2015, such date being at least six (6) Business Days prior to the Acceptance Closing Date, an extraordinary general meeting of shareholders will be convened, at which meeting the Offer, among other matters, will be discussed in accordance with article 18, paragraph 1 of the Takeover Decree. In addition, certain resolutions will be proposed to the EGM in connection with the Offer. Reference is made to Section 3.6 (*Extraordinary General Meeting of Shareholders*) and the Position Statement.

This Offer Memorandum has been prepared in accordance with article 5:76 of the Wft in conjunction with the provisions of article 8 of the Takeover Decree and has been approved by the AFM in accordance with the provision of article 8 of the Takeover Decree on 17 September 2015.

THIS OFFER MEMORANDUM CONTAINS DETAILED INFORMATION CONCERNING THE OFFER FOR DEPOSITORY RECEIPTS AND THE PROPOSED TRANSACTIONS AS THEY RELATE TO THE OFFEROR. THE OFFEROR RECOMMENDS THAT YOU READ THIS OFFER MEMORANDUM CAREFULLY.

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1. RESTRICTIONS AND IMPORTANT INFORMATION

1.1 Restrictions

The Offer is being made in and from The Netherlands with due observance of the statements, conditions and restrictions included in this Offer Memorandum. The Offeror reserves the right to accept any tender under the Offer, which is made by or on behalf of a Depository Receipt Holder, even if such a tender has not been made in the manner set out in this Offer Memorandum.

The distribution of this Offer Memorandum and/or the making of the Offer in jurisdictions other than The Netherlands may be restricted and/or prohibited by law. The Offer is not being made, and the Depository Receipts will not be accepted for purchase from or on behalf of any Depository Receipt Holder, in any jurisdiction in which the making of the Offer or acceptance thereof would not be in compliance with the securities or other laws or regulations of such jurisdiction or would require any registration, approval or filing with any regulatory authority not expressly contemplated by the terms of this Offer Memorandum. However, acceptances of the Offer by Depository Receipt Holders not residing in The Netherlands will be accepted by the Offeror if such acceptances comply with (i) the acceptance procedure set out in this Offer Memorandum and (ii) the applicable laws and regulations in the jurisdiction from which such acceptances have been made. Persons obtaining the Offer Memorandum are required to take due note and observe all such restrictions and obtain any necessary authorisations, approvals or consents (to the extent applicable). Outside of The Netherlands, no actions have been taken (nor will actions be taken) to make the Offer possible in any jurisdiction where such actions would be required. In addition, this Offer Memorandum has not been filed with or recognised by the authorities of any jurisdiction other than The Netherlands. Neither the Offeror, nor the Company or any of their respective Affiliates, nor any of their advisors accept any liability for any violation by any person of any such restriction. Any person (including, without limitation, custodians, nominees and trustees) who forwards or intends to forward this Offer Memorandum or any related document to any jurisdiction outside The Netherlands should carefully review this Section 1 (*Restrictions and Important Information*) before taking any action. The release, publication or distribution of this Offer Memorandum and any documentation regarding the Offer or the making of the Offer in jurisdictions other than The Netherlands may be restricted by law and therefore persons into whose possession this Offer Memorandum comes should inform themselves about and observe such restrictions. Any failure to comply with any such restriction may constitute a violation of the law of any such jurisdiction.

1.2 United States of America

The Offer is being made for the securities of a Dutch company and is subject to Dutch disclosure requirements, which differ from those of the United States of America. The financial information of the Company included or referred to herein has been prepared in accordance with the International Financial Reporting Standards issued by the International Accounting Standards Board, as adopted by the European Commission and Part 9 of Book 2 of the Dutch Civil Code (*Burgerlijk Wetboek*) for use in the European Union and, accordingly, may not be comparable to financial information of U.S. companies or companies whose financial statements are prepared in accordance with generally accepted accounting principles in the United States of America. The Offer will be made in the United States of America pursuant an exemption from the U.S. tender offer rules provided by Rule 14d-1(c) under the U.S. Securities Exchange Act of 1934, as amended (the "**U.S. Exchange Act**"), and otherwise in accordance with the applicable regulatory requirements in The Netherlands. Accordingly, the Offer will be subject to disclosure and other procedural requirements, including with respect to withdrawal rights, offer timetable, settlement procedures and timing of payments that are different from those applicable under U.S. domestic tender offer procedures and law.

The receipt of cash pursuant to the Offer by a U.S. Depository Receipt Holder will be a taxable transaction for U.S. federal income tax purposes and may be a taxable transaction under applicable state and local, as well as foreign and other tax laws. Each Depository Receipts Holder is urged to consult its independent professional advisor immediately regarding the tax consequences of acceptance of the Offer.

It may be difficult for U.S. Depositary Receipt Holders to enforce their rights and claims arising out of the U.S. federal securities laws, since the Offeror and the Company are located in a country other than the United States of America, and some or all of their officers and directors may be residents of a country other than the United States of America. U.S. Depositary Receipt Holder may not be able to sue a non-U.S. company or its officers or directors in a non-U.S. court for violations of the U.S. securities laws. Further, it may be difficult to compel a non-U.S. company and its affiliates to subject themselves to a U.S. court's judgment.

In accordance with standard Dutch practice and pursuant to Rule 14e-5(b) of the U.S. Exchange Act, the Offeror or its nominees, or its brokers (acting as agents), or affiliates of the Offeror's financial advisors, may from time to time make certain purchases of, or arrangements to purchase, Depositary Receipts outside of the United States of America, other than pursuant to the Offer, before or during the period in which the Offer remains open for acceptance. These purchases may occur either in the open market at prevailing prices or in private transactions at negotiated prices. To the extent required in The Netherlands, any information about such purchases will be announced by press release in accordance with article 13 of the Takeover Decree and posted on the website of the Company at www.ballast-nedam.com and on the Offeror's website at www.ronesans.com.

1.3 **Canada**

The Offer and any solicitation in respect thereof is not being made, directly or indirectly, in or into Canada, or by use of the mails, or by any means or instrumentality of interstate or foreign commerce, or any facilities of a national securities exchange, of Canada. This includes, but is not limited to, post, facsimile transmission, telex or any other electronic form of transmission and telephone. Accordingly, copies of this Offer Memorandum and any related press announcements, acceptance forms and other documents are not being sent and must not be mailed or otherwise distributed or sent in, into or from Canada or, in their capacities as such, to custodians, nominees or trustees holding Depositary Receipts for persons residing in Canada. Persons receiving this Offer Memorandum and/or such other documents must not distribute or send them in, into or from Canada, or use such mails or any such means, instrumentality or facilities for any purpose in connection with the Offer; so doing will invalidate any purported acceptance of the Offer. The Offeror will not accept any tender by any such use, means, instrumentality or facility from within Canada.

Tender and delivery of Depositary Receipts constitute a representation and warranty that the person tendering the Depositary Receipts (a) has not received or sent copies of this Offer Memorandum or any related documents in, into or from Canada and (b) has not otherwise utilised in connection with the Offer, directly or indirectly, the mails or any means or instrumentality including, without limitation, facsimile transmission, telex and telephone of interstate or foreign commerce, or any facility of a national securities exchange of, Canada. The Offeror reserves the right to refuse to accept any purported acceptance that does not comply with the foregoing restrictions, and any such purported acceptance will be null, void and without effect.

1.4 **Important information**

1.4.1 *Important information in the Offer Memorandum*

This Offer Memorandum contains important information that should be read carefully before any decision is made to tender Depositary Receipts in connection with the Offer. Depositary Receipt Holders are advised to seek independent advice where necessary. In addition, Depositary Receipt Holders are urged to consult their tax advisors regarding the tax consequences of tendering their Depositary Receipts in the Offer.

Any tender, purchase and delivery of the Depositary Receipts means acceptance of the terms and conditions contained in this Offer Memorandum as further set out in Section 1 (*Restrictions and important information*), Section 3 (*Explanation of the Offer*) and Section 4 (*Invitation to Depositary Receipt Holders*).

1.4.2 *Responsibility*

The information included in Sections 1.1 (*Restrictions*) through 1.3 (*Canada*), Section 3.1 (*Introduction*) through Section 3.3 (*Rationale of the Merger*), Section 3.7 (*Financing of the Offer*), Section 3.17 (*Consequences of the Offer*), Section 4 (*Invitation to Depositary Receipt Holders*), except for Section 4.12 (*Indicative Timetable*), Section 6 (*Information on the Offeror*), Section 7(ii) and (v) and (vi) (*Further Declarations pursuant to the Takeover Decree*), Section 8 (*Dutch Tax Aspects of the Offer*) and Section 9 (*Nederlandse samenvatting van het Bod*) have been solely provided by the Offeror.

The information included in Section 3.6 (*Extraordinary General Meeting of Shareholders*), Section 3.8 (*Decision-making and Recommendation by the Boards*), Section 5 (*Information regarding Ballast Nedam*), Section 7(iii), (iv) and (vii) (*Further Declarations pursuant to the Takeover Decree*) and Section 11 (*Financial Information*) have been solely provided by the Company.

The information included on the cover page, page ii, page iii and in Section 1.4 (*Important information*), Section 2 (*Definitions*), Section 3.4 (*Non-Financial Covenants*), Section 3.5 (*Future Governance*), Section 3.9 (*Offer Conditions*) through Section 3.16 (*Post-Closing Restructuring Measures*), Section 3.18 (*Employee Consultations*), Section 4.12 (*Indicative Timetable*), Section 7(i) (*Further Declarations pursuant to the Takeover Decree*), Section 12 (*Advisors and Settlement Agent*) and Section 10 (*Press Releases*) have been provided by the Offeror and the Company jointly.

The Offeror and the Company are exclusively responsible for the accuracy and completeness of the information provided in this Offer Memorandum, each with respect to the information it has provided, and jointly with respect to the information they have provided jointly.

Both the Offeror and the Company confirm, each with respect to the information it has provided and jointly with respect to the information they have provided jointly, that to the best of their knowledge and belief, having taken all reasonable care to ensure that such is the case, the information contained in this Offer Memorandum is in accordance with the facts and contains no omission likely to affect its import.

The information included in Section 11 (*Financial Information*) has been sourced by the Company from the audited financial statements for the financial year 2013 and the financial year 2014 as published in the audited consolidated annual reports of the Company of 2013 and 2014 and the reviewed, unaudited, condensed consolidated interim financial information of the Company for the six (6) periods of four weeks from 1 January 2015 through 14 June 2015 as published in the half-year report 2015 of the Company. The independent auditor's report and independent auditor's review report included in Section 11 (*Financial Information*) have been sourced by the Company from its auditor, Ernst & Young Accountants LLP ("**EY**"). The Company confirms that this information has been accurately reproduced and that no facts have been omitted which would render the reproduced information inaccurate or misleading. The Offeror and the Company shall not be responsible for any auditors' statements included in this Offer Memorandum.

1.4.3 *Presentation of financial information and other information*

The selected consolidated financial information of the Company is that of the Company and its consolidated subsidiaries. The selected consolidated financial information should be read in conjunction with the consolidated financial statements of the Company for the years ended 31 December 2013 and 2014, and the notes thereto. The year-end consolidated financial information of the Company has been extracted from the Company's consolidated financial statements 2013 and 2014, which have been audited by EY. EY issued unqualified audit opinions, but with an emphasis of matter paragraph on the 2013 consolidated financial statements titled 'Emphasis of developments regarding continuity and liquidity' and an emphasis of matter paragraph on the 2014

consolidated financial statements titled 'Material uncertainty regarding continuity'. The consolidated financial statements from which the selected consolidated financial information has been derived were prepared in accordance with the International Financial Reporting Standards as adopted by the European Union, and Part 9 of Book 2 of the Dutch Civil Code.

The interim financial information of the Company for the first six periods of four weeks of the financial year 2015 included in this Offer Memorandum has been derived from the unaudited condensed consolidated interim financial information of the Company for the six periods of four weeks from 1 January 2015 through 14 June 2015. The unaudited condensed consolidated interim financial information of the Company was subject to review by EY. EY issued an unqualified "review report" but with an emphasis of matter paragraph titled 'Emphasis of uncertainty with respect to the going concern assumption', on 21 July 2015 in accordance with Dutch law. The unaudited condensed consolidated interim financial information of the Company for the six periods of four weeks from 1 January 2015 through 14 June 2015 and the associated review report are included in Section 11 (*Financial Information*) of this Offer Memorandum and should be read in conjunction with the unaudited condensed consolidated interim financial information of the Company.

Certain numerical figures set out in this Offer Memorandum, including financial data presented in millions or thousands, have been subject to rounding adjustments and, as a result, should therefore not be regarded as exact. In addition, the rounding also means that the totals of the data in this Offer Memorandum may vary slightly from the actual arithmetic totals of such information.

The information included in this Offer Memorandum reflects the situation as at the date of this Offer Memorandum unless specified otherwise. Neither the issue nor the distribution of this Offer Memorandum shall under any circumstances imply that the information contained herein is accurate and complete as of any time subsequent to this date or that there has been no change in the information set out in this Offer Memorandum or in the affairs of the Company and/or its subsidiaries and/or its Affiliates since the date of this Offer Memorandum. The foregoing does not affect the obligation of the Offeror to make a public announcement of any information pursuant to article 4, paragraph 3 of the Takeover Decree and article 5:53, paragraph 1 of the Wft, if applicable.

No persons other than Renaissance Construction (as defined below), the Offeror or the Company are authorised in connection with the Offer to provide any information or to make any statements on behalf of Renaissance Construction, the Offeror or the Company respectively in connection with this Offer or any information contained in this Offer Memorandum. If any such information or statement is provided or made by parties other than Renaissance Construction, the Offeror or the Company, such information or statements should not be relied upon as having been provided by or made by or on behalf of Renaissance Construction, the Offeror or the Company. Any information or representation not contained in this Offer Memorandum must not be relied upon as having been provided by or made by or on behalf of Renaissance Construction, the Offeror or the Company.

1.4.4 *Governing law*

This Offer Memorandum and the agreements entered into between the Offeror and the Depositary Receipt Holders pursuant to the Offer are, and any tender, purchase or delivery of Depositary Receipts will be governed by and construed in accordance with the laws of The Netherlands. The District Court of Amsterdam (*Rechtbank Amsterdam*) and its appellate courts shall have exclusive jurisdiction to settle any disputes which might arise out of or in connection with this Offer Memorandum, the agreements entered into between the Offeror and the Depositary Receipt Holders pursuant to the Offer and/or any tender, purchase or delivery of Depositary Receipts. Accordingly, any legal action or proceedings arising out of or in connection with the Offer Memorandum, the

Offer and/or any tender, purchase or delivery of Depositary Receipts shall be brought exclusively in such courts.

1.4.5 *Language*

This Offer Memorandum is published in the English language and a Dutch language summary is included as Section 9 (*Nederlandse samenvatting van het bod*). In the event of any differences, whether or not in interpretation, between the English language text of the Offer Memorandum and the Dutch language summary of this Offer Memorandum, the English language text of the Offer Memorandum shall prevail.

1.4.6 *Settlement Agent*

ABN AMRO Bank N.V. has been appointed as Settlement Agent in the context of the Offer.

The Settlement Agent's activities under this appointment will consist of settlement services regarding the Depositary Receipts and the Offer Price. The Settlement Agent is acting exclusively for the Offeror and for no-one else in connection with the Offer and will not regard any other person (whether or not a recipient of this Offer Memorandum) as a client in relation to the Offer or any other matter referred to in this Offer Memorandum and will not be responsible to anyone other than the Offeror for providing any protections afforded to its clients or for providing advice in relation to the Offer or any other matter referred to in this Offer Memorandum.

1.4.7 *Addresses*

The Offeror

Renaissance Infrastructure B.V.
Claudius Prinsenlaan 144
4818 CP Breda
The Netherlands

The Company

Ballast Nedam N.V.
Ringwade 71
3439 LM
Nieuwegein
The Netherlands

The Settlement Agent

ABN AMRO Bank N.V.
Corporate Broking (HQ7050)
Gustav Mahlerlaan 10
P.O. Box 283
1000 EA Amsterdam
The Netherlands

1.4.8 *Availability of copy documentation*

Digital copies of this Offer Memorandum are available on the Company's website at www.ballast-nedam.com. This website does not constitute a part of, and is not incorporated by reference into, this Offer Memorandum.

Digital copies of this Offer Memorandum are available on the Offeror's website at www.ronesans.com. This website does not constitute a part of, and is not incorporated by reference into, this Offer Memorandum.

Copies of this Offer Memorandum are furthermore available free of charge at the office of the Settlement Agent at the address mentioned above.

1.4.9 *Forward looking statements*

This Offer Memorandum includes forward looking statements that involve risk and uncertainty. Generally, words such as may, will, expect, intend, estimate, anticipate, believe, plan, seek, continue or similar expressions identify forward looking statements. Although the Offeror and the Company, each with respect to the statements it has provided, believe that the expectations reflected in such forward looking statements are based on reasonable assumptions and are, to the best of their knowledge, true and accurate on the date of this Offer Memorandum, no assurance can be given that such statements will be fulfilled or prove to be correct, and no representations are made as to the future accuracy and completeness of the forward looking statements. Any such forward looking statement must be considered together with the fact that actual events or results may vary materially from such forward looking statements due to, among other things, political, economic or legal changes in the markets and environments in which the Offeror or the Company do business, to competitive developments or risks inherent to their respective business plans and to uncertainties, risk and volatility in financial markets and other factors affecting them.

The Offeror and the Company undertake no obligation to publicly update or revise any forward looking statements, whether as a result of new information, future events or otherwise, except as required by applicable laws and regulations or by any appropriate regulatory authority.

1.4.10 *Financial advisor to the Offeror*

ABN AMRO Bank N.V. is acting as financial advisor exclusively to the Offeror and to no one else in connection with the Offer and will not be responsible to anyone (whether or not recipient of this Offer Memorandum) other than the Offeror for providing the protections afforded to the clients of ABN AMRO Bank N.V. or for providing advice in relation to the Offer. ABN AMRO Bank N.V., acting solely in its capacity as financial advisor in connection with the Offer, has provided advice and assistance to the Offeror on the financial aspects of the Offer and in preparation thereof.

ABN AMRO Bank N.V. has given and has not withdrawn its written consent to the references to its name in the form and context in which it appears in this Offer Memorandum.

1.4.11 *Financial advisors to the Company*

KPMG Advisory N.V. ("**KPMG Advisory**") is acting as financial advisor exclusively to the Company and to no one else in connection with the Offer and will not be responsible to anyone (whether or not recipient of this Offer Memorandum) other than the Company for providing the protections afforded to the clients of KPMG Advisory or for providing advice in relation to the Offer. KPMG Advisory, acting solely in its capacity as financial advisor in connection with the Offer, has provided advice and assistance to the Company on the financial aspects of the Offer and in preparation thereof.

KPMG Advisory has given and has not withdrawn its written consent to the references to its name in the form and context in which it appears in this Offer Memorandum.

Leonardo & Co. B.V. ("**Leonardo**") is acting as financial advisor exclusively to the Supervisory Board and to no one else in connection with the Offer and will not be responsible to anyone (whether or not recipient of this Offer Memorandum) other than the Supervisory Board for providing the protections afforded to the clients of Leonardo or for providing advice in relation to the Offer. Leonardo, acting solely in its capacity as financial advisor in connection with the Offer, has provided advice and assistance to the Supervisory Board on the financial aspects of the Offer and in preparation thereof.

Leonardo has given and has not withdrawn its written consent to the references to its name in the form and context in which it appears in this Offer Memorandum.

2. DEFINITIONS

Capitalised terms used in this Offer Memorandum have the meaning as set out in this Section 2 (*Definitions*).

Any reference in this Offer Memorandum to defined terms in plural form shall constitute a reference to such defined terms in singular form, and vice versa. All grammatical and other changes required by the use of a definition in singular form shall be deemed to have been made herein and the provisions hereof shall be applied as if such changes have been made. A reference to "**including**" means "**including without limitation**".

Defined terms used in this Offer Memorandum shall have the following meaning:

"Acceptance Closing Date"	the day on which the Acceptance Closing Time, as may be extended in accordance with article 15 of the Takeover Decree, occurs
"Acceptance Closing Time"	the time and date on which the Offer expires, being at 17.40 hours CET, on 13 November 2015, or such later time and date if the Acceptance Period is extended in accordance with article 15 of the Takeover Decree
"Acceptance Period"	the period during which the Depositary Receipt Holders can tender their Depositary Receipts to the Offeror, which begins at 9.00 hours CET on 18 September 2015 and ends on the Acceptance Closing Time, which period may be extended only once in accordance with article 15, paragraph 3 of the Takeover Decree
"Acceptance Threshold"	has the meaning ascribed thereto in Section 3.9(a) (<i>Acceptance Threshold</i>)
"Admitted Institutions"	means an intermediary (<i>intermediar</i>) within the meaning of article 1 of the Securities Giro Act (<i>Wet giraal effectenverkeer</i>)
"Affiliates"	means in relation to the Offeror and/or the Company, any subsidiary or parent company of the Offeror and/or the Company and any subsidiary of such parent company, in each case from time to time.
"AFM"	the Netherlands Authority for the Financial Markets (<i>Stichting Autoriteit Financiële Markten</i>)
"Alternative Proposal"	has the meaning ascribed thereto in Section 3.12(b)
"Amendment Agreement"	means the amendment agreement relating to the Merger Agreement and signed by Renaissance Construction and the Company on 9 September 2015
"Audit Committee"	has the meaning ascribed thereto in Section 5.7.2 (<i>Committees of the Supervisory Board</i>)
"Ballast Nedam Concern Council"	has the meaning ascribed thereto in Section 5.8.2 (<i>Ballast Nedam Concern Council</i>)
"Board of Management"	the board of management (<i>raad van bestuur</i>) of the Company
"Boards"	the Supervisory Board and the Board of Management together

"Business Day"	means any day other than a Saturday, Sunday or Netherlands public holiday on which Euronext Amsterdam and banks in The Netherlands, according to the collective agreements for the banking sector (<i>Algemene Bank-CAO</i>), are generally open for business
"Business Strategy"	has the meaning ascribed thereto in Section 3 (<i>Explanation of the Offer</i>)
"Capital Contribution"	has the meaning ascribed thereto in Section 3.17.1 (<i>Capital and financing aspects</i>)
"CET"	Central European Time or Central European Summer Time, as applicable
"Company"	Ballast Nedam N.V., a public limited liability company (<i>naamloze vennootschap</i>), incorporated under the laws of The Netherlands, having its statutory seat (<i>statutaire zetel</i>) in Nieuwegein, having its registered office at Ringwade 71, 3439 LM Nieuwegein, The Netherlands, and registered with the Dutch commercial Register (<i>Handelsregister</i>) under number 33201106
"Company's Articles of Association"	the articles of association (<i>statuten</i>) of the Company, as most recently amended on 17 November 2014
"Company Termination Fee"	has the meaning ascribed thereto in Section 3.14 (<i>Termination fee</i>)
"Company Offer Notice"	has the meaning given thereto in Section 3.12.4 (<i>Revised Offer</i>)
"Competing Offer"	has the meaning ascribed thereto in Section 3.12.3 (<i>Competing Offer</i>)
"Consecutive Competing Offer"	has the meaning ascribed thereto in Section 3.12.5 (<i>Consecutive Competing Offer</i>)
"Depositary Receipts"	all depositary receipts issued by Stichting Administratiekantoor van Aandelen Ballast Nedam
"Depositary Receipt Holder(s)"	holder(s) of one or more Depositary Receipts
"Dutch Civil Code" or "DCC"	the Dutch civil code (<i>Burgerlijk Wetboek</i>)
"Dutch Corporate Governance Code"	the Dutch corporate governance code, dated 1 January 2009 (as amended from time to time) as established under article 2:391 sub 5 of the Dutch Civil Code
"EGM"	has the meaning ascribed thereto in Section 3.6 (<i>Extraordinary General Meeting of Shareholders</i>)
"EUR", "Euro" or "€"	Euro, the legal currency of the European Monetary Union
"Euronext Amsterdam"	Euronext in Amsterdam, the regulated market of Euronext Amsterdam N.V.
"Exclusivity Period"	the period that commenced on 21 July 2015 (the date of the Merger Agreement) and ending on the earlier of (i) the date the Merger Agreement is terminated in accordance with its terms, and (ii) the Settlement Date

"EY"	has the meaning ascribed thereto in Section 1.4.2 (<i>Responsibility</i>)
"Fairness Opinions"	has the meaning ascribed thereto in Section 3.8 (<i>Decision-making and Recommendation by the Boards</i>)
"Group"	the Company and its subsidiaries as meant in article 2:24a of the Dutch Civil Code, and the entities in which the Company directly or indirectly has a minority stake
"Group Company"	means any member of the Group
"Independent Board Members"	the independent members of the Supervisory Board described in Section 3.5.4 (<i>Independent Board Members</i>)
"KPMG Advisory"	KPMG Advisory N.V.
"Leonardo"	Leonardo & Co. B.V.
"Material Adverse Change"	<p>any event, change, circumstance, discovery, announcement, occurrence, effect or state of facts, including for the avoidance of doubt, a breach of the Company's Warranties (any such item a "Change") that, individually or in the aggregate,</p> <ul style="list-style-type: none"> (a) is or would reasonably be expected to be materially adverse to the business, assets, liabilities, financial condition or results of operations of the Group, taken as a whole, or (b) would or would reasonably be expected to prevent or materially delay the ability of the Company and/or the Offeror to consummate the Offer, <p>such that the Offeror cannot reasonably be expected to make or, if made, complete the Offer, except to the extent any such Change results from:</p> <ul style="list-style-type: none"> (a) any changes in economies in general, or in parts of economies, which, directly or indirectly, affect the business of the Group; (b) any development regarding the European Union, its member states (including member states leaving any part of such union) and the Euro zone (including one or more member states leaving or forced to leave such zone or defaulting on its loans); (c) the outbreak or escalation of war, armed hostilities or acts of terrorism; (d) changes in law or generally accepted accounting principles or the interpretation or enforcement of either; (e) the execution, performance (including the taking of any action required hereby or the failure to take any action prohibited hereby) or announcement of the Merger Agreement and the Offer;

- (f) fluctuations in the price or trading volume of the Depositary Receipts, except that this subparagraph (f) shall not prevent or otherwise affect a determination that any Change underlying such fluctuation (unless otherwise excluded under the other provisions of this definition) has resulted in, or contributed to, a Material Adverse Change;
- (g) the failure of the Company to meet any published analyst estimates or expectations of revenue, earnings or other financial performance or results of operations for any period or any failure by the Company to meet its internal budgets, plans or forecasts of its revenues, earnings or other financial performance or results of operations, except that this subparagraph (f) shall not prevent or otherwise affect a determination that any Change underlying such failure (unless otherwise excluded under the other provisions of this definition) has resulted in, or contributed to, a Material Adverse Change; or
- (h) any matter which is known to Renaissance Construction, the Offeror or its advisors prior to the date of the Merger Agreement, or which is reasonably understandable from the information made available to Renaissance Construction, the Offeror as part of the Due Diligence Investigation or the information filed by any member of the Group as a matter of public record or made public by the Company pursuant to applicable laws or regulations,

except where any of the matters referred to above in (a) through (h) have or can reasonably be expected to have a disproportionate effect on the Company or the Offer.

"Material Breach"	has the meaning ascribed thereto in Section 3.13(d) (<i>Termination of the Merger Agreement</i>)
"Merger"	the Offer and all transactions contemplated therewith
"Merger Agreement"	the merger agreement relating to the Offer agreed and signed by Renaissance Construction and the Company on 21 July 2015, as amended pursuant to the Amendment Agreement
"Merger Rules"	all applicable laws and regulations relating to the Offer, including without limitation the applicable provisions of the Wft, the Takeover Decree, any rules and regulations promulgated pursuant to the Wft and/or the Takeover Decree and regulations of Euronext Amsterdam, the policy guidelines and instructions of the AFM, the SER Merger Code 2000 (<i>SER-besluit Fusiegedragsregels 2000</i>), the Works Councils Act (<i>Wet op de ondernemingsraden</i>), the Dutch Civil Code and any other applicable securities or competition regulatory laws
"Non-Financial Covenants"	has the meaning ascribed thereto in Section 3.4 (<i>Non-Financial Covenants</i>)

"Offer"	the offer described in this Offer Memorandum
"Offer Conditions"	means the conditions to the Offer described in Section 3.9 (<i>Offer Conditions</i>)
"Offer Memorandum"	means this offer memorandum (<i>biedingsbericht</i>) setting out the terms, conditions and restrictions of the Offer, which does not include the Position Statement
"Offeror"	Renaissance Infrastructure B.V., a company incorporated under the laws of The Netherlands, having its seat in Breda, The Netherlands and its registered office at Claudius Prinsenlaan 144, 4818 CP Breda, The Netherlands, and registered with the Dutch commercial Register (<i>Handelsregister</i>) under number 62112309
"Offer Price"	a cash amount of EUR 0.30 (thirty euro cents) per Depositary Receipt, without interest and subject to any required withholding of taxes, and decreased by an amount per Depositary Receipt equivalent to any cash or dividend in kind or other distribution declared in respect of the Depositary Receipts on or after the date hereof but on or prior to the Settlement Date, if the record date for such cash or dividend in kind or other distribution occurs on or prior to the Settlement Date
"Position Statement"	the position statement (<i>standpuntbepaling</i>) of the Boards in connection with the Offer pursuant to article 18, paragraph 2 of the Takeover Decree, which does not form part of this Offer Memorandum
"Post Acceptance Period"	a period after the Acceptance Closing Date during which Depositary Receipts not tendered under the Offer may be tendered to the Offeror in the same manner and on the same terms as set out in this Offer Memorandum (<i>na-aanmeldingstermijn</i>)
"Post-Closing Restructuring Measures"	the post-closing restructuring measures described in Section 3.16 (<i>Post-Closing Restructuring Measures</i>)
"Potential Competing Offer"	has the meaning ascribed thereto in Section 3.12.2 (<i>Potential Competing Offer</i>)
"Potential Competing Offer Period"	has the meaning ascribed thereto in Section 3.12.2 (<i>Potential Competing Offer</i>)
"Private Placement"	has the meaning ascribed thereto in Section 3.17.1 (<i>Capital and financing aspects</i>)
"Recommendation"	has the meaning ascribed thereto in Section 3.8 (<i>Decision-making and Recommendation by the Boards</i>)
"Remuneration Committee"	has the meaning ascribed thereto in Section 5.7.2 (<i>Committees of the Supervisory Board</i>)
"Renaissance Construction"	means RC Rönesans İnşaat Taahhüt A.Ş., a company incorporated under the laws of Turkey, having its seat in Ankara, Turkey and its registered office at Refik Belendir Sokak No: 110/3, Yukari Ayranci, Ankara, Turkey, the parent company of the Offeror

"Resolutions"	has the meaning ascribed thereto in Section 3.6 (<i>Extraordinary General Meeting of Shareholders</i>)
"Revised offer"	has the meaning ascribed thereto in Section 3.12.4 (<i>Revised Offer</i>)
"Remuneration Committee"	has the meaning ascribed thereto in Section 5.7.2 (<i>Committees of the Supervisory Board</i>)
"Rights Issue"	has the meaning ascribed thereto in Section 3.17.1 (<i>Capital and financing aspects</i>)
"Rönesans Group"	Rönesans Holding A.Ş. and any of its subsidiaries and Affiliates
"SEC"	U.S. Securities and Exchange Commission
"Section"	a section of this Offer Memorandum
"Selection and Appointment Committee"	has the meaning ascribed thereto in Section 5.7.2 (<i>Committees of the Supervisory Board</i>)
"Settlement"	the payment of the Offer Price by the Offeror to the Depositary Receipt Holders for each Tendered Depositary Receipt
"Settlement Agent"	ABN AMRO Bank N.V., a public limited liability company (<i>naamloze vennootschap</i>), incorporated under the laws of The Netherlands, having its statutory seat in Amsterdam, The Netherlands, having its registered office at Gustav Mahlerlaan 10, Amsterdam, The Netherlands, and registered with the Dutch commercial Register (<i>Handelsregister</i>) under number 34334259.
"Settlement Date"	the date on which, in accordance with the terms and restrictions of the Offer, payment of the Offer Price shall be made by the Offeror to the Depositary Receipt Holders who have validly tendered (or defectively tendered provided that such defect has been waived by the Offeror) under the Offer prior to the Acceptance Closing Time, against delivery (<i>levering</i>) of their Depositary Receipts, which date shall be promptly, but in any event within five (5) Business Days following the Unconditional Date
"Share Trust Office"	has the meaning ascribed thereto in Section 3.17.1 (<i>Capital and financing aspects</i>)
"Shares"	all ordinary shares in the capital of the Company issued from time to time
"Specialised Companies"	has the meaning ascribed thereto in Section 5.5 (<i>Organisational structure</i>)
"Specialised Companies & Supplies Division Companies"	has the meaning ascribed thereto in Section 5.5 (<i>Organisational structure</i>)
"Strategy"	has the meaning ascribed thereto in Section 3.4.1 (<i>Business Strategy</i>)
"Supervisory Board"	the supervisory board (<i>raad van commissarissen</i>) of the Company

"Supplies Companies"	has the meaning ascribed thereto in Section 5.5 (<i>Organisational structure</i>)
"Takeover Decree"	the Decree on public offers Wft (<i>Besluit openbare biedingen Wft</i>)
"Takeover Rules"	any rules and regulations promulgated pursuant to the Wft and the Takeover Decree, the policy guidelines and instructions of the AFM, the Merger Code (<i>SER-besluit Fusiegedragsregels 2000</i>), the Works Councils Act (<i>Wet op de ondernemingsraden</i>), the rules and regulations of Euronext, the Dutch Civil Code and applicable competition laws and regulations
"Tendered Depositary Receipt"	means each Depositary Receipt validly tendered (or defectively tendered, provided that such defect has been waived by the Offeror) and delivered (<i>geleverd</i>) for acceptance pursuant to the Offer prior to or on the Acceptance Closing Date
"Terminating Party"	has the meaning ascribed thereto in Section 3.13 (<i>Termination of the Merger Agreement</i>)
"Termination Fee"	has the meaning ascribed thereto in Section 3.14 (<i>Termination fee</i>)
"Transaction Committees"	has the meaning ascribed thereto in Section 3.8 (<i>Decision-making and Recommendation by the Boards</i>)
"Unconditional Date"	the date on which the Offeror publicly announces that it declares the Offer unconditional (<i>gestand wordt gedaan</i>), in accordance with the Merger Rules. Article 16, paragraph 1 of the Takeover Decree requires that such announcement be made within three (3) Business Days following the Acceptance Closing Date
"U.S. Exchange Act"	U.S. Securities Exchange Act of 1934
"Wft"	Netherlands Financial Supervision Act (<i>Wet op het financieel toezicht</i>)
"Works Council"	means the central works council of Ballast Nedam N.V.

3. **EXPLANATION OF THE OFFER**

3.1 **Introduction**

On 22 July 2015, Renaissance Construction and the Company jointly announced that they had reached conditional agreement on the main terms and conditions of the intended public offer by the Offeror for all Depositary Receipts against payment of a cash price of EUR 1.55 (one euro fifty-five cents) per Depositary Receipt (cum dividend).

On 9 September 2015, the Company announced that it expects to incur material additional losses of approximately EUR 20 million. The expected material additional losses have led to the Company and Renaissance Construction agreeing to amend the terms of the Offer.

As jointly announced by Renaissance Construction and the Company on 9 September 2015, Renaissance Construction and the Company agreed to amend the terms of the Offer as set out below in light of the material additional losses:

- the Offer Price is EUR 0.30 (thirty euro cents) per Depositary Receipt (cum dividend);
- the Acceptance Threshold is lowered to 65% (sixty-five per cent) of the Company's issued share capital (*geplaatst kapitaal*), excluding Depositary Receipts held by the Company or any of its Affiliates for its own account;
- the Offeror may waive the Acceptance Threshold Offer Condition at its sole discretion up to any percentage not less than 50% (fifty per cent) plus one vote of the Company's issued share capital;
- deletion of the Non-Financial Covenants (i) to keep the business and the product portfolio of the Group materially intact and (ii) to procure that key management of the Group is retained as much as possible, and in addition the Non-Financial Covenant that gives the independent members of the Company's Supervisory Board certain veto rights to safeguard the Non-Financial Covenants has been shortened to a period of two years after the settlement date of the Offer; and
- in addition to the EUR 30,000,000 (thirty million euro) Capital Contribution committed earlier and subject to settlement of the Offer, Renaissance Construction shall procure an additional capital contribution of EUR 17,600,000 (seventeen point six million euro) to the Company to satisfy additional funding need caused by additional losses, as further set out in Section 3.17.1 (*Capital and financing aspects*).

See also Section 10 (*Press Releases*).

The Offeror is making an offer to purchase from the Depositary Receipt Holders all the Depositary Receipts on the terms and subject to the conditions and restrictions set forth in this Offer Memorandum.

The Offeror shall pay the Offer price to Depositary Receipt Holders tendering their Depositary Receipts under the Offer, on the terms and subject to the conditions and restrictions set forth in this Offer Memorandum, in consideration of each Depositary Receipts validly tendered (or defectively tendered provided that such defect has been waived by the Offeror) by such Depositary Receipt Holder and delivered (*geleverd*) to the Offeror. If, on or after the date hereof but on or prior to the Settlement Date, any cash or dividend in kind or other distribution is declared in respect of the Depositary Receipts and the record date for such cash or dividend in kind or other distribution occurs on or prior to the Settlement Date, the Offer Price will be decreased by an amount per Depositary Receipt equivalent to any such cash or dividend in kind or other distribution per Depositary Receipt.

3.2 Substantiation of the Offer Price

3.2.1 Offer Price

In establishing the Offer Price, the Offeror has carefully considered the history and prospects of the Company, including analyses of historic financial information and potential future developments in the Company's profitability, cash flows and balance sheets (including the intended rights issue for the 2nd half of 2015 as announced by the Company on 29 April 2015) derived from (a) the Company's interim financial statements, annual financial statements, analyst presentations, press releases, market reports and selected broker research in the period from 1 January 2012 up to the date hereof and (b) historical market valuation of the Depositary Receipts in the period from 22 July 2014 up to 21 July 2015 (the last trading date prior to the announcement of the signing of the Merger Agreement on 22 July 2015).

The Offeror and its financial advisors conducted a financial analysis (in establishing the Offer Price) focused on a standalone discounted cash flow analysis for the Company based on Company guidance and sector knowledge of the Offeror, a 10% (ten per cent) to 12% (twelve per cent) discount rate and a 1% (one per cent) to 2% (two per cent) perpetuity growth rate.

This was supported by an analysis of the closing prices of the Depositary Receipts from 22 July 2014 up to and including 21 July 2015 (the last trading date prior to the announcement of the signing of the Merger Agreement on 22 July 2015). See Section 5.10.3 (*Depositary Receipt Price Development*). During this period, the average closing price per Depositary Receipts on Euronext Amsterdam for the three (3), six (6), and twelve (12) month periods prior to and including 21 July 2015 were EUR 1.66 (one euro and sixty-six euro cents), EUR 2.31 (two euro and thirty-two euro cents), and EUR 2.78 (two euro and seventy-eight euro cents), respectively. The closing price of the Depositary Receipts on 18 May 2015 (the date before the announcement by the Company that it was conducting exploratory discussions with several foreign parties on the possibilities for a merger or takeover of the Company) was EUR 1.20 (one euro and twenty euro cents).

Taking into account the analyses as described above, the offer price was initially set at EUR 1.55 (one euro and fifty-five eurocents) per tendered Depositary Receipt. Due to the approximately EUR 20 million additional losses announced by the Company on 9 September 2015 (which have led to increased uncertainty in respect of the future of the Company and consequently, increased uncertainty in respect of future cash flows, as further described in paragraph 5.4 (*Trends and recent developments*)), the Offeror revisited its financial analyses in respect of the Offer Price. This resulted in an adjustment of the future cash flows (including by taking into account the approximately EUR 20 million additional losses) as well as an adjustment of the applied discount rate to 14% (fourteen per cent) to 15% (fifteen per cent), instead of the a 10% (ten per cent) to 12% (twelve per cent) discount rate referred to above. Applying this discount range is in line with the approach taken by the Company, as set out in the Position Statement. These adjustments of the Offeror's financial analyses and the subsequent negotiations between the Company and the Offeror in respect of the revised terms of the Offer ultimately resulted in the revised Offer Price of EUR 0.30 (thirty euro cents) per tendered Depositary Receipt.

3.2.2 Premia/discounts

The initial offer price of euro 1.55 (one euro and fifty five euro cents) represents a premium of approximately:

- (i) 29.2% (twenty-nine point two per cent) to the closing price per Depositary Receipt on Euronext Amsterdam on 18 May 2015 (the date before the announcement by the Company that it was conducting exploratory discussions with several foreign parties on the possibilities for a merger or takeover of the Company).

- (ii) (6%) (six per cent) to the closing price per Depositary Receipt on Euronext Amsterdam on 21 July 2015 (the last trading date prior to the announcement of preliminary interest in the Company on 22 July 2015);
- (iii) (5.7%) (five point seven per cent) to the average closing price per Depositary Receipt on Euronext Amsterdam for the three (3) months prior to and including 21 July 2015;
- (iv) (32.8%) (thirty-two point eight per cent) to the average closing price per Depositary Receipt on Euronext Amsterdam for the six (6) months prior to and including 21 July 2015; and
- (v) (44.1%) (forty-four point eight per cent) to the average closing price per Depositary Receipt on Euronext Amsterdam for the twelve (12) months prior to and including 21 July 2015.

By comparison, the median premium to the unaffected Depositary Receipt price (closing price one day prior to the earlier of transaction announcement or material, public speculation of a transaction, if any) is 28.1% (twenty-eight point one per cent) for public cash offers for 100% (one hundred per cent) of the share capital of Dutch companies listed on Euronext Amsterdam with equity values below EUR 250 million (two hundred and fifty thousand euro) that were announced in the period from 1 January 2006 to 21 July 2015. The selected transactions comprise: Crown Van Gelder / Andlinger, TMC Group / Gilde, Octoplus / Dr. Reddy's, HITT / Saab, DIM Vastgoed / Equity One, Gouda Vuurvast Holding / RijnDijk Groep, DNC De Nederlanden Compagnie / Adecco, Econosto / Eriks, Seagull / Rocket Software, Blydenstein-Willink / ABN AMRO Participaties, Bever Holding / Beaucamp Beheer, Airspray / Rexam, Priority Telecom / Chellomedia and McGregor Fashion Group / Toeca Fashion Group.

The Offer Price of euro 0.30 (thirty euro cents) represents a discount of approximately:

- (i) 75.0% (seventy-five per cent) to the closing price per Depositary Receipt on Euronext Amsterdam on 18 May 2015 (the date before the announcement by the Company that it was conducting exploratory discussions with several foreign parties on the possibilities for a merger or takeover of the Company);
- (ii) 81.8% (eighty-one point eight per cent) to the closing price per Depositary Receipt on Euronext Amsterdam on 21 July 2015 (the last trading date prior to the announcement of preliminary interest in the Company on 22 July 2015);
- (iii) 81.7% (eighty-one point seven per cent) to the average closing price per Depositary Receipt on Euronext Amsterdam for the three (3) months prior to and including 21 July 2015;
- (iv) 87.0% (eighty-seven per cent) to the average closing price per Depositary Receipt on Euronext Amsterdam for the six (6) months prior to and including 21 July 2015; and
- (v) 89.2% (eighty-nine point two per cent) to the average closing price per Depositary Receipt on Euronext Amsterdam for the twelve (12) months prior to and including 21 July 2015.

3.3 **Rationale of the Merger**

The Merger provides significant benefits to the Company and its stakeholders because:

- in the Offeror and Renaissance Construction, the Company will have a strong direct and indirect shareholder willing to inject the required capital to increase its solvency and reduce its vulnerability. In addition, the Company will be less vulnerable to the consequences of cost over-runs pursuant to large projects;

- the Company will benefit from international expansion to higher margin business which would not be available on a standalone basis;
- the combination will be an attractive platform for management and employees to become part of a diversified group with enriched (international) career opportunities;
- the Depositary Receipt Holders are provided an opportunity to exit against the envisaged capital injection requirements and an uncertain economic prognosis; and
- creditors of the Company including its relationship banks will benefit from the enhanced risk profile of the Company after the strengthening of the capital base.

3.4 **Non-Financial Covenants**

Renaissance Construction has agreed the following non-financial covenants as set out in this Section 3.4 (*Non-Financial Covenants*) with the Company (the "**Non-Financial Covenants**"):

3.4.1 *Business Strategy*

The Offeror supports the business strategy of the Group, which is to (i) focus on major, integrated complex projects and the development within this niche operations such as industrial construction and modular construction (ii) improve operational excellence (iii) export expertise gained in major integrated complex projects, whereby the speed at which the Company is reducing exposure to loss-making traditional markets, aligning the key activities to major integrated complex projects, and structuring the organisation accordingly, is being stepped up and (iv) to become part of a successful construction group which operates internationally and will get access to additional resources, management support and best practices which should enable the Company to enhance its organisation and processes in a sustainable manner (the "**Business Strategy**").

The Offeror shall procure that the Group will remain properly financed to safeguard the continuity of the business and the execution of the Business Strategy.

The Offeror shall support the Company in raising the financing for working capital, capital expenditures, investment and acquisitions in accordance with the Business Strategy, subject to the Group's applicable approval policies and (financial) parameters as applicable from time to time.

The Offeror shall procure that:

- (a) the corporate name and trade name elements "Ballast Nedam" of the Company will continue to be used by each Group Company to the extent used by such Group Company at the date hereof; and
- (b) the major brand- and product names of the Group in all relevant markets remain consistent with the Group's current branding and marketing strategy, except for any amendments in the context of market or product developments.

3.4.2 *Structure and Governance*

The Offeror shall procure that:

- (a) the Company will remain a separate legal entity and will remain the main holding company of the Company's current and future Group Companies and operations;
- (b) the Company's headquarters, central management and its key support functions will remain in Nieuwegein, The Netherlands;
- (c) the Company will have its tax residency in The Netherlands; and

- (d) the Company will continue to apply the structure regime in the mitigated form (*gemitigeerd structuurregime*).

For as long as the Depositary Receipts are listed on Euronext Amsterdam, the Offeror shall procure that the Company will continue to comply with the Dutch Corporate Governance Code to the extent that the Company at the date of the Merger Agreement complies with the Dutch Corporate Governance Code unless agreed otherwise in the Merger Agreement.

The Offeror shall respect the arrangements of Section 3.5.3 (*Future Composition Supervisory Board*).

3.4.3 *Minority Shareholders*

The Offeror shall procure that the Company will, save as otherwise disclosed in this Offer Memorandum (including but not limited to the Capital Contribution), not take any of the following actions:

- (a) issue additional shares for a cash consideration to any person (other than members of the Group) without offering pre-emption rights to minority shareholders;
- (b) agree, and procure that no member of the Group agrees, to and enter into a related party transaction with any material shareholder or other person which is not at arm's length; and
- (c) take any other action or vote in favour of any resolution which disproportionately prejudices the value of, or the rights relating to the minority's shareholding.

3.4.4 *Employees*

The Offeror shall procure that:

- (a) the existing arrangements with the Group's works councils and relevant trade unions, as disclosed by the Company to the Offeror, will be respected and not changed unilaterally;
- (b) there will be no reorganisation or restructuring plan resulting in significant job losses in the Group as a direct consequence of the Offer, except to the extent currently contemplated and/or proposed by the Board of Management;
- (c) the existing rights and benefits of the employees of the Group as disclosed by the Company to the Offeror will be respected, including existing rights and benefits under their individual employment agreements, collective labour agreements, social plans; and
- (d) subject to the Board of Management's future review and amendments of the Group's pension arrangements, the current pension arrangements as disclosed by the Company to the Offeror will be respected.

3.4.5 *Transfer to third parties*

In the event the Offeror, or any member of the Group, sells or transfers (whether directly or indirectly, whether by a sale or transfer of shares or assets or otherwise) the Group or substantially all of the assets of the Group (in a single transaction or a series of related transactions) to any third party within two (2) years after the Settlement Date, the Offeror shall procure that such third party shall, prior to such sale or transfer, enter into non-financial covenants in favour of the Company which will be substantially the same as the Non-Financial Covenants, it being understood that the period referred to in Section 3.4.6(b) below shall for such third party be the remainder of the relevant period referred to in Section 3.4.6 (*Duration*) below.

3.4.6 *Duration*

The arrangements set forth in this Section 3.4 (*Non-Financial Covenants*):

- (a) in respect of Section 3.4.3 (*Minority Shareholders*) will not expire as long as the Company has minority shareholders; and
- (b) in respect of all other Non-Financial Covenants terminate on the date which is two (2) years after the Settlement Date.

3.4.7 *Deviation from the Merger Agreement*

Any deviations from the Merger Agreement will only be permitted with the prior approval of a majority of the Supervisory Board, including a vote in favour of such approval by at least one (1) Independent Board Member.

3.4.8 *Benefit and enforcement*

The Offeror's covenants, confirmations and obligations set forth in the Non-Financial Covenants are made to the Company as well as, by way of irrevocable third-party undertaking for no consideration (*onherroepelijk derdenbeding om niet*), to each Independent Board Member, and regardless of whether he or she is in office or dismissed, provided that after dismissal, the dismissed Independent Board Member(s) must assign the benefit of such undertaking to a new Independent Board Member in function. The Offeror hereby agrees in advance to such assignment. The Company will bear all costs and expenses relating to the enforcement by an Independent Board Member pursuant to this Section 3.4.8.

3.5 **Future governance**

3.5.1 *Composition Board of Management*

As of the date hereof, the Board of Management consists of the following members:

- (i) Erik van der Noordaa; and
- (ii) Peter van Zwieten.

Immediately following the Settlement Date, Cenk Düzyol shall become a member of the Board of Management.

3.5.2 *Composition Supervisory Board*

Tjalling Tiemstra and Jan Bout have resigned from their positions as members of the Supervisory Board with effect from the Settlement Date.

Immediately following the Settlement Date, subject to the relevant Resolution being adopted at the EGM, the Supervisory Board will consist of:

- (i) Ipek Ilicak Kayaalp, Huseyin Avni Akvardar and Emre Baki as members nominated by the Offeror; and
- (ii) Leo van Doorne and Charlotte Insinger as the Independent Board Members nominated by the Company and the Offeror,

One (1) of the Independent Board Members shall qualify as recommended by the Works Council.

3.5.3 *Future Composition Supervisory Board*

The Offeror and the Company agree that as of the Settlement Date, the Offeror may at its discretion, procure any subsequent appointments and dismissals of Supervisory Board members, provided the Offeror shall ensure that:

- (a) the Supervisory Board will not exceed five (5) members;
- (b) the Supervisory Board will include two (2) Independent Board Members, until the termination of the Non-Financial Covenants in accordance with Section 3.4 (*Non-Financial Covenants*) ; and
- (c) an Independent Board Member can only be appointed by the general meeting of shareholders upon nomination by the Supervisory Board, whereby the Works Council has a reinforced right to recommend one (1) Independent Board Member of the Supervisory Board. The resolution of the Supervisory Board to make a nomination for the appointment of an Independent Board Member requires the vote in favour of such nomination by the Independent Board Members, except in the event that it concerns his or her own re-appointment, in which case such appointment requires a vote in favour of such appointment by the other Independent Board Member and except in the event no Independent Board Members are in office.

The composition of the Supervisory Board will be such that it is both diverse and capable of acting as an effective and harmonious Supervisory Board, and that all individuals are sufficiently qualified and have the experience and background that they can be reasonably expected to contribute to the future growth of the Group and the realisation of its strategy.

3.5.4 *Independent Board Members*

The Independent Board Members will monitor and act in the interests of the Company and all of its stakeholders, including in particular and as long as these apply, monitoring compliance with the Non-Financial Covenants. All decisions with respect to the Non-Financial Covenants require the prior approval of the Supervisory Board, with the affirmative vote of at least one (1) of the Independent Board Members.

3.6 **Extraordinary General Meeting of Shareholders**

In accordance with article 18, paragraph 1 of the Takeover Decree, the Company shall convene an extraordinary general meeting of Shareholders ("**EGM**") to discuss the Offer. The EGM shall be held at 14:00 hours CET on Friday 30 October 2015.

At the EGM, the Shareholders shall be requested to:

- (a) appoint Ipek Ilicak Kayaalp, Huseyin Avni Akvardar and Emre Baki as Supervisory Board members;
- (b) accept the resignation of, and give discharge to, all resigning members of the Supervisory Board;
- (c) approve amendments of the Company's Articles of Association as available on the Company's website at www.ballast-nedam.com; and
- (d) approve the Capital Contribution as described in Section 3.17.1 (*Capital and financing aspects*), whereby the Depositary Receipt Holders will be asked to vote in favour of a:
 - (i) the Rights Issue; and
 - (ii) the Private Placement,

(together the "**Resolutions**").

The Resolutions will be conditional upon Settlement taking place and will become effective as of the Settlement Date.

Subject to Settlement, the Company's Articles of Association shall be amended to reflect that (i) the Company applies the mitigated large company regime, pursuant to which the general meeting of shareholders appoints the members of the Board of Management and (ii) the number of members of the Supervisory Board shall be increased to five (5).

3.7 **Financing of the Offer**

The Offer values 100% (one hundred per cent) of the issued and outstanding Depositary Receipts at approximately EUR 6 million (six million euro) (on a fully diluted basis). The Offeror will finance payment of the Offer Price for each Depositary Receipt tendered under the Offer with available cash in hand.

3.8 **Decision-making and Recommendation by the Boards**

Two transaction committees (the "**Transaction Committees**") were formed in June 2015 to review a potential offer. One Transaction Committee comprised of Mr J.S.T. Tiemstra and Ms C.M. Insinger, both members of the Supervisory Board, Mr P. van Zwieten, and Mr E. van der Noordaa, both members of the Board of Management, and Mr. O.P. Padberg, Company secretary. The other Transaction Committee was formed separately by the Supervisory Board in order to intensify its supervision and comprised of Mr J.S.T. Tiemstra and Ms C.M. Insinger. Both Transaction Committees included representatives of the financial advisor of the Company, KPMG Advisory, and the legal advisor of the Company, De Brauw Blackstone Westbroek N.V., representatives of the financial advisor of the Supervisory Board, Leonardo, and the legal advisor of the Supervisory Board, NautaDutilh N.V. The Transaction Committees discussed progression of the Offer on a regular basis with its legal and financial advisors. The Transaction Committees have received extensive financial and legal advice and have given careful consideration to the strategic, financial, and social aspects and consequences of the contemplated transaction and the opportunity it provides to the current Depositary Receipt Holders.

In the days preceding the joint press release of the Offeror and the Company on 9 September 2015, the Boards met frequently to discuss the recent developments as described in Section 5.4 (*Trends and Recent Developments*) and the key decisions in connection therewith. The Boards have received extensive financial and legal advice and have given careful consideration to the strategic, financial, operational and social aspects of the contemplated transaction and the opportunity it provides to current Depositary Receipt Holders.

After due and careful consideration, the Board of Management and the Supervisory Board believe that the Offer represents a fair price to the Depositary Receipt Holders and is in the best interests of the Company and all its stakeholders. KPMG Advisory and Leonardo have issued fairness opinions to the Board of Management and the Supervisory Board, respectively, and both have opined that the Offer Price is fair to the Depositary Receipt Holders from a financial point of view (the "**Fairness Opinions**").

The Board of Management and the Supervisory Board believe that the Merger offers the best possible alternative for the shareholders and Depositary Receipt Holders and will deliver significant benefits to employees, customers, partners and other stakeholders of the Company.

Taking all these considerations into account, the Board of Management and the Supervisory Board fully support and unanimously recommend the Offer for acceptance to the Depositary Receipt Holders (the "**Recommendation**").

More information in relation to the decision-making and Recommendation by the Boards is included in the Position Statement.

3.9 **Offer Conditions**

The obligation of the Offeror to declare the Offer unconditional (*bod gestand doen*) shall be subject to the satisfaction or waiver by the Offeror and/or the Company, as the case may be, of

the following offer conditions (the "**Offer Conditions**") no later than on the Unconditional Date, and is otherwise subject to the terms and conditions of the Offer Memorandum:

Acceptance Threshold

- (a) the aggregate number of Tendered Depositary Receipts and Depositary Receipts directly or indirectly held by or committed to Renaissance Construction subject only to the Offer being declared unconditional (*gestand gedaan*) or held by the Company representing at least 65% (sixty-five per cent) of the Company's issued share capital (*geplaatst kapitaal*), excluding Depositary Receipts held by the Company or any of its Affiliates for its own account ("**Acceptance Threshold**"), as at the Acceptance Date;

No recommended Competing Offer

- (b) no public announcement having been made of a recommended Competing Offer;

Recommendation

- (c) the Boards not having revoked or altered the Recommendation;

Restraint orders

- (d) no order, stay, judgment or decree having been issued by any court, arbitral tribunal, government, governmental authority or other regulatory or administrative authority and being in effect, or any statute, rule, regulation, governmental order or injunction having been enacted, enforced or deemed applicable to the Offer, any of which restrains, prohibits or delays or is reasonably likely to restrain, prohibit or delay consummation of the Offer in any material respect or amends, suspends, revokes, annuls, or otherwise adversely affects the AFM's decision to approve the Offer Memorandum;
- (e) on or prior to the Unconditional Date, no notification having been received from the AFM stating that, pursuant to Article 5:80 Paragraph 2 of the Wft, investment firms shall not be allowed to cooperate with the Offer;

No suspension of trading

- (f) on or prior to the Unconditional Date, trading in the Depositary Receipts on Euronext Amsterdam not having been permanently suspended or ended as a result of a listing measure (*noteringsmaatregel*) taken by Euronext Amsterdam in accordance with Article 6901/2 or any other relevant provision of the Euronext Rulebook I (Harmonised Rules);

No breach

- (g) the Company not having breached the terms of the Merger Agreement to the extent that any such breach (i) has or could reasonably be expected to have material adverse consequences for the Company, the Offeror or the Offer, and (ii) is incapable of being remedied within seven (7) Business Days after receipt by the Company of a written notice from the Offeror (or, if earlier, before the Unconditional Date), or has not been remedied by the Company within seven (7) Business days after receipt by the Company of a written notice from the Offeror (or, if earlier, before the Unconditional Date);

No Material Adverse Change

- (h) no Material Adverse Change has occurred; and

Approval of Resolutions

- (i) the EGM having adopted each of the Resolutions.

The Offer Conditions set out in Sections, 3.9(b) (*No Recommended Competing Offer*), 3.9(c) (*Recommendation*), 3.9(g) (*No breach*), 3.9(h) (*No Material Adverse Change*), and 3.9(i)

(*Approval of Resolutions*) are for the sole benefit of the Offeror and may be waived (either in whole or in part) by the Offeror at any time by written notice to the Company.

The Offer Condition in Section 3.9(f) (*No suspension of trading*) may only be waived by the Parties jointly.

The Offer Conditions in Section 3.9(d) and (e) (*Restraint orders*) cannot be waived.

Without any limitation to the Offeror's right to rely on the Offer Condition set forth in Section 3.9(a) (*Acceptance Threshold*), the Offeror may, to the extent permitted by the Takeover Rules:

- (a) following the Acceptance Closing Date, waive the Acceptance Threshold to any percentage not less than 50% (fifty per cent) plus one vote of the Company's issued share capital;
- (b) following the Acceptance Closing Date, after having obtained the written approval of the Boards, waive the Acceptance Threshold to any percentage below 50% (fifty per cent) plus one vote of the Company's issued share capital; and
- (c) at any time, after having obtained the written approval of the Boards, waive the Offer Condition as set forth in Section 3.9(a) (*Acceptance Threshold*), in its entirety.

In accordance with the Takeover Rules, the Offeror shall make a public announcement if it ascertains that an Offer Condition is not, or is incapable of being, satisfied and it has decided not to use its right to waive the relevant Offer Condition.

3.10 **Depository Receipts committed by members of the Board of Management**

The Company has undertaken that each member of the Board of Management will tender under the Offer any Depository Receipts that member directly or indirectly holds, representing 0.027% (twenty-seven thousandth per cent) of the total amount of Depository Receipts, on the same terms as applicable to all Depository Receipt Holders and subject to the conditions and restrictions set out in this Offer Memorandum. The members of the Boards of Management did not receive any information in connection with the Offer that is not included in this Offer Memorandum.

An overview of the Depository Receipts held by members of the Board of Management is included in Section 5.10.4 (*Depository Receipts held by members of Boards*).

3.11 **Respective cross-shareholdings Offeror - Company**

3.11.1 *The Offeror's stake in the Company*

As of the date of this Offer Memorandum, the Offeror holds 5,703,575 Depository Receipts. In the year preceding the date of the Offer Memorandum, the Offeror executed the following transactions in relation to Depository Receipts:

Date	Transaction type	Total number Depository Receipts held after transaction	Average purchase price paid on relevant date (EUR)
21 July 2015	Purchase	3,930,567	1,55
31 July 2015	Purchase	4,026,248	1,50
3 August 2015	Purchase	4,181,547	1,50
6 August 2015	Purchase	4,199,897	1,50
7 August 2015	Purchase	4,305,888	1,50
10 August 2015	Purchase	4,437,887	1,50
11 August 2015	Purchase	4,638,365	1,50

Date	Transaction type	Total number Depository Receipts held after transaction	Average purchase price paid on relevant date (EUR)
12 August 2015	Purchase	4,843,872	1,46
13 August 2015	Purchase	4,953,030	1,49
14 August 2015	Purchase	5,091,143	1,50
17 August 2015	Purchase	5,154,665	1,50
18 August 2015	Purchase	5,269,539	1,50
19 August 2015	Purchase	5,307,449	1,50
20 August 2015	Purchase	5,473,253	1,50
21 August 2015	Purchase	5,506,900	1,50
25 August 2015	Purchase	5,548,081	1,45
26 August 2015	Purchase	5,619,519	1,45
31 August 2015	Purchase	5,703,575	1,49

Prior to being notified by the Company of expected losses, the Offeror already ceased to purchase Depository Receipts as it already held 29% of all issued Depository Receipts. Consequently, no transactions in relation to Depository Receipts were executed by the Offeror after the Company communicated to the Offeror that it expected to incur material additional losses of approximately EUR 20 million, as described in further details in Section 5.4 (*Trends and Recent Developments*). The Offeror and its Affiliates or brokers (acting as agents for the Offeror or its Affiliates, as applicable) reserve the right to, to the extent permissible under applicable law or regulation, from time to time after the date of the Offer Memorandum, and other than pursuant to the intended Offer, directly or indirectly purchase, or arrange to purchase, ordinary shares in the capital of the Company, that are the subject of the Offer. To the extent information about such purchases or arrangements to purchase is made public in The Netherlands, such information will be disclosed by means of a press release to inform Depository Receipt Holder of such information. In addition, financial advisors to the Offeror may also engage in ordinary course trading activities in Depository Receipts, which may include purchases or arrangements to purchase such Depository Receipts.

3.11.2 *The Company's stake in the Offeror*

As at the date of this Offer Memorandum, neither the Company nor any of its affiliates directly or indirectly holds any shares in the Offeror.

3.12 **Certain arrangements between Renaissance Construction and the Company**

In the Merger Agreement the Company and Renaissance Construction have made several agreements on certain exclusivity arrangements, including how to deal with potential competing offers.

3.12.1 *Exclusivity*

- (a) During the Exclusivity Period except as permitted pursuant to Section 3.12.2(a) and 3.12.2 (*Potential Competing Offer*), the Company shall, and shall ensure that each of the members of the Group and each of their respective directors, officers, employees, agents, representatives and advisors shall not, directly or indirectly, approach, solicit, provide confidential information relating to the Group to or engage in, initiate or continue conversations, discussions or

negotiations or enter into any transactions with any third party to make an offer or proposal for the making of an offer for any or all of the Depositary Receipts, or for the whole or any material part of the undertaking, business or assets and liabilities of the Company or any proposal involving the potential acquisition of a substantial interest in the Company, or a legal merger or demerger involving the Company, reorganisation or recapitalisation of the Company or any other transaction that could result in a change of control of the Company or all or a substantial part of the undertaking, business or assets and liabilities of the Company, or otherwise preventing the Offer from being consummated.

- (b) Notwithstanding Section 3.12.1(a) the Company is permitted to respond to a bona fide third party that makes an unsolicited and credible approach to the Company with the intention of making a Potential Competing Offer and to enter into discussions with such third party with respect to a potential offer or proposal for a potential offer for all, or substantially all of the Depositary Receipts or for all or substantially all of the businesses or assets and liabilities of the Company, any proposal involving the potential acquisition of a substantial interest in the Company, a legal merger or demerger involving the Company, a reverse takeover of the Company or a reorganisation or re-capitalisation of the Company or any other transaction that could result in a change of control (including through a spin-off) of the Company or all or substantially all of the businesses or assets and liabilities of the Company subject to complying with the terms and conditions of Section 3.12.3 (an "**Alternative Proposal**").
- (c) In the event that the Company or any of its representatives receives a written potential Alternative Proposal, the Company shall notify Renaissance Construction promptly (and in any event within two (2) Business Days) thereof in writing, including, insofar as the Company is aware of such details, the identity of such third party and its advisors, the proposed consideration and financing thereof, the non-financial covenants and the conditions to the potential Alternative Proposal (including, without limitation the amount and details of the way such party proposes to increase the solvency of the Company).

3.12.2 *Potential Competing Offer*

Following receipt of an unsolicited communication from a third party, which in the reasonable opinion of the Boards is a *bona fide* third party, containing an Alternative Proposal, if in the reasonable opinion of the Boards, after having consulted its financial and legal advisors and considering, among others, certainty of financing, conditionality and the impact of such Alternative Proposal on the Company's solvency, such Alternative Proposal could reasonably be expected to qualify as a Competing Offer as described in Section 3.12.3 (a "**Potential Competing Offer**"), the Company may:

- (a) provide confidential information to such third party, but only if (i) the information was requested by such third party on its own initiative, (ii) the information is reasonably required for such third party to conduct a due diligence investigation for the purpose of the proposed transaction and (iii) such third party has entered into a confidentiality and standstill agreement with the Company on customary terms and on terms not more favourable than the terms entered into by Renaissance Construction, provided that the Company shall not provide other information to a third party than it has provided to Renaissance Construction;
- (b) for a period of not more than fifteen (15) Business Days following receipt of a Potential Competing Offer (the "**Potential Competing Offer Period**"), consider such Potential Competing Offer and engage in negotiations regarding such Potential Competing Offer, provided that during the Potential Competing Offer Period the Company shall continue to cooperate with Renaissance Construction in accordance with the terms of the Merger Agreement; and

- (c) make public announcements in relation to a Potential Competing Offer to the extent required under the Takeover Rules.

Before the end of the Potential Competing Offer Period, the Company must either give written notice to Renaissance Construction that by then:

- (a) the Potential Competing Offer has been determined by the Boards to constitute a Competing Offer, in which case the Company shall immediately initiate the steps set out in Section 3.12.4 (*Revised Offer*); or
- (b) the Potential Competing Offer has not been determined by the Boards to constitute a Competing Offer in accordance with Section 3.12.3 (*Competing Offer*), in which case the Company must promptly confirm to Renaissance Construction that (i) it continues to support the Offer, (ii) the Boards will continue to support the Offer as contemplated herein and (iii) it has terminated discussions or negotiations regarding that Potential Competing Offer with such third party, it being understood that these confirmations by the Company shall be made public if the relevant Potential Competing Offer has also been made public.

3.12.3 *Competing Offer*

A Potential Competing Offer will be a "**Competing Offer**" if it is:

- (a) a written proposal by a *bona fide* third party to make a (public) offer for all of the Depositary Receipts or for substantially all of the Company's business or a merger of the Company with a party or another proposal made by a *bona fide* third party that would involve a change of control of the Company or substantially all of the Company's business, which is in the reasonable opinion of the Boards, after having consulted its financial and legal advisors and considering, among others, the total value of such offer (specifically taking into account any value such third party is willing to contribute to the Company with the objective to increase the Company's solvency), certainty of financing and conditionality, a more beneficial offer than the Offer as contemplated in the Merger Agreement; and
- (b) the consideration offered per Depositary Receipt, fully in cash, is valued at an amount exceeding the Offer Price stated in the joint press release of 9 September 2015 by EUR 0.20 (twenty eurocents) or more, or, if fully in publicly traded equity securities, the cash equivalent of the consideration under the Competing Offer at the time of announcement of the Competing Offer exceeds the Offer Price stated in the joint press release of 9 September 2015 by EUR 0.20 (twenty eurocents) or more, which is determined on the basis of the preceding ten (10) trading day volume weighed average price of the relevant listed securities, it being understood that in case of a mixed cash / non-cash offer, such premiums will apply in respect of the cash element and the non-cash element respectively. To the extent that the Potential Competing Offer is an offer for all or substantially all of the assets of the Company, or is an intention to enter into, a transaction, whether through a legal merger, spin-off, asset sale, capital injection, offer to purchase or otherwise, that may result in a change of control over all or substantially all of the assets of the Group, the calculation shall be made on the basis of the net proceeds to be distributed to the Company's shareholders resulting from such a transaction calculated on a per Depositary Receipt basis.

3.12.4 *Revised Offer*

In the event of a Competing Offer, the following shall apply:

- (a) the Company shall promptly notify Renaissance Construction of such event and shall provide reasonable details on the Competing Offer to Renaissance Construction (the "**Competing Offer Notice**");
- (b) Renaissance Construction has the right to submit in writing to the Boards a revision of its Offer within a period of five (5) Business Days following the date on which Renaissance Construction has received the Competing Offer Notice. If, on balance, the terms and conditions of such revised offer are, in the reasonable opinion of the Boards, after having consulted with its financial and legal advisors and acting in good faith and observing their obligations under Dutch Law and the Dutch Corporate Governance Code, at least equal to those of the Competing Offer, such offer shall qualify as a "Revised Offer" and the Company shall notify Renaissance Construction as promptly as possible of the Boards' opinion of such offer. If following a Revised Offer the price for such Revised Offer deviates from the original Offer Price, such revised price shall henceforward be deemed to be the Offer Price;
- (c) if Renaissance Construction has announced a revision of its Offer to the Boards in accordance with Section 3.12.4(b) and the Boards have qualified it as a Revised Offer, both Parties will continue to be bound by the Merger Agreement. Renaissance Construction may require the Board of Management and the Supervisory Board to reaffirm their Recommendation of the Offer; and
- (d) if Renaissance Construction has not announced a revision of its Offer in accordance with Section 3.12.4(b) or if the Boards have concluded that the Competing Offer is superior to the Revised Offer announced by Renaissance Construction pursuant to Section 3.12.4(b) each Party has the right to terminate the Merger Agreement with immediate effect.

3.12.5 *Consecutive Competing Offer*

If Renaissance Construction has made a Revised Offer in accordance with Section 3.12.4(c) (*Revised Offer*), the consideration per Depositary Receipt of any other, consecutive or amended offer made by a *bona fide* third party as described in Section 3.12.4 (*Revised Offer*) (a "**Consecutive Competing Offer**") must exceed the most recently offered consideration per Depositary Receipt by at least 5% (five per cent) in order for such Consecutive Competing Offer to qualify as a Competing Offer for the purpose of the Merger Agreement.

Section 3.12.4 (*Revised Offer*) will apply *mutatis mutandis* to any Consecutive Competing Offer.

3.13 **Termination of the Merger Agreement**

The Merger Agreement terminates immediately:

- (a) by the Parties' mutual written consent, provided that for termination or amendment of the Non-Financial Covenants prior approval of at least one (1) Independent Board Member is required;
- (b) by notice given by a Party (the "**Terminating Party**") to the other Party if any of the Offer Conditions for the benefit of the Terminating Party have not been satisfied or waived, as the case may be, by the Terminating Party on the Closing Date or if it is apparent that such Offer Conditions cannot be satisfied and will not be waived by the Terminating Party before such date (provided that the right to terminate the Merger Agreement pursuant to this sub-Section is not available to the Party whose failure to fulfil any obligation under the Merger Agreement has been the cause of or resulted in the failure of the Offer to be declared unconditional (*gestand gedaan*) on or before such date);

- (c) by notice given by the Terminating Party to the other Party pursuant to Section 3.12.4(d) (*Revised Offer*); or
- (d) by notice given by the Terminating Party to the other Party in the event of a breach of the Merger Agreement by the other Party (the "Defaulting Party") which breach has or is expected to have a material adverse effect on the Offer or the Company (a "**Material Breach**"), provided that such Material Breach (i) has not been waived by the non-defaulting Party or (ii) has not been remedied by the Defaulting Party within ten (10) Business Days after the Defaulting Party has obtained actual knowledge of such Material Breach.

3.14 **Termination fee**

If the Merger Agreement is terminated (a) pursuant to Section 3.13(c) (*Termination of the Merger Agreement*) and such Competing Offer has been settled or (b) pursuant to Section 3.13(d) (*Termination of the Merger Agreement*) and Renaissance Construction is the Terminating Party, (i) the Company shall pay (without any deduction, suspension or set off of any kind) Renaissance Construction or within two (2) Business Days after the Competing Offer has been settled by way of compensation for damages, fees and costs, an amount of EUR 750,000 (seven hundred and fifty thousand euro) for loss of management time and other costs and expenses which it has already incurred and will continue to incur in connection with the Offer and the preparation of the Offer and (ii) Renaissance Construction's entitlement to the termination fee pursuant to this Section 3.14 is without prejudice to any other rights or remedies of Renaissance Construction or the Offeror, including a claim for specific performance (*nakoming*) or damages if these exceed the amount of that termination fee (the "**Termination Fee**"). If payment of the Termination Fee will be or has been subject to any tax, the Company shall pay Renaissance Construction the amount (after taking into account tax payable in respect of the amount) that will ensure that Renaissance Construction receives and retains a net sum equal to the sum it would have received had the payment not been subject to tax.

If the Merger Agreement is terminated pursuant to Section 3.13(d) (*Termination of the Merger Agreement*) and the Company is the Terminating Party, (i) within two (2) Business Days after the Merger Agreement has been terminated Renaissance Construction shall pay to the Company by way of compensation for damages, fees and costs, an amount of EUR 1,000,000 (one million euro) and (ii) the Company's entitlement to the termination fee pursuant to this Section 3.14 is without prejudice to any other rights or remedies of the Company, including a claim for specific performance (*nakoming*) or damages if these exceed the amount of that termination fee (the "**Company Termination Fee**"). If payment of the Company Termination Fee will be or has been subject to any tax, Renaissance Construction shall pay to the Company the amount (after taking into account tax payable in respect of the amount) that will ensure that the Company receives and retains a net sum equal to the sum it would have received had the payment not been subject to tax.

3.15 **Post-Closing Restructuring**

Depository Receipt Holders who do not intend to tender their Depository Receipts under the Offer should carefully review this Section 3.15 (*Post-Closing Restructuring*), Section 3.16 (*Post-Closing Restructuring Measures*), and Section 3.17 (*Consequences of the Offer*), which describe certain risks they will be subject to if they elect not to accept the Offer and certain measures the Offeror may take to achieve its goal of obtaining 100% (one hundred per cent) of the Depository Receipts. These risks are in addition to the risks associated with holding securities issued by the Company generally, such as the exposure to risks related to the business of the Company and its subsidiaries, the markets in which the Group operates, as well as economic trends affecting such markets generally as such business, markets or trends may change from time to time.

The Offeror seeks to acquire 100% (one hundred per cent) of the Depository Receipts and/or the business and operations of the Company, through the Offer and other subsequent restructuring steps (if necessary). These steps are likely to have significant consequences for Depository Receipt Holders who do not tender their Depository Receipts under the Offer, including the possibility of a substantial delay in the receipt by them of their proceeds.

3.15.1 *Importance of 100% ownership*

Taking account of the business rationale of the Merger as set forth in Section 3.3 (*Rationale of the Merger*), the Company acknowledges the importance to the Company, the Group and the Offeror for the Offeror to acquire 100% (one hundred per cent) of the Depositary Receipts or the Company's assets and operations. This importance is based, *inter alia*, on:

- (i) the fact that having a single shareholder and operating without a public listing increases the Group's ability to achieve the goals and implement the actions of the Strategy;
- (ii) the possibility to form a fiscal unity (tax consolidation) between the Offeror and the company;
- (iii) the ability of the Company and the Offeror to terminate the listing of the Depositary Receipts from Euronext Amsterdam; and
- (iv) to achieve an efficient capital structure (both from a tax and financing perspective, including the ability to form a fiscal unity between Company and the Offeror.

3.15.2 *Squeeze-Out Procedure*

The Offeror wishes to acquire full ownership of the Company and its business if the Offeror acquires at least 95% (ninety-five per cent) of the Depositary Receipts.

If, following the Settlement Date, the Offeror and its Affiliates, alone or together with the Company, hold 95% (ninety-five per cent) or more of the Shares or Depositary Receipts (excluding any Depositary Receipts then held by the Company), the Offeror shall commence a compulsory acquisition procedure (*uitkoopprocedure*) in accordance with article 2:92a or 2:201a of the DCC or the takeover buy-out procedure in accordance with article 2:359c of the DCC to buy out the holders of Depositary Receipts that have not tendered their Depositary Receipts under the Offer. The Company has agreed to provide the Offeror with any assistance as may reasonably be required in connection with that procedure.

3.16 **Post-Closing Restructuring Measures**

Without prejudice to the previous paragraphs and subject to the Offer being declared unconditional, the Offeror shall be entitled to effect or cause to effect, and, if so requested by the Offeror, the Company shall use its reasonable best endeavours to undertake, any other restructuring of the Group for the purpose of achieving an optimal operational, legal, financial and/or fiscal structure in accordance with the Merger Rules and Dutch law in general, some of which may have the effect of diluting the interest of any remaining Depositary Receipt Holders (the "**Post-Closing Restructuring Measures**"), including but not limited to:

- (a) a subsequent public offer for any Shares or Depositary Receipts held by minority shareholders;
- (b) a statutory domestic bilateral or triangular merger (*juridische (driehoeks-)fusie*) in accordance with section 2:309 et seq of the DCC between the Company and any Affiliate of the Offeror;
- (c) a statutory demerger (*juridische splitsing*) of the Company in accordance with section 2:334a et seq. of the DCC;
- (d) a contribution of assets or a combination of assets and cash by the Offeror or by any Affiliate of the Offeror in exchange for ordinary shares or preference shares in the Company's share capital, in which circumstances the pre-emptive rights (*voorkeursrechten*), if any, of the Company's minority shareholders may be excluded;

- (e) a sale of all, substantially all, or a substantial part of the assets of the Company, which may or may not be followed by a distribution of proceeds to the shareholders of the Company, all in accordance with the laws of the Netherlands and the Company's Articles of Association;
- (f) a distribution of proceeds, cash and/or assets to the Company's shareholders;
- (g) a sale and transfer of assets and liabilities by the Offeror or any of its Affiliates to any member of the Group, or a sale and transfer of assets and liabilities by any member of the Group to the Offeror or any of its Affiliates;
- (h) the conversion of the Company into a private limited liability company (*besloten vennootschap met beperkte aansprakelijkheid*);
- (i) any combination of the foregoing; or
- (j) any transactions, restructurings, share issues, procedures or proceedings in relation to the Company or one or more of its Affiliates required to effect the aforementioned objective.

In the implementation of any Post Closing Restructuring Measure, due consideration will be given to the requirements of Dutch law and Merger Rules, including the requirement to consider the interests of all stakeholders, including any minority shareholders of the Company, and the requirement for the members of the Supervisory Board to form an independent view of the relevant matter. In this respect, the Supervisory Board shall continue to have the right to engage, at the cost of the Company, its own financial and legal advisors. In this respect, the Independent Board Members shall have the right to engage, at the cost of the Company, its own financial and legal advisors. The Offeror shall inform the Independent Board Members in case any Non-Financial Covenant might be affected by its decision-making.

Any measure described in this Section 3.16 (*Post-Closing Restructuring Measures*) will be subject to the approval of the Independent Board Members, which approval shall not unreasonably be withheld or delayed by the Independent Board Members. The Independent Board Members will have the opportunity to engage for the account of the Company their own financial and legal advisors if and to the extent they believe that the advice of such advisors is reasonably necessary to assist them in reviewing and assessing matters that come before the Supervisory Board.

3.17 **Consequences of the Offer**

3.17.1 *Capital and financing aspects*

Subject to the Offer having been declared unconditional (*gestand gedaan*), Renaissance Construction will procure a capital contribution to the Company in the amount of EUR 47,600,000 (forty-seven million six hundred thousand euro) (the "**Capital Contribution**"). The Capital Contribution will take place as follows:

- (a) in the event that after the settlement of Depositary Receipts tendered in the Post Acceptance Period, less than 95% (ninety-five per cent) of the issued share capital of the Company is held by Renaissance Construction, or a percentage of the Depositary Receipts equal thereto, the Capital Contribution will be in the form of a rights issue by the Company to its existing Depositary Receipts Holders at that time for a total amount of EUR 20 million (twenty million euro), the terms and conditions of which are to be determined by the Company and Renaissance Construction jointly in good faith (the "**Rights Issue**"), and a subsequent private placement for the amount of EUR 27.6 million (twenty-seven million six-hundred thousand euro) and at a discount of 30% (thirty per cent) to the theoretical ex-rights price of the Rights Issue (the "**Private Placement**"); or
- (b) in the event that after the settlement of Depositary Receipts tendered in the Post Acceptance Period, 95% (ninety-five per cent) or more of the issued share

capital is held by Renaissance Construction, or a percentage of the Depositary Receipts equal thereto, Renaissance Construction may decide at its own discretion in which form the Capital Contribution will be provided, notwithstanding the arrangements in Section 3.4.3 of this Offer Memorandum.

In the Rights Issue (i) all holders of Depositary Receipts, subject to applicable securities laws restrictions, shall be granted the opportunity to participate, (ii) the Offeror shall participate in the Rights Issue through the exercise of all rights granted to it, and (iii) the Offeror shall subscribe and pay for any new Depositary Receipts not subscribed for by other holders of Depositary Receipts.

Renaissance Construction's obligation to procure the contribution of an amount equal to EUR 47,600,000 (forty-seven million six hundred thousand euro) to the Company shall be reduced by the amount of capital contributed to the Company by any other Depositary Receipt holder or holders of rights in the Rights Issue.

Renaissance Construction will finance the Capital Contribution with available cash in hand.

Subject to the Offer having been declared unconditional (*gestand gedaan*), Renaissance Construction shall use its reasonable best efforts to procure completion of the Capital Contribution ultimately on 22 December 2015, subject to the Company providing adequate and timely assistance to allow such Capital Contribution to be completed prior to such date. In the event that the Capital Contribution is not completed on 22 December 2015, Renaissance Construction shall (i) use its reasonable best efforts to procure completion of the Capital Contribution as soon as possible and (ii) provide a bridge loan to the Company for the amount of EUR 47,600,000 (forty-seven million six hundred thousand euro) until the Capital Contribution has been completed, which amount must be received by the Company ultimately on 22 December 2015. Any such bridge loan shall be repaid by the Company to Renaissance Construction with the proceeds of the Capital Contribution.

In connection with the Merger, the implementation of the rights issue that was announced by the Company on 29 April 2015 will be put on hold.

Subject to the Offer being declared unconditional (*gestand gedaan*), upon or after Settlement:

- (a) Renaissance Construction will procure the Capital Contribution, which the Company will apply in full prepayment of the bridge loans and for strengthening its liquidity position;
- (b) the stand-by subordinated debt of the Company will be repaid and cancelled in full;
- (c) the rights issue announced on 29 April 2015 will not take place;
- (d) the liabilities under the subordinated bank loan of EUR 43 million (forty-three million) will be reduced with an amount of EUR 16 million (sixteen million euro);
- (e) Renaissance Construction will provide an on-demand parent guarantee to the banking syndicate for EUR 16.5 million (sixteen point five million euro) of the liabilities of the Company under the subordinated bank loan of EUR 43 million as reduced in accordance with the above; and
- (f) the Company will be under an obligation to make repayments on the separate bank loans in a total amount of EUR 10 million (ten million euro) before 1 July 2016.

In the event the Offer will not be declared unconditional (*gestand gedaan*), the events as described under (a) up to and including (f) of this Section 3.17.1 (*Capital and Financing Aspects*) will not take place. In addition the Company expects that, in such event, the rights issue announced on 29 April 2015, will be required to take place, which would potentially lead to dilution of Depositary Receipt Holders and the benefits of the above mentioned financing arrangements will evaporate.

The waiver and amendments are subject to a number of conditions, including but not limited to internal and external approvals.

In its half-year report 2015 dated 21 July 2015 the Company stated that on the basis of the measures taken, the adopted refinancing, the proposed transfer of the A2 Maastricht and A15 Maasvlakte-Vaanplein projects and the revised 2015-2016 business plan the Company will be able to operate within the specified financing agreements and thus have sufficient resources available to meet its obligations at least until the end of 2016, while it is fully aware of the sensitivities and uncertainties set out above and the provisional nature of the agreements and the consequences should they turn out negatively.

On 9 September 2015, the Company announced that it expects to incur material additional losses of approximately EUR 20 million. Because of the expected material additional losses, in the event the Offer will not be declared unconditional (*gestand gedaan*), it is uncertain whether the Company will be able to uphold the existing facility agreements with its lenders: there is a risk that any liquidity shortfalls occurring at that time may not be financed and/or that loans may become due immediately. In that event the Company intends to take additional measures, including agreeing to amend the existing facility agreement with its lenders.

The Company has notified the management board of Stichting Administratiekantoor van Aandelen Ballast Nedam (the "**Share Trust Office**") of its intention to terminate the administration and on 29 June 2015, the general meeting of shareholders of the Company has approved the relevant amendment of the Company's Articles of Association to enable such termination. It has been agreed between Renaissance Construction and the Company that between the date of the Merger Agreement and the Settlement Date, the Company will not cooperate with a termination of the administration without the prior written consent of Renaissance Construction. Should the Offer not be declared unconditional (*gestand gedaan*), the Company has the intention to terminate the administration as soon as possible after the closing of the previously announced rights issue.

3.17.2 *De-listing*

The Offeror and the Company acknowledge that it is their intention, subject to the Offer being declared unconditional and to applicable laws and regulations, to terminate the listing of the Depositary Receipts on Euronext Amsterdam as soon as possible.

3.17.3 *Liquidity of the Depositary Receipts*

The purchase of Depositary Receipts by the Offeror pursuant to the Offer, among other things, will reduce the number of Depositary Receipt Holders and the number of Depositary Receipts that might otherwise trade publicly and thus adversely affect the liquidity of the Depositary Receipts not tendered.

In accordance with Euronext Amsterdam Notice 2004-041, Euronext Amsterdam, in general, permits a delisting in the case of a public offer if such public offer for all relevant Depositary Receipts goes unconditional, giving the bidder at least 95% (ninety-five per cent) of such Depositary Receipts. Should the Offeror decide to terminate the listing of the Company, such termination will further adversely affect the liquidity of any Depositary Receipts not tendered.

In addition, the Offeror may initiate any of the procedures as set out in Section 3.16 (*Post-Closing Restructuring Measures*), including procedures which would result in the termination of the listing of the Depositary Receipts (including Depositary Receipts not being tendered).

3.17.4 *Reduced governance rights*

In the event that the Company or its successor entity will no longer be listed and its Depositary Receipts will no longer be publicly traded, the statutory provisions applicable to the governance of public or listed companies will no longer apply and the rights of minority shareholders will be limited to the statutory minimum.

3.17.5 *Controlling Depositary Receipt Holder*

Following the Settlement Date, the Company may be majority controlled by the Offeror and the Offeror may appoint and/or procure the appointment of certain members to the Boards.

3.17.6 *Other measures*

Subject to the terms and conditions of this Offer Memorandum, the Offeror reserves the right to submit proposals to the Depositary Receipt Holders in order to change the corporate structure and the capital structure of the Company and/or achieve an optimal financial or other structuring, including amendments to the Company's Articles of Association and changes in the accounting policies applied by the Group, all in accordance with Dutch law and the Company's Articles of Association.

3.17.7 *Dividend policy*

The Depositary Receipt Holders should be aware that the Company may or may not pay cash dividends after Settlement. Future dividends may be of a one-off nature only and the amount of any dividends will depend on a number of factors associated with the Offeror's tax and financial preferences from time to time.

Any distribution made in respect of the Depositary Receipts after the Settlement Date will be deducted for the purpose of establishing the value per Share or Depositary Receipts in any statutory merger, takeover buy-out procedure, squeeze-out procedure or other measure contemplated by Section 3.16 (*Post-Closing Restructuring Measures*).

3.17.8 *Tax treatment of distributions*

The Offeror has no insight into and no responsibility with respect to the tax treatment of Depositary Receipt Holders with respect to any distributions made by the Company or any successor entity to the Company, which may include dividends, repayments of capital and liquidation distributions. In the event that there is a sale of substantially all assets of the Company, followed by a liquidation and a distribution of the sale proceeds, this may raise specific tax issues for Depositary Receipt Holders, including without limitation a liability to Dutch dividend withholding tax. To the extent Dutch dividend withholding tax is not fully creditable against the mainstream tax liability of the Shareholders, the after-tax return may be significantly lower than the return would have been had the Shares been offered to the Offeror.

3.17.9 *Tax treatment of other Post-Closing Restructuring Measures*

Other Post-Closing Restructuring Measures could also raise specific tax issues for Depositary Receipt Holders as a result of which the after-tax return may be significantly lower than the return would have been had the Depositary Receipts been offered to the Offeror.

3.18 *Employee consultation*

The secretariat of the Social Economic Council (*Sociaal Economische Raad*) has been informed in writing of the Offer in accordance with the Rules relating to Mergers of the Social and Economic Council (*SER Fusiegedragsregels 2000*).

The Works Council has been informed regarding the change of control contemplated by the Offer. On the basis thereof, the Works Council has given its positive advice in respect of the Offer.

To the extent that intended decisions regarding any future integration or restructuring will be subject to the Works Council's advice, the proper procedures shall be followed pursuant to the Dutch Works Council Act (*Wet op de Ondernemingsraden*).

4. INVITATION TO DEPOSITARY RECEIPT HOLDERS

The Offeror hereby makes a recommended public cash offer (*openbaar bod*) to all Depositary Receipt Holders, to purchase all Depositary Receipts, on the terms and subject to the conditions and restrictions of this Offer Memorandum.

Depositary Receipt Holders are advised to review this Offer Memorandum and the related documents included or referred to herein or enclosed herewith thoroughly and completely and to seek independent advice where appropriate in order to reach an informed judgment with respect to the Offer and this Offer Memorandum. Depositary Receipt Holders who consider not tendering their Depositary Receipts are advised to review Section 3.15 (*Post-Closing Restructuring*), Section 3.16 (*Post-Closing Restructuring Measures*) and Section 3.17 (*Consequences of the Offer*). With due reference to all statements, terms, conditions and restrictions included in this Offer Memorandum, Depositary Receipt Holders are hereby invited to tender their Depositary Receipts under the Offer in the manner on the terms and subject to the conditions and restrictions as set out in this Offer Memorandum, and in particular Section 1 (*Restrictions and important information*).

4.1 Offer Price

The Offeror shall pay the Offer Price to Depositary Receipt Holders who tender their Depositary Receipts under the Offer, on the terms and subject to the conditions and restrictions contained in this Offer Memorandum, as consideration for each Depositary Receipt validly tendered (or defectively tendered provided that such defect has been waived by the Offeror) by such Depositary Receipt Holder and delivered (*geleverd*) to the Offeror, without interest and subject to any required withholding of taxes. If, on or after the date hereof but on or prior to the Settlement Date, any cash dividend or dividend in kind or other distribution is declared in respect of the Depositary Receipts and the record date for such cash dividend or dividend in kind or other distribution occurs on or prior to the Settlement Date, the Offer Price per Depositary Receipt will be decreased by an amount per Depositary Receipt equivalent to any such cash or share dividend or other distribution per Depositary Receipt.

During the Acceptance Period, the Offeror has the right pursuant to article 15, paragraph 4 of the Takeover Decree to increase the Offer Price. The Acceptance Period must be open for at least seven (7) Business Days following an increase of the Offer Price. Should the Acceptance Period be open for a shorter period, it will by virtue of law be extended to seven (7) Business Days. During such extended Acceptance Period, the Offeror is not allowed to further increase the Offer Price. Depositary Receipts tendered prior to such extension of the Acceptance Period may be withdrawn during the extended Acceptance Period in accordance with article 15 paragraph 3 and article 15a paragraph 3 of the Takeover Decree. However, during any such extension of the Acceptance Period, any Depositary Receipts previously tendered and not withdrawn will remain subject to the Offer. If and to the extent the Offeror, during the Acceptance Period, purchases any Depositary Receipts outside the Offer at a price which is higher than the Offer Price, the Offeror will, upon declaring the Offer unconditional, pay such higher price for all Depositary Receipts validly tendered (or defectively tendered provided that such defect has been waived by the Offeror) by a Depositary Receipt Holder and delivered (*geleverd*) to the Offeror. In such a scenario, the Offeror will make a public announcement confirming that the Offer Price is increased to match such higher price.

4.2 Acceptance of the Offer and tender

4.2.1 *Acceptance of the Offer and Tender via an Admitted Institution*

Depositary Receipt Holders who hold their Depositary Receipts through an Admitted Institution are requested to make their acceptance known via their custodian, bank or stockbroker no later than 17:40 hours CET on 13 November 2015, unless the Acceptance Period is extended in accordance with Section 3.2.1 (*Offer Price*) or Section 4.5 (*Extension of the Acceptance Period*). Your custodian, bank or stockbroker may set an earlier deadline for Depositary Receipt Holders to communicate acceptances of the Offer in order to permit the custodian, bank or stockbroker to communicate its acceptances to the Settlement Agent in a timely manner.

The Admitted Institutions may tender Depositary Receipts for acceptance only to the Settlement Agent and only in writing. In tendering the acceptance, the Admitted Institutions are required to declare that (i) they have the tendered Depositary Receipts in their administration, (ii) each Depositary Receipt Holder who accepts the Offer irrevocably represents and warrants that the Depositary Receipts tendered by him are being tendered in compliance with the restrictions set out in Section 1 (*Restrictions and important information*), and (iii) they undertake to effect the delivery of these Depositary Receipts to the Offeror prior to or ultimately on the Settlement Date, provided that the Offer has been declared unconditional (*gestand gedaan*).

Subject to articles 5b paragraph 5, 15 paragraphs 3 and 8 and 15a paragraph 3, of the Takeover Decree, the tendering of Depositary Receipts in acceptance of the Offer shall constitute irrevocable instructions (i) to block any attempt to deliver the Depositary Receipts tendered, so that on or prior to the Settlement Date no delivery of such Depositary Receipts can be effected (other than any action required to effect the delivery (*levering*) to the Offeror) (ii) to debit the securities account in which such Depositary Receipts are held on the Settlement Date in respect of all the Depositary Receipts tendered, against payment by the Settlement Agent of the Offer Price in respect of those Depositary Receipts on the Offeror's behalf and (iii) effect the delivery (*leveren*) of those tendered Depositary Receipts to the Offeror.

4.3 **Undertakings, representations and warranties by tendering Depositary Receipt Holders**

Each Depositary Receipt Holder tendering Depositary Receipts under the Offer, by such tender, irrevocably undertakes, represents and warrants to the Offeror, on the date that such Depositary Receipts are tendered up to and including the Settlement Date, subject to the proper withdrawal of any tender in accordance with the Takeover Decree:

(a) *Acceptance by the Depositary Receipt Holder*

that the tender of any Depositary Receipts constitutes an acceptance by the Depositary Receipt Holder of the Offer, on the terms and subject to the conditions and restrictions of the Offer as contained in this Offer Memorandum;

(b) *Power of Authority*

that such Depositary Receipt Holder has full power and authority to tender, sell and deliver (*leveren*), and has not entered into any other agreement to tender, sell or deliver (*leveren*) the Depositary Receipts stated to have been tendered to any party other than the Offeror (together with all rights attaching thereto) and, when the same are delivered to the Offeror, the Offeror will acquire such Depositary Receipts and have sole legal and beneficial title, with full title guarantee and free and clear of any third party rights and restrictions of any kind;

(c) *Compliance*

that such Depositary Receipts are being tendered in compliance with the restrictions as set out in Section 1 (*Restrictions and important information*) and the securities and other applicable laws or regulations of the jurisdiction in which such Depositary Receipt Holder is located or of which it is a resident and no registration, approval or filing with any regulatory authority of such jurisdiction is required in connection with the tendering of such Depositary Receipts; and

(d) *Waiver*

such Depositary Receipt Holder acknowledges towards and agrees with the Offeror that having tendered its Depositary Receipts, such Depositary Receipt Holder shall, as from the Settlement Date, be deemed to have waived any and all rights or entitlements that such Depositary Receipt Holder may have in its capacity as Depositary Receipt Holder of the Company or otherwise in connection with its shareholding in the Company vis-à-vis any member of the Group and any member of the Boards.

4.4 **Acceptance Period (*aanmeldingstermijn*)**

The Acceptance Period begins on 18 September 2015, at 9.00 hours CET and ends, subject to extension in accordance with article 15 of the Takeover Decree, on 13 November 2015, at 17.40 hours CET.

Depository Receipts tendered on or prior to the Acceptance Closing Time cannot be withdrawn, subject to (i) the right of withdrawal of any tendered Depository Receipts during any extension of the initial Acceptance Period in accordance with Section 4.5 (*Extension of the Acceptance Period*) and the provisions of article 15, paragraph 3 of the Takeover Decree and (ii) the right of withdrawal of any tendered Depository Receipts in the event of an increase of the Offer Price in accordance with the provisions of article 15a, paragraph 3 of the Takeover Decree. Depository Receipts tendered prior to the initial Acceptance Closing Time may be withdrawn during the extended Acceptance Period. However, during any such extension of the Acceptance Period, any Depository Receipts previously tendered and not withdrawn will remain subject to the Offer.

If the Offer is declared unconditional (*gestand is gedaan*), the Offeror will accept all Depository Receipts that have been validly tendered (or defectively tendered provided that such defect has been waived by the Offeror) and not previously withdrawn pursuant to the terms of the Offer in accordance with the procedures set forth in Section 4.2 (*Acceptance of the Offer and Tender*).

4.5 **Extension of the Acceptance Period**

Renaissance Construction and the Company have agreed that any voluntary extension of the Acceptance Period by the Offeror beyond 30 November 2015 requires the prior written approval by the Company. In considering whether to grant its approval, the Company, acting reasonably and fair, will, among others, take into account the date on which the Acceptance Period as extended will end, whether a Competing Offer has been made and the period through which it is outstanding and the liquidity requirements of the Company and its ability to satisfy these liquidity requirements (amongst others by means of implementing the rights issue announced by the Company on 29 April 2015). Subject to the prior written approval by the Company as included in the previous sentences and in accordance with (i) article 15, paragraph 1 of the Takeover Decree, the Offeror may extend the Offer past the Acceptance Closing Time only once, with a minimum of two (2) weeks and a maximum of ten (10) weeks, subject to a possible extension in the event of an increase of the Offer Price as described below, in which case all references in this Offer Memorandum to the Acceptance Closing Time shall, unless the context requires otherwise, be moved to the latest date and time to which the Offer has been so extended; or (ii) article 15, paragraph 5 of the Takeover Decree, in the event a third party has published a Competing Offer prior to the Acceptance Closing Time, the Offeror may extend the Offer past the Acceptance Closing Time to match the acceptance closing time of a Competing Offer. However, as noted in Section 4.2 (*Acceptance of the Offer and Tender*), a custodian, bank or broker may set an earlier deadline for Depository Receipt Holders to communicate acceptances of the Offer in order to permit the custodian, bank or broker to communicate such acceptances to the Settlement Agent in a timely manner.

If the Acceptance Period is extended, a public announcement to that effect shall be made in accordance with the Merger Rules. Article 15, paragraph 2 of the Takeover Decree requires that such announcement be made not later than the third (3rd) Business Day following the initial Acceptance Closing Time.

During any such extension of the Acceptance Period, any Depository Receipts previously tendered and not withdrawn will remain subject to the Offer. In accordance with article 15, paragraph 3 of the Takeover Decree, Depository Receipts tendered on or prior to the original Acceptance Closing Time may be withdrawn during the Acceptance Period as extended. Further, in accordance with article 15a, paragraph 3 of the Takeover Decree, Depository Receipts tendered may be withdrawn within seven (7) Business Days following the announcement of an increase of the Offer Price.

In addition, the Acceptance Period may be extended in accordance with article 15 paragraph 9 of the Takeover Decree if the Offer Price is increased within seven (7) Business Days from the Acceptance Closing Date, in which case the Acceptance Period is by virtue of law extended to

the effect that the Acceptance Period will be open for seven (7) Business Days from such increase of the Offer Price.

4.6 **Declaring the Offer unconditional (*gestanddoening*)**

The Offer is subject to satisfaction of the Offer Conditions. The Offeror and the Company reserve the right to waive certain Offer Conditions. See Section 3.9 (*Offer Conditions*).

The Offeror will determine whether or not the Offer Conditions have been satisfied or waived in accordance with Section 3.9 (*Offer Conditions*). In accordance with section 16 of the Decree and the Merger Agreement, the Offeror will announce within three (3) Business Days after the Acceptance Closing Date whether or not:

- (a) the Offeror declares the Offer unconditional (*het bod gestand doen*);
- (b) the Offer will be extended in accordance with section 15 paragraph 9 of the Decree; or
- (c) the Offer is terminated as a result of the Offer Conditions not having been satisfied or waived.

If the Offeror does not declare the Offer unconditional (*het bod gestand doen*), the Offeror will explain such decision.

If the Offer is declared unconditional (*gestand is gedaan*), the Offeror will accept for payment all Depositary Receipts validly tendered (or defectively tendered provided that such defect has been waived by the Offeror).

4.7 **Settlement of the Offer**

If the Offer is declared unconditional (*gestand is gedaan*) Depositary Receipt Holders who have tendered their Depositary Receipts under the Offer prior to or on the Acceptance Closing Time, will receive on the Settlement Date the Offer Price in respect of each Depositary Receipt validly tendered (or defectively tendered provided that such defect has been waived by the Offeror) and delivered (*geleverd*), at which point dissolution or annulment of a Depositary Receipt Holder's tender or delivery (*levering*) shall not be permitted.

Admitted Institutions receiving Depositary Receipts from Depositary Receipt Holders tendering under this Offer shall receive these Depositary Receipts as custodian. In turn, Admitted Institutions will submit such Depositary Receipts by written instruction to the Settlement Agent. By tendering such Depositary Receipts, the Admitted Institutions declare that they have the Depositary Receipts in their custody and that they shall procure delivery of the Depositary Receipts to the Offeror prior to or on the Settlement Date.

4.8 **Post Acceptance Period**

The Offeror may, in accordance with article 17 of the Takeover Decree, within three (3) Business Days after declaring the Offer unconditional, announce a Post Acceptance Period to enable Depositary Receipt Holders that did not tender their Depositary Receipts during the Acceptance Period to tender their Depositary Receipts under the same terms and subject to the same restrictions applicable to the Offer. Any such Post Acceptance Period will commence on the first (1st) Business Day following the announcement of a Post Acceptance Period and will remain open for a period of no longer than two (2) weeks. If the Post Acceptance Period is announced, the Offeror will continue to accept for payment all Depositary Receipts validly tendered (or defectively tendered provided that such defect has been waived by the Offeror) during such period and will pay for such Depositary Receipts within five (5) Business Days following the end of the Post Acceptance Period. Depositary Receipts validly tendered (or defectively tendered provided that such defect has been waived by the Offeror) during the Post Acceptance Period cannot be withdrawn. The Offeror will, within three (3) Business Days after the Post Acceptance Period has ended, announce the number and percentages of Depositary Receipts that have been tendered in the Post Acceptance Period and the total number and percentage of Depositary Receipts the Offeror owns after the Post Acceptance Period has ended.

As of the relevant Settlement date, dissolution (*ontbinding*) or annulment (*vernietiging*) of the tendering, sale or delivery (*levering*) of any tendered Depository Receipt that has been tendered during the Post-Acceptance Period is not possible.

4.9 **Commission**

Admitted Institutions shall receive from the Settlement Agent on behalf of the Offeror a commission in the amount of EUR 0,0008 (eight hundredths eurocents) in respect of each Depository Receipt validly tendered (or defectively tendered provided that such defect has been waived by the Offeror) and delivered (*geleverd*), up to a maximum of EUR 0,0008 (eight hundredths eurocents) per Depository Receipt Holder tender. The commission must be claimed from the Offeror through the Settlement Agent upon the Settlement Date. The Admitted Institutions are only entitled to the commission if they provide the Settlement Agent with the following statement: “By claiming this commission, we hereby declare that we have not included the execution of this corporate action in a service fee charged to our clients. We therefore declare that claiming this commission is needed to cover our costs under this transaction and as a result of that this corporate action will be executed on a cost free basis on behalf our Clients.” No costs will be charged to the Depository Receipt Holders by the Offeror for the delivery and payment of the Depository Receipts. However, costs may be charged by certain banks or stockbrokers.

4.10 **Restrictions**

The Offer is being made with due observance of such statements, terms and restrictions as are included in the Offer Memorandum. The Offeror reserves the right to accept any tender under the Offer, which is made by or on behalf of a Depository Receipt Holder, even if it has not been effectuated in such manner as set out above.

4.11 **Announcements**

Announcements in relation to the Offer, including whether the Offeror declares the Offer unconditional (*het bod gestand doen*) will be issued by press release and will be made available on the Company's website at www.ballast-nedam.com and on the Offeror's website at www.ronesans.com. Subject to any applicable requirements of the Merger Rules and without limiting the manner in which the Offeror may choose to make any public announcement, the Offeror will have no obligation to communicate any public announcement other than as described above.

4.12 **Indicative Timetable**

The times and dates below are indicative only.

Expected date and time	Event	Description
17 September 2015	Commencement of the Offer	Publication of the press release announcing the availability of the Offer Memorandum and commencement of the Offer.
18 September 2015	Acceptance Period	Commencement of the Acceptance Period under the Offer in accordance with article 14 paragraph 2 of the Takeover Decree.
30 October 2015	EGM	EGM, at which the Offer, among other matters, will be discussed in accordance with article 18, paragraph 1 of the Takeover Decree. In addition, the Resolutions will be proposed to the EGM in connection with the Offer.
13 November 2015	Acceptance Closing Time	The deadline for Depository Receipt Holders wishing to tender Depository Receipt, unless the Offer is extended in accordance with article 15

Expected date and time	Event	Description
		paragraph 9 of the Takeover Decree.
Not later than three (3) Business Days following the Acceptance Closing Time	Unconditional Date	<p>On this date the Offeror shall publicly announce, in accordance with articles 15 and 16 of the Takeover Decree, that either:</p> <ul style="list-style-type: none"> • the Offer is declared unconditional (<i>gestand wordt gedaan</i>), the Unconditional Date; • subject to agreement by the Company to the extent necessary, the Offer is extended for a period of two (2) to ten (10) weeks; or • the Offer is not declared unconditional as a result of an Offer Condition not being satisfied or waived.
Not later than three (3) Business Day following the Unconditional Date	Commencement of Post Acceptance Period	<p>Post Acceptance Period (<i>na-aanmeldingstermijn</i>): the Offeror may announce a Post Acceptance Period for the Offer with a maximum duration of two (2) weeks to enable Depositary Receipt Holders that did not tender their Depositary Receipts during the Acceptance Period to tender their Depositary Receipts under the same terms and conditions applicable to the Offer.</p>
Not later than five (5) Business Days following the Unconditional Date	Settlement Date	<p>The date on which, in accordance with the terms and conditions of the Offer, the Offeror shall pay the Offer Price per Depositary Receipt to the Settlement Agent, as applicable, for the benefit of the Depositary Receipt Holders who have validly tendered (or defectively tendered provided that such defect has been waived by the Offeror) and delivered (<i>geleverd</i>) their Depositary Receipts under the Offer, which date shall be promptly, but in any event, within five (5) Business Days following the Unconditional Date, subject to the Offer having been declared unconditional (<i>gestand wordt gedaan</i>).</p>

5. INFORMATION REGARDING BALLAST NEDAM

5.1 Introduction

The Company is a company with limited liability, incorporated under the laws of the Netherlands, with corporate seat in Nieuwegein, the Netherlands. The Company is one of the Netherlands' top six construction companies based on revenues in 2014, operating mainly in the Netherlands and is also an important player in the Dutch market for integrated construction projects in terms of experience and track record. The Group offers integrated construction solutions in three divisions: Infrastructure, Building & Development and Specialised Companies & Supplies.

5.2 History

The Company has its origins in the convergence of two separate lines of business.

Ballast

The existence of the Amsterdamsche Ballast Maatschappij can be attributed to the North Sea canal (*Noordzeekanaal*). Its original operations back in 1877 were simplicity itself: empty merchant ships going to sea obtained dune sand as ballast. In later years, the company also applied itself to dredging. Ballast evolved from a sand supplier to a construction firm, and from 1928 onwards, also operated as a concrete manufacturer. After the war, Ballast focused increasingly on dredging operations – and later, on civil engineering works too – abroad.

Nedam

Mr H.F. Boersma set up in business as a contractor in Den Haag from 1899 onwards. He began with the construction of villas and country houses, but earned his reputation through the construction of the Peace Palace (*Vredespaleis*) (1913). In 1917, Boersma founded the company Ned. Aannemingsmaatschappij N.V. The building activities went so well that by 1921 he had already begun to establish a building company in what was known at the time as the Dutch East Indies.

Merger

The Group came into being through the amalgamation of the two companies in 1969. The former Ballast contracts with the Middle East were extended, and the Company was involved in the start of mammoth projects such as the Kuwait airport and the King Fahd Causeway. The Ballast Nedam Group grew as a result of the acquisition of Van Grootel's Bouwmaatschappij in 1974. Three years later, the name was changed to Ballast Nedam B.V.

The Company strengthened its position in the Dutch market through acquisitions, but sold its dredging activities in 2002. Ballast Nedam then withdrew from the international project market and concentrated its activities mainly within the Netherlands.

5.3 Strategy

The strategic focus of the Group has evolved in recent years from that of a major player in traditional markets to one of a knowledge-intensive project organisation with a differentiated market approach. Therefore, since 2014, the Group's strategic focus is aimed at acquiring and executing integrated projects in housing and mobility and projects where the Group can add value for the customer through the Group's specialist knowledge and expertise in the Netherlands and abroad. In particular, the Group directs its strategy towards (i) a differentiated market approach for each of its three divisions, (ii) the expansion of the Group's position in, and development of, industrialised construction processes by using innovative modular concepts and a more standardised approach, (iii) the increased use of a life-cycle management approach by expanding activities in the fields of long-term management, renovation and maintenance, and (iv) the further improvement of operational excellence and operational and financial control. Each of these elements are described in greater detail below.

In respect of housing, the Group aims to create quality of use and preserve value wherever people live, work and spend time. This encompasses the entire life cycle of a wide variety of buildings for the public, businesses and public authorities. The Group focuses on district and project development, urban restructurings in large and logistically complex projects and renovation assignments.

In respect of mobility, the Group seeks to accomplish accessibility while respecting livability and safety. The Group caters for maintenance and management and also develops and constructs objects that facilitate goods and passengers transport by road, rail, air or water. The Group's efforts are directed towards minimising environmental and traffic nuisance during the implementation of the works. The Group serves a large number of customers across various segments, including public customers, semi-public customers, private customers and consumers.

The Group focuses primarily on integrated projects, which are projects in which the Group (a) is responsible for at least three of the following activities during the life cycle of a project: conceptualisation, development, implementation, maintenance and operation or (b) supervises a complex project to ensure that a coherent approach is followed by the multiple parties in charge of different disciplines (such as construction technology, construction and installation technology).

5.4 **Trends and recent developments**

Trends

The Group expects the conditions in the construction industry to remain difficult and the Group does not expect the construction industry to recover significantly in 2015. However, the housing market appears to be recovering slowly. According to CBS/EIB forecasts, the production of new houses is expected to increase in 2015 and 2016. Furthermore, demand from housing corporations for the renovation of rented housing is expected to increase. The office market will take longer to recover, in view of the current number of vacant properties and the 'New Way of Working' by which the work force no longer by definition works from office buildings. Most of the opportunities for utilities construction are expected in renovations and transformations of property. It is expected that infrastructure will require improvement, maintenance or replacement, whereas demographic trends on balance suggest a structural shortage of housing in the Netherlands. However, the offer of infrastructure construction services continues to exceed the demand for such services with a direct impact on project pricing.

Recent Developments

Additional losses by Building & Development division

On 9 September 2015 the Company announced that it expects to incur material additional losses of approximately EUR 20 million. These expected material additional losses have led to the Company and Renaissance Construction agreeing to amend the terms of the Offer. The losses concern the Building & Development division and are caused by (i) the effects of three recent bankruptcies of suppliers and partners, including Imtech Building Services, and (ii) the further deterioration of financial results on several projects. The results of the divisions Infrastructure and Specialised Companies & Supplies have developed in accordance with Ballast Nedam's business plan. Ballast Nedam has not made any financial forecasts for 2015. An evaluation committee, which will include members of the Supervisory Board, will investigate and evaluate the reporting and underlying causes leading to the material deterioration of the Company's position.

Public Offer and Capital Contribution

As jointly announced by Renaissance Construction and the Company on 9 September 2015, Renaissance Construction and the Company agreed to amend the terms of the Offer in light of the material additional losses. The following amendments were agreed:

- the Offer Price is EUR 0.30 (thirty euro cents) per Depositary Receipt (cum dividend);

- the Acceptance Threshold is lowered to 65% (sixty-five per cent) of the Company's issued share capital (*geplaatst kapitaal*), excluding Depository Receipts held by the Company or any of its Affiliates for its own account;
- the Offeror may waive the Acceptance Threshold Offer Condition at its sole discretion up to any percentage not less than 50% (fifty per cent) plus one vote of the Company's issued share capital;
- deletion of the Non-Financial Covenants (i) to keep the business and the product portfolio of the Group materially intact and (ii) to procure that key management of the Group is retained as much as possible, and in addition the Non-Financial Covenant that gives the independent members of the Company's Supervisory Board certain veto rights to safeguard the Non-Financial Covenants has been shortened to a period of two years after the settlement date of the Offer; and
- in addition to the EUR 30,000,000 (thirty million euro) Capital Contribution committed earlier and subject to settlement of the Offer, Renaissance Construction shall procure an additional capital contribution of EUR 17,600,000 (seventeen point six million euro) to the Company to satisfy additional funding need caused by additional losses, as further set out in Section 3.17.1 (*Capital and financing aspects*).

Support bank syndicate

The Company's bank syndicate (consisting of ING Bank, Rabobank and Royal Bank of Scotland), has confirmed that financing will stay in place if the Offer is continued and settled in accordance with its terms.

In addition the bank syndicate has provided its continued support to the Company by agreeing to the following additional arrangements, under the condition that the Offer is continued and settled in accordance with its terms:

- a financial covenant holiday until 31 December 2016;
- Renaissance Construction providing an on demand parent guarantee to the bank syndicate for EUR 16.5 million (sixteen million five hundred thousand euro) of the liabilities of Ballast Nedam under the subordinated bank loan of EUR 43 million (forty-three million euro) (as reduced); and
- a further reduction of the liabilities under the subordinated bank loan in an amount of EUR 6 million (six million euro).

5.5 Organisational structure

The Group operates with three different divisions: (i) Infrastructure, (ii) Building & Development and (iii) Specialised Companies & Supplies. The sub-paragraphs below provide an overview and description of the three operating divisions as they currently operate within the Group.

Infrastructure division

The companies in the Infrastructure division develop, construct, maintain and manage smaller infrastructure projects in the following four sub-markets: (i) concrete construction, (ii) road-building, (iii) civil engineering and (iv) industrial construction. Tendering for projects is done on a selective and targeted basis, whereby attention is paid, in particular, to the risk profile in relation to the margin. As a result, the extent of the infrastructure activities have become smaller which led to a reorganisation of the Infrastructure division.

Building & Development division

The companies in the Building & Development division develop, construct, manage, operate and maintain complex integrated projects, modular construction, renovation and maintenance, property development and land positions in the Netherlands. The projects of the Building &

Development division can be categorised into the following three sub-markets: (i) complex integrated projects, (ii) modular construction and (iii) housing construction activities: property development exposure and land positions.

Specialised Companies & Supplies division

The Specialised Companies sub-division includes companies that focus on specialised products and services on a project basis (the "**Specialised Companies**"), such as engineering, construction trenches, foundation, anchoring, installation engineering for energy supply and mobility, environmental consultancy and engineering, pre-stressing, plant and equipment, asphalt and green areas.

The Supplies sub-division comprises prefabricated concrete companies, companies that extract primary raw materials, the modular product plants, a foundry and various holdings (the "**Supplies Companies**" and together with the Specialised Companies, the "**Specialised Companies & Supplies Division Companies**").

The Specialised Companies & Supplies Division Companies aspire to being specialised subcontractors for integrated projects in construction and infrastructure. They aim to offer the Group a competitive advantage in integrated projects with distinctive products and focus on promising markets in- and outside of the Group. The Specialised Companies & Supplies Division Companies contribute to these projects by providing knowledge and devising innovative solutions at an early stage and, in a second phase, by arranging the execution of the projects.

5.6 **Legal structure**

Ballast Nedam N.V. is the ultimate holding company of the Group, with no material, direct business operations. The principle assets of the Company are the equity interests it directly or indirectly holds in its operating subsidiaries.

The legal structure of the Group consists of a large number of legal entities. Reference is made to the simplified legal structure overview included below. This overview presents the material and active group companies and associates held directly or indirectly by the Company, and material and active joint ventures of the Company. Interests in the numerous joint ventures, project companies and partnerships are held either directly by the legal entities referred to in the overview below or indirectly by subsidiaries of these legal entities. The table below provides an overview as of 16 September 2015.

Division	Material Group companies	Percentage held
Ballast Nedam N.V.		
Ballast Nedam Infra B.V.		
Infrastructure.....		
	Ballast Nedam Asphalt B.V.	100
	Ballast Nedam International Projects B.V.	100
	• Ballast Nedam Infra Suriname B.V.	100
	• Ballast Nedam Africa B.V.	100
	• Ballast Nedam Ghana B.V.	100
	• Ballast Nedam Curacao B.V.	100
	• Ballast Nedam Emirates B.V.	100

Division	Material Group companies	Percentage held
	• Ballast Nedam Oman B.V.	100
	Ballast Nedam Infra Noord Oost B.V.	100
	Ballast Nedam Infra Noord West B.V.	100
	Ballast Nedam Infra Midden Zuid B.V.	100
	Ballast Nedam Infra Zuid West B.V.	100
	Ballast Nedam Infra Zuid Oost B.V.	100
	• Ballast Nedam Gebiedsontwikkeling B.V.	100
	Ballast Nedam Parking B.V.	100
	• ModuPark V.o.f.	66.66
	Ballast Nedam Infra Business Development B.V.	100
	Bouwcombinatie Pro N329 V.o.f.	50
	Combinatie Versterken Bruggen V.O.F.	50
	A-Lanes A15 Mobility V.o.f.	33.3
	A-Lanes Civil v.o.f.	33.3
	A-Lanes Roads V.O.F.	33.3
	Ballast Nedam Equipment Services B.V.	100
	Ballast Nedam Engineering B.V.	100
Specialised Companies & Supplies.....		
	Ballast Nedam Environmental Engineering B.V.	100
	Ballast Nedam Funderingstechnieken B.V.	100
	Ballast Nedam Infra Specialiteiten B.V.	100
	Ballast Nedam International Product Management B.V.	100
	Ballast Nedam Materieel B.V.	100
	Ballast Nedam Milieutechniek B.V.	100
	Ballast Nedam Specialistisch Grondverzet B.V.	100
	Ballast Nedam Grond en Wegen B.V.	100
	• Dibec B.V.	100
	• Graniet Import Benelux B.V.	8.75

Division	Material Group companies	Percentage held
	Gebr. Van Leeuwen Harmelen B.V.	100
	Ballast Nedam Grondstoffen B.V.	100
	• Zand- en Grindhandel Verkaik VO.F.	100
	• N.V. Immobiliën en Grindexploitatiemaatschappij Bichterweerd	100
	• Großkünkkel Rurkies GmbH	100
	Ballast van Oord Grondstoffen v.o.f.	50
	• V.o.f. Zandexploitatie Echten	50
	Concrete Valley Group B.V.	40
	• Microbeton B.V.	100
	• Waco Lingen Beton B.V.	100
	• MBX B.V.	100
	Ballast Nedam Participatie B.V.	100
	• Nederlandse Frees Maatschappij B.V.	16.07
	• Traffic Services Nederland B.V.	25
	Haitsma Beton B.V.	100
	Rademakers Gieterij B.V.	100
	Recycling Maatschappij "Feniks" B.V.	100
Building & Development	TBS Soest B.V.	100
	Ursem Modulaire Bouwsystemen B.V.	41
Ballast Nedam Bouw & Ontwikkeling Holding B.V.		
Building & Development..		
	Ballast Nedam Ontwikkelingsmaatschappij B.V.	100
	• Ballast Nedam Vleuterwide B.V.	100
	• Gebiedsontwikkeling Oud Beijerland Oost C.V.	50
	• Gebiedsontwikkeling Oud Beijerland Zuid C.V.	50
	• Coberco Kwartier Beheer B.V.	50
	• Ballast Nedam Langedijk B.V.	100

Division	Material Group companies	Percentage held
	• De Groene Loper v.o.f.	50
	• Ballast Nedam Sigma B.V.	100
	• V.O.F. De Leidse Schans	50
	Ballast Nedam Bouw & Ontwikkeling B.V.	100
	• Bouwcombinatie IJsseloord 2 v.o.f.	50
	• Bouwcombinatie voor de nieuwbouw Erasmus MC v.o.f.	50
	• Groote Dok Oost v.o.f.	50
	• OVT-Breda VOF	50
	• Bouwcombinatie OV-Terminal Arnhem v.o.f.	50
	• Pi2 DBMO B.V.	65
	• Bouwcombinatie Archimedes Bouw v.o.f.	50
	Heddes Bouw & Ontwikkeling B.V.	100
Specialised Companies & Supplies.....		
	Hoco Beton B.V.	100
	IQ Woning B.V.	100
Internal joint venture (joint ventures where group companies of multiple divisions hold an interest, with or without third parties)		
	Avenue2 V.O.F	50
	Ballast Nedam Beheer B.V.	100
	Ballast Nedam Concessies B.V. ("BNC")	100
	• Wind24 B.V.	100
	IXAS Gaasperdammerweg B.V.	33.33
	Pi2 DBMO B.B.	65
	<i>Public Private Partnership (PPP) of BNC</i>	
	Waldwei.com B.V.	33.33
	A-lanes A-15 Holding B.V.	4.8

Division	Material Group companies	Percentage held
	IXAS Zuid-Oost B.V.	25
	Pi2 B.V.	25

5.7 Supervisory Board

5.7.1 Members of the Supervisory Board

The Supervisory Board consists of the following members:

Name	Position	Member since	Term until
Mr L.W.A.M. van Doorne	Chairman	16 May 2012	16 May 2016
Mr J.S.T. Tiemstra	Member	14 November 2014	14 November 2018
Mr J. Bout	Member	19 May 2011	31 December 2016
Mrs C.M. Insinger	Member	16 May 2013	16 May 2017

Mr L.W.A.M. van Doorne

Mr Van Doorne was born in 1959 and is a Dutch national. He is CEO and major shareholder of Optics Innovation Group B.V. and managing director of Pallieter RENEFF B.V. Mr Van Doorne is also chairman of the supervisory board of Pallieter Group B.V. and a member of the supervisory board of Diana Capital SGEGR SA, CityFibre Holdings Ltd. and Shanxi Guangyu LED Lighting Co., Ltd. He is also member of the board of the Muziekgebouw Eindhoven Fund and the Thomas van Villanova Foundation and member of the supervisory board of Verder International B.V., Eindhoven Marketing Foundation and Vrienden van het Hart Z.O. Brabant Foundation. Mr Van Doorne was first appointed to the Supervisory Board in 2012. His current term of office expires on 16 May 2016.

Mr J.S.T. Tiemstra

Mr Tiemstra was born in 1952 and is a Dutch national. He is currently director and majority shareholder of TMS Management Services B.V., an enterprise specialised in consultancy, executive coaching and interim management. Mr Tiemstra is also a member of the supervisory board of Bruynzeel Holding B.V., Batenburg Techniek N.V., Reinier de Graaf Gasthuis / HAGA (a hospital) and Koninklijke Haskoning DHV Groep B.V. Mr Tiemstra was first appointed to the Supervisory Board in 2014. His current term of office expires on 14 November 2018.

Mr J. Bout

Mr Bout was born in 1946 and is a Dutch national. Until 1 January 2011 he was chairman of the board of management of Royal Haskoning. Mr Bout is a member of the supervisory board of the listed company Brunel N.V., the unlisted company Delta N.V. and the unlisted Koninklijke Haskoning DHV Group B.V. Mr Bout is a member of the supervisory board of Deltares and a member of the governing board of the Ubbo Emmius Fund. Mr Bout was first appointed to the Supervisory Board in 2011. His term of office expires on 31 December 2016.

Mrs C.M. Insinger

Mrs Insinger was born in 1965 and is a Dutch national. Mrs Insinger is independent interim manager and advisor. Mrs Insinger is a member of the supervisory board of SNS Reaal N.V. Furthermore, she is the supervisory counsel of Rijnland Zorggroep and Luchtverkeersleiding Nederland. She is also a member of the strategic audit committee of the Dutch Ministry of Foreign Affairs. Mrs Insinger was appointed to the Supervisory Board in 2013. Her current term of office ends on 16 May 2017.

Please see Section 3.5.2 (*Composition Supervisory Board*) for information on the composition of the Supervisory Board after the Settlement Date.

5.7.2 *Committees of the Supervisory Board*

The Supervisory Board has formed an audit committee (the "**Audit Committee**"), a remuneration committee (the "**Remuneration Committee**") and a selection and appointment committee (the "**Selection and Appointment Committee**"). Each within their field of responsibilities, these committees prepare Supervisory Board decision-making and advise the Supervisory Board. The responsibilities and working methods of these committees are laid down in regulations that are published on the Group's website.

Audit Committee

The Audit Committee is charged with supervising the Board of Management with respect to, amongst others: (i) the operation of the internal risk management and control systems of the Group; (ii) the provision of financial information by the Group; (iii) the Group's fiscal policy; (iv) the financing of the Group; and (v) compliance within the Group. Furthermore, the Audit Committee advises the Supervisory Board on the nomination of the external auditor to be appointed by the general meeting of shareholders of the Company and discusses and assesses with the Board of Management the general financial strategy and procedures of the Group.

The Audit Committee meets as often as required to ensure its proper functioning, but at least five times per year. The Audit Committee reports its findings and recommendations to the Supervisory Board.

The Audit Committee must consist of at least two members, who are all members of the Supervisory Board. All members of the Audit Committee must be independent. The Supervisory Board appoints one of the members of the Audit Committee as chairman.

Currently, the Audit Committee consists of the following two members:

- Mrs C.M. Insinger (chairman); and
- Mr J.S.T. Tiemstra

Remuneration Committee

The Supervisory Board established the Remuneration Committee in 2012. The Remuneration Committee focuses on the structure and size of the remuneration of the Board of Management members and makes proposals to the Supervisory Board in this respect. Furthermore, the Remuneration Committee makes proposals for the remuneration of the individual members of the Supervisory Board, to be approved by the general meeting of shareholders. The Remuneration Committee also prepares a remuneration report on the execution of the remuneration policy, to be approved by the Supervisory Board.

The Remuneration Committee must consist of two members of the Supervisory Board. The members of the Remuneration Committee must be independent. Neither the chairman of the Supervisory Board, nor one or more (previous) members of the Board of Management, nor one or more members of a board of management of another company

listed at a stock exchange, are entitled to be chairman of the Remuneration Committee at the same time. Additionally, none of the committee members (with the exception of maximally one individual member) is entitled to be a member of the board of management of another Dutch company listed at a stock exchange at the same time. With due observance of these restrictions, the Supervisory Board appoints one of its members of the Remuneration Committee as its chairman.

Currently, the Remuneration Committee consists of the following two members:

- Mr J. Bout (chairman); and
- Mr L.W.A.M. van Doorne.

Selection and Appointment Committee

The Supervisory Board formed a Selection and Appointment Committee in 2012. The Selection and Appointment Committee supports and advises the Supervisory Board in relation to the selection criteria and appointment procedures for members of both the Supervisory Board and the Board of Management. Furthermore, the Selection and Appointment Committee assesses, at least once a year, (i) the composition of the Supervisory Board and the Board of Management and (ii) the performance of the individual members of the Supervisory Board and the Board of Management. The Selection and Appointment Committee also makes proposals for the (re)appointment of members of the Supervisory Board and the Board of Management and monitors the execution of the policy set out by the Board of Management regarding the selection criteria and the appointment procedures for senior management. The Selection and Appointment Committee reports annually to the Supervisory Board.

The Selection and Appointment Committee must consist of at least two members of the Supervisory Board. The members of Selection and Appointment Committee must be independent. Neither the chairman of the Supervisory Board, nor one or more (previous) members of the Board of Management, nor one or more members of a board of management of another company listed at a stock exchange, are entitled to be chairman of the Selection and Appointment Committee at the same time. Additionally, none of the committee members (with the exception of maximally one individual member) is entitled to be a member of the board of management of another Dutch company listed at a stock exchange at the same time. With due observance of these restrictions, the Supervisory Board appoints one of its members of the Selection and Appointment Committee as its chairman.

Currently, the Selection and Appointment Committee consists of the following two (2) members:

- Mr J.Bout (chairman); and
- Mr L.W.A.M. van Doorne.

5.8 **Board of Management**

5.8.1 *Members of the Board of Management*

The Board of Management currently consists of the following members:

Name	Position	Member since	Term until
Mr E. van der Noordaa	Chairman	27 June 2014	27 June 2018
Mr P. van Zwieten	Chief Financial Officer	19 May 2011	29 June 2019

Mr E. van der Noordaa

Mr Erik van der Noordaa was born in 1961 and is a Dutch national. Mr Van der Noordaa was appointed by the general meeting of shareholders on 27 June 2014 for a period of four years and serves as CEO.

Prior to joining the Company, Mr Van der Noordaa was Chairman of the Executive Board of the Germanischer Lloyd Group (GL Group) from 2010 until 2013. GL Group was a leading global certification body and technical advisory company, active in the maritime, oil & gas and sustainable energy industries, with its head office in Hamburg, Germany and 200 offices in 70 countries, and over 6200 employees. The GL Group merged with the Norwegian company DNV in September 2013 and has since operated under the name DNV GL Group.

Mr Van der Noordaa graduated in naval architecture. After graduating his career started in 1986 at Damen Shipyards Group, a global shipbuilding group with its head office in Gorinchem, the Netherlands. He held various positions at Damen in engineering, operations, marketing and sales, as well as several management positions. In 2004 Mr Van der Noordaa joined the Executive Board of Damen Shipyards Group, and was appointed Chief Operating Officer in 2006. He held this position until his departure in 2010.

Mr P. van Zwieten

Mr Peter van Zwieten was born in 1961 and is a Dutch national. Mr Van Zwieten serves as Chief Financial Officer (CFO) and has been employed by the Company since 1989. He has held various financial positions in different business units and departments, including Ballast Nedam Beton en Waterbouw, Ballast Nedam Groep in Saudi Arabia and for Ballast Nedam International in various European countries and in Taiwan. He has been financial director of Ballast Nedam Ontwikkelingsmaatschappij and became financial director of the Ballast Nedam Infrastructure division in 2002. Mr Van Zwieten was first appointed to the Board of Management for a four-year term on 19 May 2011. His current term of office expires on 19 May 2019.

Please see Section 3.5.1 (*Composition Board of Management*) for information on the composition of the Board of Management after the Settlement Date.

5.8.2 *Ballast Nedam Concern Council*

There are three managing directors, managing the three operating divisions. The Board of Management and the three (3) managing directors jointly form the Ballast Nedam Concern Council ("**Ballast Nedam Concern Council**"). This council is not an official body of the Company, but forms a consultation meeting.

The Ballast Nedam Concern Council currently consists of the following members:

Name	Position	Member since	Term until
Mr J. Niks	Managing director responsible for the Infrastructure division	15 May 2015	indefinite
Mr A.M. de Backker	Managing director responsible for the Building & Development division	11 January 2011	indefinite

5.9 Remuneration

5.9.1 General

The remuneration of the members of the Board of Management consists of a fixed annual salary, bonus payments, options, pension and other reimbursements.

5.9.2 Long term variable remuneration: options

The Company implemented a management option scheme which was approved during the extraordinary general meeting of shareholders on 26 October 2006. The objectives of this management option scheme are to obtain the long-term loyalty of the members of the Board of Management and to ensure that the interests of these individual members mirror those of the shareholders.

Options under this management option scheme are granted under the following two conditions: (i) the members of the Board of Management must themselves buy Depository Receipts equivalent to a minimum of 5% (five per cent) of the number of options granted and (ii) the members of the Board of Management must hold these Depository Receipts for at least three (3) years after the option grant.

The authority to grant options to the members of the Board of Management is vested in the Supervisory Board. The decision whether or not options are granted to the members of the Board of Management shall be adopted annually on the date on which the Company's annual results of a given financial year are published. The Supervisory Board bases the number of options to be granted on the following criteria:

- the proven high personal significance for the Company of the member of the Board of Management in question;
- the Supervisory Board's desire to secure the loyalty of the member of the Board of Management for the longer term, in the interests of business continuity; and
- the degree to which the individual member of the Board of Management met the financial and non-financial criteria in the preceding financial year.

Under this management option scheme, the aggregate maximum option rights that the Supervisory Board may grant to the members of the Board of Management each year is 2% (two per cent) of the total number of the Company's issued share capital. The Board of Management members may exercise their option rights between three (3) and six (6) years from the date of the option grant.

The exercise price of the options is equal to the average closing price of the Depository Receipts on Euronext Amsterdam for five (5) trading days prior to the grant of the options, including the date on which they were granted. The option exercise price and other conditions for the granted options remain unchanged throughout the term of the options.

If the conditions are not fulfilled, the options are forfeited at no value. Upon payment of the exercise price during the exercise period, members of the Board of Management may:

- acquire a Depository Receipt for one (1) Share for each exercised option; and
- exercise the options by announcing that they wish to sell their Depository Receipts for Shares. In that case the Company will pay the relevant Board of Management member an amount for each option equal to the opening price of the Depository Receipt on Euronext Amsterdam on the following trading day less the exercise price and less the costs involved.

Mr van der Noordaa had the right to be granted 50,000 options upon joining the Company. He has informed the Supervisory Board that he will not make use of the right. However, in the future, the Supervisory Board has the right to grant Mr van der Noordaa employee options.

5.10 Capital, Shares and Depositary Receipts of the Company

5.10.1 *Authorised and issued share capital*

At the date of this Offer Memorandum, the authorised share capital of the Company is EUR 45,000,000 (forty-five million euro) and is divided in 45,000,000 ordinary shares currently with a nominal value of EUR 1 (one euro) each.

At the date of this Offer Memorandum, the issued share capital (*geplaatst kapitaal*) of the Company consists of 19,667,500 ordinary Shares of which:

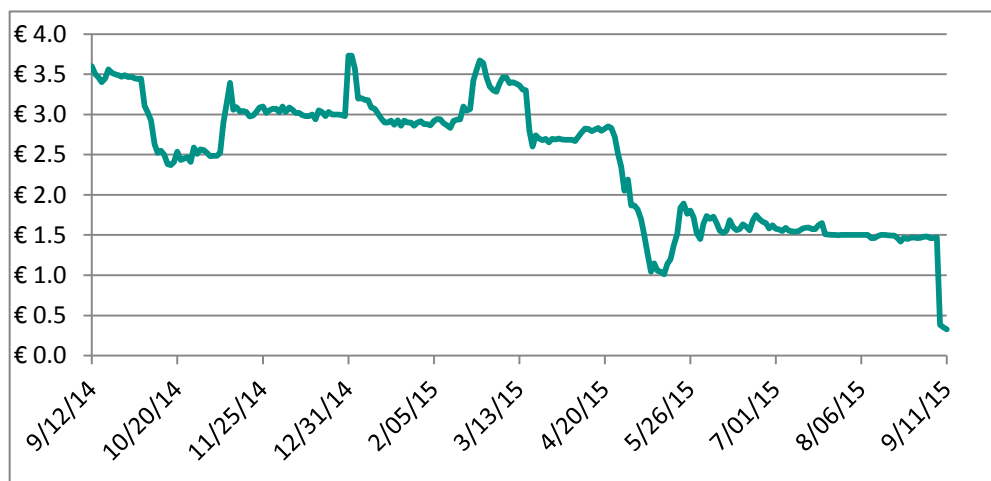
- (i) 8,633 (eight thousand six hundred thirty-three) Shares are held by the Share Trust Office;
- (ii) 45,032 (forty-five thousand thirty-two) Shares are held by private parties;
- (iii) 19,613,835 (nineteen million six hundred thirteen thousand eight hundred thirty-five) Shares are held by the Share Trust Office, for which the Share Trust Office has issued 19,613,835 (nineteen million six hundred thirteen thousand eight hundred thirty-five) Depositary Receipts with a nominal value of EUR 1 (one euro) each. The Depositary Receipts are listed on the stock exchange of Euronext Amsterdam; and
- (iv) 332,500 (three hundred thirty-two thousand five hundred) treasury Depositary Receipts are held by the Company.

5.10.2 *Changes in share capital*

In order to effect (i) the rights issue announced on 29 April or (ii) the rights issue as part of the Capital Contribution, the nominal value per Share will be amended by means of an amendment of the Company's Articles of Association to a value of EUR 0.01 (one euro cent), in the period leading up to the relevant rights issue. The statutory objection period with regard to such amendment of the nominal value per Share has already expired.

5.10.3 *Depositary Receipt price development*

The graph below shows the Depositary Receipt price development from 11 August 2014 through 11 September 2015.



5.10.4 *Depository Receipts held by members of Boards*

On 10 August 2015 the members of the Board of Management held 5,282 Depository Receipts in the aggregate.

Name	Number of Depository Receipts	% of the issued Shares in the Company's share capital
Peter van Zwieten	5,282	0.027% of the issued shares

5.10.5 *Options held by members of Boards*

Name	Number of Depository Receipts	Exercise price	Granted	Closed period until	Ultimate exercise date
Peter van Zwieten ¹	30,000	EUR 12.67	2012	9 March 2015	8 March 2018

5.11 **Major shareholders and Depository Receipt holders**

The table below sets out the holders of actual direct or indirect and notifiable interests (substantiële deelneming), a holding of at least 3% (three per cent), according to the AFM registers and press releases issued by the Offeror) in the share capital or voting rights in the Company as at 17 September 2015.

Name	Interest	Voting rights	Depository Receipt	Date of press release
E. Ilicak	29.00%	29.00%	5,703,575	31 August 2015
G.M.Fegel	3.09%	3.09%	608,094	4 March 2015

Other notifications of investors, such as gross and net short positions, can be found at the website of the AFM: www.afm.nl.

5.12 **Corporate Governance Code**

The Company currently adheres to the Dutch Corporate Governance Code, with the exception of best practice principle III.4 and best practice provision III.4.3 as set out below.

- (a) Best practice principle III.4: The role of the chairman of the Supervisory Board and the company secretary

In 2014 the Company amended its articles of association, as a result of which the Supervisory Board can appoint a secretary, who may be part of the existing workforce. The separation of the role of company secretary and secretary of the Supervisory Board prevents any possible appearance of undesirable exchange of information and emphasizes the different roles of the Board of Management on the one hand and the Supervisory Board on the other. Workload was also a consideration in the separation of these roles.

- (b) Best practice provision IV.3.1: Viewing presentations by means of webcasting

Shareholders or Depository Receipt Holders cannot follow analyst meetings, analyst presentations, presentations to institutional and other investors and press conferences live

¹ No further agreements in relation to these options have been made between Peter van Zwieten and the Company or the Offeror.

by webcasting, telephone or other means. The Company has no plans to introduce these facilities in the near future, believing that the costs would outweigh the benefits.

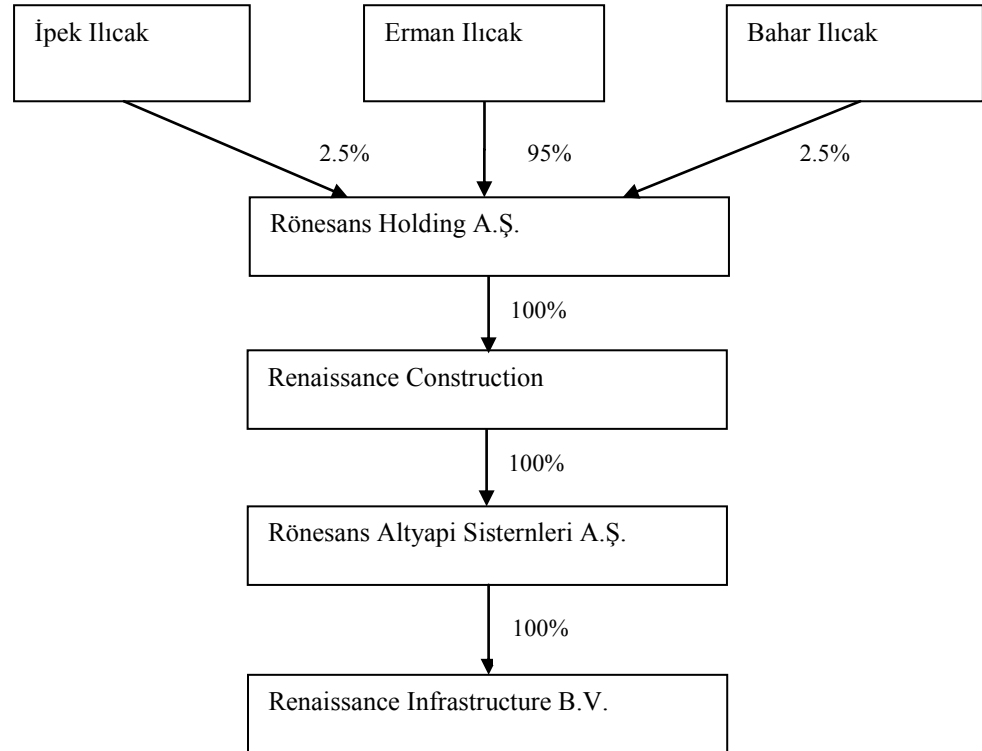
Parties have agreed in the Merger Agreement that the Company shall procure, as long as the Depositary Receipts are listed on Euronext Amsterdam, that it shall fully comply with the Corporate Governance Code, save for any current deviations from the Corporate Governance Code. Such deviations will remain the deviations as mentioned above and may, in addition thereto, also be that the Supervisory Board will include at least two (2) independent members of the Supervisory Board within the meaning of the Corporate Governance Code (Best practice provision III.2.1). Where the aforementioned Best practice provision stipulates that all supervisory board members with the exception of not more than one (1) member, are independent supervisory board members, the Company and Renaissance Construction have agreed that they will both use their reasonable best efforts to procure that two (2) out of five (5) members of the Supervisory Board will be independent and the other three (3) may not be independent.

6. INFORMATION ON THE OFFEROR

6.1 Information on the Offeror

The Offeror is a private limited liability company (*besloten vennootschap met beperkte aansprakelijkheid*), having its registered office at Claudius Prinsenlaan 144, 4818 BN Breda, the Netherlands and registered in the commercial register of the Chambers of Commerce in the Netherlands under number 62112309.

The Offeror is an indirectly wholly-owned subsidiary of Renaissance Construction. Renaissance Construction is indirectly controlled by Dr. Erman Ilıcak. The ownership structure of the Offeror is as follows:



Renaissance Holding A.Ş. is the holding company of construction operations of the larger Rönensans Group, a group of companies specialised in construction, real estate, investment, energy production, health and education sectors. Rönensans' foundations were laid in 1993 with Renaissance Construction, the current locomotive of the group, by Dr. Erman Ilıcak in St. Petersburg, Russia, which is currently operating in 21 countries as the main contractor and investor as well as opening to new markets day by day. Employing more than 30,000 employees including its permanent subcontractors, Rönensans has built shopping malls, offices, hotels, buildings with mixed usages, high buildings, industrial plants, infrastructure plants, power plants, pharmaceutical manufacturing plants, food and beverage processing plants and government buildings.

Its vision is to be ranked among the top 10 construction companies in the world. It aims to be a unique and dynamic business in each target sector by maintaining sustainable growth. Its mission is to contribute to the benefit of its employees and society through high-quality and innovative projects that it takes on even under challenging and variable market conditions. It implements its mission by virtue of being reliable and dynamic in rendering services and by making a visible difference in each market sector where it is active.

Its key subsidiaries are:

- Renaissance Construction: Established in St. Petersburg, Russia in 1993 and is currently the leading company of Rönesans Holding. With its 30,000+ employees and operations in 20 countries, Renaissance Construction has ranked as the 37th in the “Top 250 International Contractors List” released by the Engineering News Record (ENR) in 2015, and is the largest international construction company of Turkey;
- Renaissance Heavy Industries: Established in 2011 and conducts large-scaled heavy industry and industrial projects in Russia, Turkmenistan, Mozambique, Kazakhstan, Turkey and Iraq;
- Renaissance Real Estate Investment: Established in 2001 and today has one of the largest shopping mall, office and business center portfolios of Turkey;
- Renaissance Development: Operates in Russia and conducts the land development and investment services;
- Renaissance Energy: Established in 2007 and has 5 hydroelectric power plants in Turkey. It is currently expanding its portfolio with natural gas combined cycle power plant, imported coal-fired thermal power plant projects and electricity trading activities; and
- Renaissance Health Investment: Established in 2013 in order to operate in health service projects in Turkey. It has undertaken the construction of various city hospitals awarded by the state.

As a company expanding its investments both in Turkey and various global regions, Rönesans also attaches profound importance to education and social responsibility. The Rönesans Educational Foundation has provided more than 4,500 students non-refundable scholarships as from 2014 and implemented various projects in the field of social responsibility since 2009, when it was established.

Rönesans has developed various strategies towards protection of environment and human health and its many projects have acquired the right to obtain LEED (Leadership in Energy and Environmental Design) certificate by the United States Green Building Council (USGBC). Rönesans takes into account of the ethics principles and corporate values it has adopted, its sensitivity against the environment and human health, sustainability and social responsibility, is competing with itself by the leading and innovative projects it has realized, its leadership in international rankings, the customer satisfaction it has ensured and by the significance it attributes to “continuous development”.

Rönesans Holding A.Ş. is the ultimate holding company of the group, managed by its board of directors. The Composition of the board of directors is set out in the table below. All directors are elected to service until 27 January 2017.

Name	Position	Biography
Mrs Ipek Ilicak	Responsible for overall group strategy, group corporate finance and human resources	Ipek Ilicak graduated from the Economics Department of the Middle East Technical University in 2000. She worked in the field of asset management and finance at various international companies until 2006. Ipek Ilicak has been the Executive Board member of Rönesans Holding and the Head of Treasury of Rönesans since 2006. As of 2014, she is the Chairwoman of the Board of Directors of Rönesans Holding. Ipek Ilicak is a member of TÜSİAD (Turkish Industry & Business Association), Kançoder (Association for Children with Cancer) and Rönesans Education Foundation.

Name	Position	Biography
Mr Avni Akvardar	Responsible for Construction in Russia and CIS and Real Estate investment in Russia	<p>Avni Akvardar graduated from the Civil Engineering Department of the Middle East Technical University in 1989.</p> <p>Upon joining Rönesans Holding in 1989, Avni Akvardar worked as the Director General for Renaissance Construction Russia from 1997 to 2000, and then as the Vice President of Renaissance Construction Russia from 2000 to 2009. Avni Akvardar has been the President of Renaissance Construction since 2010.</p>
Mr. Emre Baki	Responsible for Construction in Russia and Heavy Industries Business and overall finance matters and external audit	<p>Emre Baki graduated from the Business Administration Department of the Middle East Technical University in 1997. Starting his career the same year, he occupied different positions including the position of Manager of the Ankara Office of the Independent Auditing Department at PricewaterhouseCoopers from 1997 to 2006.</p> <p>Emre Baki joined Rönesans Holding in 2006 and is now Head of the Group responsible for Financial Affairs (CFO) at Rönesans Holding.</p>
Mr. Ozgur Canbas	Responsible for Energy Investment Business, Real Estate investment in Russia, corporate finance and mergers and acquisitions	<p>Ozgur Canbas graduated from the Mechanical Engineering Department of the Istanbul Technical University in 1995 and received his MBA from the Koc University in 1997. Ozgur Canbas worked in corporate and investment banking within Deutsche Bank in Istanbul, London and Singapore offices between 1998 and 2009.</p> <p>Ozgur Canbas joined Rönesans in 2009. Currently, he is the Corporate Finance Director and serves as a board member at several group companies.</p>
Mr. Alparslan Eryigit	Responsible for Healthcare Concession Investment Business and Healthcare Construction in Turkey and group level bank funding	<p>Alparslan Eryigit graduated from the Economics Department of the Boğaziçi University in 1999 and completed an MBA program at the Bilgi University in 2005. Alparslan Eryigit began his career working at the Boğaziçi University library in 1995. He worked at an Osmanlı Bank from 1998 to 1999 and at a Yapı Kredi Bank from 2001 to 2008.</p> <p>After resigning from the Yapı Kredi Bank in 2008 where he held the position of the Audit Project Manager, Alparslan Eryigit occupied the position of the Internal Audit Group Deputy Director at Rönesans Holding. In 2009, he was appointed as the Internal Audit Director. From 2010 to 2012 he held the position of Vice President of the Corporate Services Group. Since 2013, he has been the President of the Corporate Services Group at Rönesans Holding.</p>
Mr. Seyfi Yagmuroglu	Responsible for Construction in Turkey and overall tax and legal matters	<p>Ferit Seyfi Yagmuroglu is a Certified Public accountant from the Business Administration Department of the Ankara Gazi University in 1976, and the same year he started his career in the private sector. He moved to the public sector in 1977 and then transferred back to the private</p>

Name	Position	Biography
		<p>sector in 1980 and worked at senior management positions in various companies until 2002.</p> <p>Upon joining Rönesans Holding in 2005, Ferit Seyfi Yagmuroglu serves as the Deputy Chairman of the Board of Directors of Rönesans Holding and Head of the Financial Affairs and Legal Group.</p>
Mr. Zafer Akcasu	Responsible for Real Estate investment in Turkey	<p>Zafer Akcasu graduated from the Mathematics Department of the Middle East Technical University in 1991. He started his career as a specialist at a TR Ziraat Bank where he worked from 1992 to 1993. During 1993–2006, he worked at a Tekstilbank A.S. occupying the following positions: Marketing Specialist at Corporate Banking Services, Head of the Personal Banking Department, Umraniye Branch Manager, Head of the Investment Banking Department, Necatibey Branch Manager, and Ankara Branch Director.</p> <p>Zafer Akcasu joined Rönesans Holding in 2006. From 2006 to 2013 he worked as the President of the Corporate Services Group. Since 2013, Zafer Akcasu has been the CEO of Rönesans Holding.</p>
Mr. Aytekin Dogan	Responsible for Internal Audit and Control	<p>Aytekin Dogan graduated from the Ankara University's Law School in 1989 and completed postgraduate education in EU Law in 1991.</p> <p>He joined Rönesans Holding in 2012 after his retirement from public service. At present, Aytekin Dogan is a member of the Board of Directors of Rönesans Holding, Chief of Staff and Head of the Corporate Risk Group.</p>

The Composition of the board of directors of Renaissance Construction is set out in the table below.

Name	Position	Biography
Mr. Emre Baki	Board Member	<p>Emre Baki graduated from the Business Administration Department of the Middle East Technical University in 1997. Starting his career the same year, he occupied different positions including the position of Manager of the Ankara Office of the Independent Auditing Department at PricewaterhouseCoopers from 1997 to 2006.</p> <p>Emre Baki joined Rönesans Holding in 2006 and is now Head of the Group responsible for Financial Affairs (CFO) at Rönesans Holding.</p>
Mr. Alparslan Eryigit	Board Member	<p>Alparslan Eryigit graduated from the Economics Department of the Boğaziçi University in 1999 and completed an MBA program at the Bilgi University in 2005. Alparslan Eryigit began his career working at the Boğaziçi University library in 1995. He worked at an Osmanlı Bank from 1998 to 1999 and at a Yapı Kredi Bank from</p>

Name	Position	Biography
		<p>2001 to 2008.</p> <p>After resigning from the Yapı Kredi Bank in 2008, where he held the position of the Audit Project Manager, Alparslan Eryigit occupied the position of the Internal Audit Group Deputy Director at Rönesans Holding. In 2009, he was appointed as the Internal Audit Director. From 2010 to 2012 he held the position of Vice President of the Corporate Services Group. Since 2013, he has been the President of the Corporate Services Group at Rönesans Holding.</p>
Mr. Seyfi Yagmuroglu	Board Member	<p>Ferit Seyfi Yagmuroglu is a Certified Public accountant that from the Business Administration Department of the Ankara Gazi University in 1976, and the same year he started his career in the private sector. He moved to the public sector in 1977 and then transferred back to the private sector in 1980 and worked at senior management positions in various companies until 2002.</p> <p>Upon joining Rönesans Holding in 2005, Ferit Seyfi Yagmuroglu serves as the Deputy Chairman of the Board of Directors of Rönesans Holding and Head of the Financial Affairs and Legal Group.</p>

Renaissance Construction is jointly and severally liable for the obligations of the Offeror under the Merger Agreement.

6.2 Capital and shares of the Offeror

The issued and paid up share capital of the Offeror amounts to EUR 35,500,000 (thirty-five million five hundred thousand euro) consisting of 35,500,000.00 ordinary shares with a nominal value of EUR 1 (one euro).

6.3 Management board of the Offeror

The management board of the Offeror consists of the following members:

- L.F.S. Bagchus
- J.W.P. Jansen
- T. Bilgin

7. **FURTHER DECLARATIONS PURSUANT TO THE TAKEOVER DECREE**

In addition to the other statements set out in this Offer Memorandum, Renaissance Construction and the Offeror with regard to paragraphs (ii), (iv) and (vi) below, the Boards with regard to paragraphs (iii), (v) and (vii) below, and Renaissance Construction, the Offeror and the Boards jointly with regard to paragraph (i) below, hereby declare as follows:

- (i) There have been consultations between Renaissance Construction and the Company regarding the Offer, which have resulted in an agreement regarding the conditional Offer. Discussions regarding the Offer, including, but not limited to, the Offer Price, the financing of the Offer, the Offer Conditions and the future strategy of the Group after the Settlement Date, took place between Renaissance Construction, the Boards and their respective advisors.
- (ii) With due observance of and without prejudice to the restrictions referred to in Section 1 (*Restrictions and Important Information*), the Offer applies on an equal basis to all Depository Receipt outstanding and is made to all Depository Receipt Holders.
- (iii) The Company has no direct or indirect interest in the share capital of Renaissance Construction or the Offeror.
- (iv) No securities issued by the Company are held, no transactions or agreements in respect of securities issued by the Company have been effected or have been concluded and no similar transactions have been effected in respect of securities issued by the Company during the twelve months preceding the date hereof, by Dr. Erman Ilicak, the Offeror, or any affiliate of Dr. Erman Ilicak, the Offeror, or any member of the board of directors of the Offeror, any member of the board of directors, nor by any of their spouses (*echtgenoten*), registered partners (*geregistreerde partners*), under-aged children (*minderjarige kinderen*) and any entities over which these members or other persons referred to have control (*zeggenschap hebben in*) within the meaning of Annex A, paragraph 2, subparagraph 5, 6 and 7 of the Takeover Decree, other than in respect of the Offeror as described in Section 3.11 (*Respective cross-shareholdings Offeror - Company*).
- (v) Other than as set out in Section 5.10.4 (*Depository Receipts held by members of Boards*), at the date on which the Offer Memorandum was sent for approval to the AFM, no securities issued by the Company were held and, during the twelve months preceding the date hereof, no transactions or agreements in respect of securities issued by the Company have been effected or have been concluded and no similar transactions have been effected in respect of securities issued by the Company or by any member of the Boards, nor by any of their spouses (*echtgenoten*), registered partners (*geregistreerde partners*), under-aged children (*minderjarige kinderen*) and any entities over which these members or other persons referred to have control (*zeggenschap hebben in*) within the meaning of Annex A, paragraph 2, subparagraph 5, 6 and 7 of the Takeover Decree.
- (vi) The costs incurred or to be incurred by Renaissance Construction and the Offeror directly in connection with the Offer are expected to amount to approximately EUR 2,000,000 (two million euro) and comprise finance arrangement fees, bank advisor fees, Settlement Agent fees, broker commissions, legal fees, financial and tax due diligence fees, public relations and communications advice and printing. These costs will be borne by the Offeror.
- (vii) The costs of the Company's fees of legal advisors, financial advisors, accountants and communications advisors incurred and expected to be incurred in relation to the Offer amount to approximately EUR 2,500,000 (two million five hundred thousand euro). These costs will be borne by the Company.

8. DUTCH TAX ASPECTS OF THE OFFER

The following summary of certain Dutch taxation matters is based on the laws and practice in force as of the date of this Offer Memorandum and is subject to any changes in law and the interpretation and application thereof, which changes could be made with retroactive effect. The following summary does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to accept the Offer, and does not purport to deal with the tax consequences applicable to all categories of investors, some of which may be subject to special rules.

For the purpose of this summary it is assumed that no individual or non-resident entity holding a Depositary Receipt has or will have a substantial interest or a deemed substantial interest in the Company.

Generally speaking, an individual holding a Depositary Receipt has a substantial interest in the Company if (a) such individual, either alone or together with his partner, directly or indirectly has, or (b) certain relatives of such individual or his partner, directly or indirectly have, (i) the ownership of, a right to acquire the ownership of, or certain rights over, Depositary receipts or Shares representing 5% (five per cent) or more of either the total issued and outstanding capital of the Company or the issued and outstanding capital of any class of Shares of the Company, or (ii) the ownership of, or certain rights over, profit participating certificates (winstbewijzen) that relate to 5% (five per cent) or more of either the annual profit or the liquidation proceeds of the Company. Also, an individual holding a Depositary Receipt has a substantial interest in the Company if his partner has, or if certain relatives of the individual or his partner have, a deemed substantial interest in the Company. Generally, an individual holding a Depositary Receipt, or his partner or relevant relative, has a deemed substantial interest in the Company if either (a) such person or his predecessor has disposed of or is deemed to have disposed of all or part of a substantial interest or (b) such person has transferred an enterprise in exchange for Shares in the Company or Depositary receipts, on a non-recognition basis.

Generally speaking, a non-resident entity holding a Depositary Receipt has a substantial interest in the Company if such entity, directly or indirectly has (i) the ownership of, a right to acquire the ownership of, or certain rights over Depositary Receipts or Shares representing 5% (five per cent) or more of either the total issued and outstanding capital of the Company or the issued and outstanding capital of any class of Shares of the Company, or (ii) the ownership of, or certain rights over, profit participating certificates (winstbewijzen) that relate to 5% (five per cent) or more of either the annual profit or the liquidation proceeds of the Company. Generally, an entity holding a Depositary Receipt has a deemed substantial interest in the Company if such entity has disposed of or is deemed to have disposed of all or part of a substantial interest on a non-recognition basis.

For the purpose of this summary, the term entity means a corporation as well as any other person that is taxable as a corporation for Dutch corporate tax purposes.

Where this summary refers to a holder of a Depositary Receipt, an individual holding a Depositary Receipt or an entity holding a Depositary Receipt, such reference is restricted to an individual or entity holding legal title to as well as an economic interest in such Depositary Receipt or otherwise being regarded as owning a Depositary Receipt for Dutch tax purposes. It is noted that for purposes of Dutch income, corporate, gift and inheritance tax, assets legally owned by a third party such as a trustee, foundation or similar entity, may be treated as assets owned by the (deemed) settlor, grantor or similar originator or the beneficiaries in proportion to their interest in such arrangement. Where the summary refers to "The Netherlands" or "Dutch" it refers only to the European part of the Kingdom of the Netherlands.

Investors are advised to consult their professional advisors as to the tax consequences in connection with the acceptance of the Offer.

8.1 Withholding Tax

The Offer Price will be paid free of withholding or deduction of any taxes of whatever nature imposed, levied, withheld or assessed by The Netherlands or any political subdivision or taxing authority thereof or therein.

8.2 Taxes on Income and Capital Gains

8.2.1 Resident Entities

An entity holding a Depositary Receipt which is, or is deemed to be, resident in The Netherlands for Dutch tax purposes and which is not tax exempt, will generally be subject to corporate income tax in The Netherlands in respect of a capital gain derived from such Depositary Receipt at rates up to 25 per cent, unless the holder has the benefit of the participation exemption (*deelnemingsvrijstelling*) with respect to such Depositary Receipt. Generally speaking, the holder of a Depositary Receipt will have the benefit of the participation exemption (*deelnemingsvrijstelling*) if the holder owns Depositary Receipt that represent at least 5 per cent of the nominally paid-up share capital of the Company.

8.2.2 Resident Individuals

An individual holding a Depositary Receipt who is or is deemed to be resident in The Netherlands for Dutch income tax purposes will be subject to income tax in The Netherlands in respect of a capital gain derived from such Depositary Receipt at rates up to 52 per cent if:

- (i) the income or capital gain is attributable to an enterprise from which the holder derives profits (other than as a shareholder); or
- (ii) the capital gain qualifies as income from miscellaneous activities (*belastbaar resultaat uit overige werkzaamheden*) as defined in the Income Tax Act (*Wet inkomstenbelasting 2001*).

If neither condition (i) nor condition (ii) applies, such individual will be subject to income tax on the basis of a deemed return, regardless of any actual income or capital gain derived from a Depositary Receipt. The deemed return amounts to 4 per cent of the value of the individual's net assets as per the beginning of the relevant fiscal year (including the Depositary Receipt). Subject to application of personal allowances, the deemed return will be taxed at a rate of 30 per cent.

8.2.3 Non-Residents

A Depositary Receipt Holder which is not nor deemed to be resident in The Netherlands for Dutch tax purposes will not be subject to taxation in The Netherlands on a capital gain derived from a Depositary Receipt unless:

- (i) such capital gain is attributable to an enterprise or part thereof which is either effectively managed in The Netherlands or carried on through a permanent establishment (*vaste inrichting*) or permanent representative (*vaste vertegenwoordiger*) taxable in The Netherlands and the Depositary Receipt Holder derives profits from such enterprise (other than by way of securities); or
- (ii) the holder is an individual and the capital gain qualifies as income from miscellaneous activities (*belastbaar resultaat uit overige werkzaamheden*) in The Netherlands as defined in the Income Tax Act (*Wet inkomstenbelasting 2001*).

8.3 Gift and Inheritance Tax

Dutch gift or inheritance taxes will not be levied in connection with the acceptance of the Offer.

8.4 **Value Added Tax**

No value added tax will be due in The Netherlands in respect of payments in consideration for the acceptance of the Offer.

8.5 **Other Taxes**

There is no registration tax, capital tax, customs duty, transfer tax, stamp duty, or any other similar tax or duty payable in The Netherlands in respect of or in connection with the acceptance of the Offer.

8.6 **Post-Closing Restructuring Measures**

For further information regarding potential specific tax issues for Depository Receipt Holdings as a result of Post-Closing Restructuring Measures, please refer to Section 3.17 (*Consequences of the Offer*).

9. NEDERLANDSE SAMENVATTING VAN HET BOD

Dit Hoofdstuk 9 bevat de Nederlandstalige samenvatting van dit biedingsbericht (het "Biedingsbericht") dat is uitgegeven ter zake van het aanbevolen openbare bod in contanten uitgebracht door de Bieder op alle certificaten van geplaatste en uitstaande gewone aandelen in het aandelenkapitaal van Ballast Nedam ("Certificaten"), met inachtneming van de verklaringen, voorwaarden en beperkingen zoals beschreven in het Biedingsbericht (het "Bod"). De belangrijkste kenmerken van het Bod zijn beschreven in deze samenvatting.

De gedefinieerde termen in Hoofdstuk 9 van het Biedingsbericht hebben de betekenis die daa 9.2 (Nederlandse definities). Deze Nederlandstalige samenvatting maakt deel uit van het Biedingsbericht, maar vervangt het Biedingsbericht niet. Deze Nederlandstalige samenvatting is niet volledig en bevat niet alle informatie die voor Certificaathouders van belang zou kunnen zijn om een afgewogen oordeel te vormen omtrent het Bod.

Het lezen van deze Nederlandstalige samenvatting mag niet worden beschouwd als een alternatief voor het bestuderen van het volledige Biedingsbericht. Certificaathouders wordt geadviseerd het volledige Biedingsbericht zorgvuldig te bestuderen en zo nodig onafhankelijk advies in te winnen teneinde zich een afgewogen oordeel te kunnen vormen omtrent het Bod, alsmede omtrent de beschrijving van het Bod in deze samenvatting en in het Biedingsbericht.

In geval van verschillen tussen deze Nederlandstalige samenvatting en de Engelstalige tekst van het Biedingsbericht, prevaleert de Engelstalige tekst.

9.1 Beperkingen en belangrijke informatie

Het Bod wordt gedaan in en vanuit Nederland met inachtneming van de verklaringen, voorwaarden en beperkingen opgenomen in het Biedingsbericht. De Bieder behoudt zich het recht voor in het kader van het Bod iedere aanmelding van Certificaten, door of namens een Certificaathouder, te accepteren zelfs indien een aanmelding niet is gedaan in overeenstemming met de bepalingen zoals uiteengezet in het Biedingsbericht.

De publicatie van het Biedingsbericht en/of het uitbrengen van het Bod, kunnen in andere jurisdicties dan Nederland onderworpen zijn aan wettelijke beperkingen en/of verboden. Het Bod wordt niet gedaan in jurisdicties waarin het uitbrengen van het Bod of het aanvaarden daarvan niet in overeenstemming is met de in die jurisdictie geldende wet- en regelgeving en Certificaten die te koop worden aangeboden door of namens Certificaathouders vanuit dergelijke jurisdicties worden niet aanvaard. Echter, het aanvaarden van het Bod door Certificaathouders die niet gevestigd zijn in Nederland zal worden aanvaard door de Bieder als een dergelijke aanvaarding in overeenstemming is met (i) de procedure voor aanvaarding zoals uiteengezet in het Biedingsbericht en (ii) de wet- en regelgeving in de jurisdictie vanuit welke een dergelijke aanvaarding wordt gedaan.

Het Biedingsbericht bevat belangrijke informatie die men zorgvuldig dient te lezen alvorens een besluit te nemen over het aanmelden van Certificaten onder het Bod. Certificaathouders wordt aangeraden waar nodig onafhankelijk advies in te winnen. Daarnaast wordt Certificaathouders aangeraden hun belastingadviseur te raadplegen met betrekking tot de fiscale gevolgen van het aanmelden van Certificaten onder het Bod.

Zie tevens hoofdstuk 1 (*Restrictions and Important Information*) van het Biedingsbericht.

De informatie opgenomen in paragraaf 1.1 (*Restrictions*) tot en met paragraaf 1.3 (*Canada*), paragraaf 3.1 (*Introduction*) tot en met paragraaf 3.3 (*Rationale of the Merger*), paragraaf 3.7 (*Financing of the Offer*), paragraaf 3.17 (*Consequences of the Offer*), hoofdstuk 4 (*Invitation to Depositary Receiptholders*), met uitzondering van paragraaf 4.12 (*Indicative Timetable*), hoofdstuk 6 (*Information on the Offeror*), hoofdstuk 7(ii) en (v) en (vi) (*Further Declarations pursuant to the Takeover Decree*), hoofdstuk 8 (*Dutch Tax Aspects of the Offer*) en hoofdstuk 9 (*Nederlandse Samenvatting van het Bod*) van het Biedingsbericht is uitsluitend door de Bieder verstrekt.

De informatie opgenomen in paragraaf 3.6 (*Extraordinary General Meeting of Shareholders*), paragraaf 3.8 (*Decision-making and Recommendation by the Boards*), hoofdstuk 5 (*Information regarding Ballast Nedam*), Hoofdstuk 7(iii) en (iv) en (vii) (*Further Declarations pursuant to the Takeover Decree*) en hoofdstuk 11 (*Financial Information*) van het Biedingsbericht is uitsluitend door Ballast Nedam verstrekt.

De informatie opgenomen op de voorpagina, pagina ii, pagina iii en in paragraaf 1.4 (*Important information*), hoofdstuk 2 (*Definitions*), paragraaf 3.4 (*Non-Financial Covenants*), paragraaf 3.5 (*Future Governance*), paragraaf 3.9 (*Offer Conditions*) tot en met paragraaf 3.16 (*Post-Closing Restructuring Measures*), paragraaf 3.18 (*Employee Consultation*), paragraaf 4.12 (*Indicative Timetable*), hoofdstuk 7(i) (*Further Declarations pursuant to the Takeover Decree*), hoofdstuk 12 (*Advisors and Settlement Agent*) and hoofdstuk 10 (*Press Releases*) van het Biedingsbericht is door de Bieder en Ballast Nedam gezamenlijk verstrekt.

De informatie opgenomen in hoofdstuk 11 (*Financial Information*) is ontleend aan de gecontroleerde jaarrekeningen van Ballast Nedam voor de financiële jaren 2013 en 2014 zoals gepubliceerd in de gecontroleerde en geconsolideerde jaarverslagen van de Vennootschap van 2013 en 2014 en de beoordeelde, ongecontroleerde, verkorte en geconsolideerde interim financiële informatie van de Vennootschap voor de zes vierweekse periodes van 1 januari 2015 tot en met 14 juni 2015 zoals gepubliceerd in het halfjaarrapport 2015 van de Vennootschap. De accountantsverklaring opgenomen in hoofdstuk 11 (*Financial Information*) is door Ballast Nedam verkregen van Ernst & Young Accountants LLP ("**EY**"). De Vennootschap bevestigt dat deze informatie accuraat is gereproduceerd uit de betreffende jaarrekeningen en er zijn geen feiten achterwege gelaten waardoor de geproduceerde of ontleende informatie misleidend is. De Bieder noch de Vennootschap is verantwoordelijk voor enige accountantsverklaring opgenomen in dit Biedingsbericht.

Uitsluitend de Bieder en Ballast Nedam zijn verantwoordelijk voor de juistheid en volledigheid van de informatie die in het Biedingsbericht is verstrekt, ieder afzonderlijk voor de informatie die door henzelf is verstrekt, en gezamenlijk voor de informatie die door hen gezamenlijk is verstrekt.

De Bieder en Ballast Nedam verklaren ieder afzonderlijk ten aanzien van de informatie die door henzelf in het Biedingsbericht is verstrekt en gezamenlijk ten aanzien van de informatie die door hen gezamenlijk is verstrekt, dat de informatie in het Biedingsbericht, na het treffen van alle redelijke maatregelen om zulks te garanderen en voor zover hen redelijkerwijs bekend kan zijn, in overeenstemming is met de werkelijkheid en dat geen gegevens zijn weggelaten waarvan de vermelding de strekking van het Biedingsbericht zou wijzigen.

Getallen in het Biedingsbericht kunnen naar boven of beneden zijn afgerond en dienen derhalve niet als exact te worden beschouwd.

De informatie in het Biedingsbericht geeft de situatie weer op de datum van het Biedingsbericht tenzij specifiek anders is aangegeven. Onder geen beding houden publicatie en verspreiding van het Biedingsbericht in dat de hierin opgenomen informatie ook na de datum van het Biedingsbericht juist en volledig is of dat er sinds deze datum geen wijziging is opgetreden in de in het Biedingsbericht uiteengezette informatie of in de gang van zaken bij Ballast Nedam en/of haar Gelieerde Ondernemingen en/of de ondernemingen waarin Ballast Nedam een aandelenbelang houdt. Het voorgaande laat echter onverlet de verplichting van de Bieder ingevolge artikel 4 lid 3 Bob jo. artikel 5:53 lid 1 Wft een openbare mededeling te doen van enige voorwetenschap, voor zover van toepassing.

9.2 Nederlandse definities

In het Biedingsbericht zal een verwijzing naar gedefinieerde termen in het meervoud gelijk staan aan verwijzingen naar dergelijke gedefinieerde termen in het enkelvoud en vice versa. Alle grammaticale en andere veranderingen die nodig zijn bij het gebruiken van een definitie in het enkelvoud zullen worden beschouwd hierin te zijn gemaakt en zullen worden toegepast alsof zulke veranderingen zijn gemaakt.

De gedefinieerde termen in de paragraaf 9.2 van deze samenvatting hebben de volgende betekenis in het Biedingsbericht:

"Aanbeveling"	heeft de betekenis die daaraan wordt gegeven in paragraaf 9.9 (<i>Besluitvorming en Aanbeveling door de Raden</i>)
"Aandeelhoudersbesluiten"	de Besluiten over de Corporate Governance, het wijzigen van de Statuten van de Vennootschap en het goedkeuren van de kapitaalinjectie
"Aandelen"	alle geplaatste gewone aandelen in het aandelenkapitaal van Ballast Nedam op enig moment
"Aangemeld Certificaat"	betekent elk Certificaat dat voorafgaand aan of op de Sluitingsdatum op juiste wijze is aangemeld (of op onjuiste wijze, indien de Bieder de Aanmelding desalniettemin heeft aanvaard) en geleverd onder het Bod
"Aanmeldingstermijn"	de periode waarin de Certificaathouders hun Certificaten bij de Bieder kunnen aanmelden, welke begint op 18 september 2015 om 09:00 uur MET en eindigt op de Sluitingstijd, welke termijn slechts eenmalig kan worden verlengd in overeenstemming met artikel 15 lid 3 van het Bob
"Acceptatiedrempel"	heeft de betekenis die daaraan wordt gegeven in paragraaf 9.10.1(a) (<i>Acceptatiedrempel</i>)
"AFM"	de Autoriteit Financiële Markten
"BAVA"	een buitengewone algemene vergadering van aandeelhouders van Ballast Nedam
"Bedrijfsstrategie"	heeft de betekenis die daaraan wordt gegeven in paragraaf 9.6.1 (<i>Strategische beweegredenen</i>)
"Beëindigende Partij"	heeft de betekenis die daaraan wordt gegeven in paragraaf 9.11(b) (<i>Beëindiging van de Fusieovereenkomst</i>)
"Beëindigingvergoeding"	heeft de betekenis die daaraan wordt gegeven in paragraaf 9.12 (<i>Beëindigingvergoeding</i>)
"Beëindigingvergoeding van de Vennootschap"	heeft de betekenis die daaraan wordt gegeven in paragraaf 9.12 (<i>Beëindigingvergoeding</i>)
"Bieder"	Renaissance Infrastructure B.V., een besloten vennootschap met beperkte aansprakelijkheid, opgericht naar Nederlands recht, met statutaire zetel in Breda, gevestigd aan de Claudius Prinsenlaan 144, 4818 CP Breda, Nederland en ingeschreven in het Handelsregister onder nummer 62112309
"Biedingsbericht"	betekent dit biedingsbericht (inclusief de Engelse tekst) waarin bepalingen, voorwaarden en beperkingen met betrekking tot het Bod zijn opgenomen, waarvan de Standpuntbepaling geen deel uitmaakt
"Biedprijs"	een bedrag in contanten van EUR 0,30 (dertig euro cent) per Certificaat, zonder rente en onderhevig aan de inhouding van toepasselijke belastingen en verminderd met een bedrag per Certificaat gelijk aan de uitkering in contanten of aandelen of

andersoortige uitkeringen met betrekking tot de Certificaten op of voorafgaand aan de Dag van Overdracht als de registratie van een dergelijke uitkering op of voorafgaand aan de Dag van Overdracht heeft plaatsgevonden

"Bob"	Besluit openbare biedingen Wft
"Bod"	het bod zoals beschreven in het Biedingsbericht
"Burgerlijk Wetboek"	het Nederlandse Burgerlijk Wetboek (BW)
"Certificaten"	heeft de betekenis die daaraan wordt gegeven in hoofdstuk 9 eerste alinea
"Certificaathouder(s)"	houder(s) van één of meer Certificaten op enig moment
"Concurrerend Bod"	<p>betekent een Potentieel Concurrerend Bod indien:</p> <p>(i) dit een schriftelijk voorstel is van een bona fide derde partij tot het doen van een (openbaar) bod op alle Certificaten, of nagenoeg de gehele onderneming van de Vennootschap, of tot het doen van een fusie van de Vennootschap met een zekere partij of een ander voorstel gedaan door een bona fide derde partij die een verandering van zeggenschap in de Vennootschap of nagenoeg de volledige onderneming van de Vennootschap teweeg brengt, dat naar de redelijke mening van de Raden, na advies te hebben ingewonnen van haar financiële en juridische adviseurs, en onder andere in aanmerking nemende de totale waarde van een dergelijk bod (specifiek de waarde in aanmerking nemend die een dergelijke partij zou willen bijdragen aan de Vennootschap met als doel het verhogen van de solvabiliteit van de Vennootschap), zekerheid van financiering en voorwaardelijkheid, een gunstiger bod behelst dan het Bod zoals voorgenomen in de Fusieovereenkomst; en</p> <p>(ii) de geboden biedprijs per Certificaat gewaardeerd is op een bedrag hoger dan de Biedprijs zoals weergegeven in het gezamenlijke persbericht van 9 september 2015 van Renaissance Construction en Ballast Nedam, welk verschil EUR 0,20 (twintig eurocent) of meer bedraagt indien het bod volledig in contanten wordt gedaan, of indien het bod wordt gedaan in publiek verhandelbare effecten met een aandelenkarakter, het verschil EUR 0,20 (twintig eurocent) of meer bedraagt, berekend op basis van het gewogen gemiddelde van de prijs van het relevante genoteerde aandeel van de voorafgaande tien (10) werkdagen, waarbij in geval van een gemengd contant/niet-contant bod dergelijke premies zullen worden bepaald met inachtneming van respectievelijk het contante en niet-contante element van het bod. Indien een Potentieel Concurrerend Bod zich richt op alle of nagenoeg alle activa van de Vennootschap, of als het Potentieel Concurrerend Bod een voornemen is tot het aangaan van een transactie door middel van een juridische fusie, spin-off, verkoop van activa, kapitaalinjectie, aanbod tot koop of anderszins, die tot een wijziging in zeggenschap kan leiden in relatie tot alle, of overwegend alle, activa van de Groep, zal de berekening worden gemaakt op basis van de netto opbrengst die zal worden uitgekeerd aan de aandeelhouders</p>

	van de Vennootschap als gevolg van een dergelijke transactie, berekend per Certificaat
"Dag van Gestanddoening"	de datum waarop de Bieder openbaar mededeelt dat het Bod gestand wordt gedaan overeenkomstig de Fusieregels. Artikel 16 lid 1 Bob bepaalt dat een dergelijke openbare mededeling zal worden gedaan binnen drie (3) Werkdagen na de Sluitingsdatum
"Dag van Overdracht"	de datum waarop, overeenkomstig de voorwaarden en beperkingen van het Bod, de Bieder de Biedprijs zal betalen aan de Certificaathouders die op geldige wijze hun Certificaten hebben aangemeld (of op ongeldige wijze, mits de Bieder de aanmelding daarvan desalniettemin aanvaardt) en geleverd voor de Sluitingstijd, welke datum terstond zal zijn, in elk geval niet later dan de vijfde (5e) Werkdag na de Dag van Gestanddoening
"EUR", "Euro" of "€"	de Euro, het wettig betaalmiddel in de Europese Monetaire Unie
"Euronext Amsterdam"	Euronext in Amsterdam, de gereguleerde markt van Euronext Amsterdam N.V.
"Exclusiviteitsperiode"	de periode die is begonnen op 21 juli 2015 (de datum van de Fusieovereenkomst) en eindigt op (i) de datum waarop de Fusieovereenkomst is beëindigd in overeenstemming met diens voorwaarden, of (ii) de Dag van Overdracht
"EY"	Ernst & Young Accountants LLP
"Fusie"	het Bod en alle transacties die daar onderdeel van zijn
"Fusieovereenkomst"	de fusieovereenkomst zoals overeengekomen en getekend tussen Renaissance Construction en de Vennootschap op 21 juli 2015, zoals gewijzigd door de Wijzigingsovereenkomst
"Fusieregels"	alle toepasselijke wet- en regelgeving, inclusief maar niet beperkt tot de toepasselijke artikelen van de Wft en het Bob, alsmede nadere regelgeving en beleidsregels afgekondigd onder de Wft en het Bob, het reglement van Euronext Amsterdam, de beleidsregels en instructies van de AFM, het SER-besluit Fusiegedragsregels 2000, de Wet op de Ondernemingsraden, het Burgerlijk Wetboek en andere toepasselijke wet- en regelgeving op het gebied van het effectenrecht en het mededingingsrecht
"Gelieerde Ondernemingen"	betekent in relatie tot de Bieder en/of de Vennootschap, elke dochtermaatschappij of moedermaatschappij van de Bieder en/of de Vennootschap en elke dochtermaatschappij van een dergelijke moedermaatschappij, op enig moment
"Groep"	de Vennootschap en haar dochtermaatschappijen zoals bedoeld in artikel 2:24a van het Burgerlijk Wetboek en de entiteiten waar de Vennootschap direct of indirect een minderheidsbelang in heeft
"Herstructureringsmaatregelen na Overdracht"	de mogelijke herstructureringsmaatregelen na de Dag van Overdracht zoals beschreven in paragraaf 9.13 (Mogelijke Herstructureringsmaatregelen na Overdracht)

"KPMG Advisory"

KPMG Advisory N.V.

"Leonardo"

Leonardo & Co B.V.

"Materieel Negatieve Verandering"

elke verandering, gebeurtenis, aangelegenheid, ontdekking, mededeling, effect, feitelijke toestand of omstandigheid (elk een "**Verandering**") die zich individueel of in samenhang met andere Veranderingen hebben voorgedaan,

- (a) waarvan redelijkerwijs kan worden verwacht dat dit materieel negatief is voor het bedrijf, de activa, de verplichtingen, de financiële status of de operationele resultaten van de Groep, als geheel beschouwd, of
- (b) waarvan redelijkerwijs kan worden verwacht dat dit de Vennootschap en/of de Bieder ervan zal weerhouden om de Fusie te voltrekken en/of de voltrekking van de Fusie aanzienlijk zou vertragen,

waardoor van de Bieder redelijkerwijs niet kan worden verwacht dat zij het Bod zal uitbrengen en/of gestand zal doen, met dien verstande dat voor de vaststelling of sprake is of zal zijn van een Materieel Negatieve Verandering, de hierna genoemde Veranderingen niet zullen worden meegenomen:

- (i) veranderingen of wijzigingen in economische omstandigheden in algemene zin, of in die delen van de economie die direct of indirect het bedrijf van de Groep beïnvloeden;
- (ii) enige ontwikkelingen betreffende de Europese Unie, haar lidstaten (inclusief lidstaten die de Europese Unie verlaten) en de Eurozone (inclusief een of meerdere lidstaten die de Eurozone (al dan niet gedwongen) verlaten of stoppen met het betalen van hun leningen);
- (iii) terroristische activiteiten, het uitbreken of escaleren van een oorlog of een gewapend conflict;
- (iv) een wijziging in de wetgeving of verslaggevingstandaarden dan wel een wijziging in de interpretatie en/of handhaving daarvan;
- (v) de uitvoering, de executie (daaronder begrepen elke actie die noodzakelijk is of een nalaten welke verboden is) of de aankondiging van de Fusieovereenkomst en het Bod;
- (vi) fluctuaties in de prijs of handelsvolume van de Certificaten, met dien verstande dat deze sub paragraaf (vi) niet zal verhinderen dat geconstateerd kan worden dat een door een Verandering veroorzaakte fluctuatie heeft geleid tot, of heeft bijgedragen aan, een Materieel Negatieve Verandering, tenzij deze is uitgesloten in

een andere bepaling van deze definitie;

- (vii) de onmacht van de Vennootschap om door externe analisten gepubliceerde winstverwachtingen, omzet of andere in een willekeurige periode behaalde financiële of operationele resultaten te behalen of de onmacht van de Vennootschap om zijn interne budget, plannen of winstverwachtingen, omzet of andere in een willekeurige periode behaalde financiële of operationele prestaties te behalen, met dien verstande dat deze subparagraaf (vii) niet zal verhinderen dat geconstateerd kan worden dat een door een Verandering veroorzaakte onmacht heeft geleid tot, of heeft bijgedragen aan, een Materieel Negatieve Verandering, tenzij deze is uitgesloten in een andere bepaling van deze definitie; of
- (viii) enige omstandigheid die bekend is bij Renaissance Construction, de Bieder of haar adviseurs voor de datum van de Fusieovereenkomst, of die redelijkerwijs begrepen zou kunnen worden uit de informatie die beschikbaar is gesteld aan Renaissance Construction of de Bieder als onderdeel van het boekenonderzoek of uit de informatie uit de publieke registers of uit de informatie zoals door de Vennootschap publiek gemaakt op basis van toepasselijk recht en toepasselijke regelgeving,

tenzij de Vennootschap door een van de hierboven beschreven situaties onder (i) tot (viii) disproportioneel wordt getroffen

"Materiële Schending"	Heeft de betekenis die daaraan wordt gegeven in paragraaf 9.11 (<i>Beëindiging van de Fusieovereenkomst</i>)
"MET"	Midden-Europese Tijd of Midden-Europese Zomertijd, zoals toepasselijk
"Na-Aanmeldingstermijn"	een periode na de Aanmeldingstermijn waarin Certificaten die niet zijn aangemeld mogen worden aangemeld bij de Bieder op dezelfde manier en onder dezelfde voorwaarden als in het Biedingsbericht
"Nederlandse Corporate Governance Code"	de Nederlandse corporate governance code van 1 januari 2009 zoals vastgesteld op basis van artikel 2:391 sub 5 van het Burgerlijk Wetboek zoals gewijzigd van tijd tot tijd
"Niet-Financiële Convenanten"	heeft de betekenis die daaraan wordt gegeven in paragraaf 9.6 (<i>Niet-Financiële Convenanten</i>)
"Omwisselkantoor"	ABN Amro Bank N.V., een naamloze vennootschap, opgericht naar Nederlands recht, met statutaire zetel in Amsterdam, Nederland, gevestigd te Gustav Mahlerlaan 10, 1082 PP Amsterdam, Nederland en ingeschreven bij het Handelsregister onder nummer 34334259
"Onafhankelijke Commissarissen"	de onafhankelijke leden van de Raad van Commissarissen zoals beschreven in paragraaf 9.7.4 (<i>Onafhankelijke</i>

Commissarissen)

"Ondernemingsraad"	betekent de centrale ondernemingsraad van Ballast Nedam
"Overdracht"	betaling van de Biedprijs door de Bieder aan de Certificaathouders voor elk Aangemeld Certificaat
"Potentieel Concurrerend Bod"	betekent een ongevraagd schriftelijk voorstel om een (openbaar) bod te doen op alle of nagenoeg alle Certificaten, of de gehele of nagenoeg de gehele onderneming, alle of nagenoeg alle activa en passiva van de Vennootschap of een voorstel met betrekking tot de mogelijke overname van een substantieel belang in de Vennootschap, een juridische fusie of splitsing met betrekking tot de Vennootschap, of een omgekeerde overname van de Vennootschap, of een reorganisatie of herkapitalisatie van de Vennootschap of enige andere transactie die zou kunnen resulteren in een wijziging in de zeggenschap (inclusief een <i>spin-off</i>) in de Vennootschap of in de gehele of een substantieel deel van de onderneming of alle of nagenoeg alle activa en passiva van de Vennootschap, door een partij die, naar de redelijke mening van de Raden, een derde partij te goede trouw is en van welk voorstel naar de redelijke mening van de Raden, na advies te hebben ingewonnen van de financiële en juridische adviseurs, en onder andere in overweging nemende de zekerheid van financiering, de voorwaardelijkheid en de impact van een dergelijk voorstel op de solvabiliteit van de Vennootschap, redelijkerwijs verwacht kan worden dat het een Concurrerend Bod zal worden
"Raad van Bestuur"	de raad van bestuur van de Vennootschap
"Raad van Commissarissen"	de raad van commissarissen van de Vennootschap
"Raden"	de Raad van Bestuur en de Raad van Commissarissen
"Renaissance Construction"	betekent Rönesans İnşaat Taahüt A.Ş., een vennootschap opgericht naar Turks recht, met statutaire zetel in Ankara, Turkije, gevestigd aan Refik Belendir Sokak No: 110/3, Yukari Ayranci, Ankara, Turkije, de moedermaatschappij van de Bieder
"SEC"	de Securities and Exchange Commission in de Verenigde Staten
"Sluitingsdatum"	de datum waarop de Sluitingstijd plaatsvindt, welke in overeenstemming met artikel 15 van het Bob kan worden verlengd
"Sluitingstijd"	de datum en het tijdstip waarop het Bod verloopt, namelijk om 17:40 uur MET op 13 november 2015, of een dusdanig latere datum en tijdstip, indien het Bod wordt verlengd in overeenstemming met artikel 15 van het Bob
"Standpuntbepaling"	een standpuntbepaling van de Raden met betrekking tot het Bod en in overeenstemming met artikel 18 lid 2 van het Bob, die geen deel uitmaakt van het Biedingsbericht
"Statuten van de Vennootschap"	de statuten van de Vennootschap zoals laatstelijk gewijzigd op 17 november 2014

" Toegelaten Instelling "	een intermediair zoals bedoeld in artikel 1 van de Wet giraal effectenverkeer
" Toezeggingen "	heeft de betekenis die daaraan wordt gegeven in paragraaf 10.14 (<i>Toezeggingen</i>)
" Transactiecomité "	heeft de betekenis die daaraan wordt gegeven in paragraaf 9.9 (<i>Besluitvorming en Aanbeveling door de Raden</i>)
" USD "	de Dollar, het wettige betaalmiddel in de Verenigde Staten
" U.S. Exchange Act "	de Securities Exchange Act van 1934 van de Verenigde Staten
" Vennootschap " of " Ballast Nedam "	Ballast Nedam N.V., een naamloze vennootschap, opgericht naar Nederlands recht, met statutaire zetel in Nieuwegein, gevestigd te Ringwade 71, 3439 LM Nieuwegein, Nederland en ingeschreven in het Handelsregister onder nummer 33201106
" Voorwaarden "	betekent de voorwaarden voor het Bod zoals beschreven in paragraaf 9.10.1 (<i>Voorwaarden</i>)
" Wanpresterende Partij "	heeft de betekenis die daaraan wordt gegeven in paragraaf 9.11(d) (<i>Beëindiging van de Fusieovereenkomst</i>)
" Werkdag "	betekent een dag anders dan een zaterdag, zondag of een algemeen erkende feestdag in Nederland waarop Euronext Amsterdam en banken, volgens de collectieve arbeidsovereenkomst voor het bankbedrijf (<i>Algemene Bank-CAO</i>), in het algemeen geopend zijn
" Wft "	de Nederlandse Wet op het financieel toezicht
" Wijzigingsovereenkomst "	de wijzigingsovereenkomst zoals overeengekomen en getekend tussen Renaissance Construction en de Vennootschap op 9 September 2015

9.3 Uitnodiging aan de Certificaathouders

Op 22 juli 2015 hebben de Bieder en Ballast Nedam gezamenlijk aangekondigd dat zij overeenstemming hebben bereikt over de belangrijkste bepalingen en voorwaarden van het voorgenomen openbare bod van de Bieder op alle Certificaten voor een Biedprijs in contanten van EUR 1,55 (één euro en vijfenvijftig cent) per Certificaat cum dividend.

Op 9 september 2015 heeft Ballast Nedam aangekondigd dat zij materiële additionele verliezen verwacht van circa EUR 20.000.000 (twintig miljoen euro). Deze materiële additionele verliezen hebben ertoe geleid dat Renaissance Construction en Ballast Nedam wijzigingen zijn overeengekomen in de voorwaarden van het Bod.

Zoals gezamenlijk aangekondigd door de Bieder en Ballast Nedam op 9 september 2015, zijn Renaissance Construction en Ballast Nedam de volgende wijzigingen overeengekomen in de voorwaarden van het Bod naar aanleiding van de materiële additionele verliezen:

- verlaging van de Biedprijs naar EUR 0,30 (dertig euro cent) per Certificaat cum dividend;

- verlaging van de Acceptatie Drempel naar vijftien procent (65%) van het geplaatste aandelenkapitaal van de Vennootschap;
- de Bieder kan naar eigen goeddunken besluiten om af te zien van de Acceptatie Drempel vanaf elk percentage boven 50% plus één stem van het geplaatste aandelenkapitaal van Ballast Nedam;
- de Niet-Financiële Covenanten (i) om de portefeuille van bedrijven en producten van Ballast Nedam materieel intact te laten en (ii) om key management werknemers van de Groep zo veel als redelijkerwijs mogelijk te behouden, komen te vervallen en in aanvulling daarop is overeengekomen dat de onafhankelijke leden van de Raad van Commissarissen bepaalde vetorechten zullen hebben om de Niet-Financiële Covenanten te waarborgen voor een periode van maximaal twee jaar na afronding van het Bod; en
- Renaissance Construction zal een aanvullende kapitaalinjectie doen aan Ballast Nedam van EUR 17.600,000 (zeventien miljoen en zeshonderdduizend euro) ter voldoening van de aanvullende kapitaalbehoefte, veroorzaakt door de additionele verliezen.

Zie tevens paragraaf 10 (*Press Releases*).

Onder verwijzing naar de verklaringen, voorwaarden en beperkingen zoals opgenomen in hoofdstuk 1 (*Restrictions and Important Information*) van het Biedingsbericht worden Certificaathouders uitgenodigd om hun Certificaten aan te bieden op de wijze en onder de voorwaarden en beperkingen zoals in het Biedingsbericht beschreven.

9.4 **Bod**

De Bieder doet een Bod tot koop van alle Certificaten, onder de voorwaarden en conform de bepalingen en beperkingen in het Biedingsbericht.

Conform de bepalingen, voorwaarden en beperkingen zoals vervat in dit Biedingsbericht, zal aan de Certificaathouders die hun Certificaten onder het Bod op geldige wijze hebben aangemeld (of op ongeldige wijze, indien de Bieder de aanmelding daarvan desalniettemin aanvaardt) de Biedprijs worden betaald. Indien op of tussen de datum van het Biedingsbericht en de Dag van Overdracht een uitkering in contanten of in aandelen of een andersoortige uitkering wordt aangekondigd, en de registratiedatum voor een dergelijke uitkering in contanten, in aandelen of een andersoortige uitkering op of voor de Dag van Overdracht ligt, dan zal de Biedprijs per Certificaat worden verminderd met een bedrag per Certificaat gelijk aan de uitkering in contanten of in aandelen of andersoortige uitkering per Certificaat (cum dividend).

Bij het vaststellen van de Biedprijs heeft de Bieder zorgvuldig de geschiedenis en vooruitzichten van Ballast Nedam in overweging genomen, daaronder mede begrepen een analyse van de historische financiële informatie en eventuele toekomstige ontwikkelingen met betrekking tot winstgevendheid van de Vennootschap, kasstromen, de balans afkomstig uit (a) de tussentijdse financiële verslagen en jaarstukken van Ballast Nedam, de presentaties van analisten, persberichten, marktrapporten en geselecteerde rapporten van effectenmakelaars in de periode van 1 januari 2012 tot aan de datum van dit Biedingsbericht, (b) de historische marktwaarde van de Certificaten in de periode van 22 juli 2014 tot en met 21 juli 2015 (de laatste werkdag voorafgaand aan de bekendmaking van het tekenen van de Fusieovereenkomst op 21 juli 2015). Daarnaast zijn de recente ontwikkelingen zoals beschreven in paragraaf 5.4 (*Trends and recent developments*) - waaronder de additionele verliezen van circa EUR 20.000.000 (twintig miljoen euro) en de daaraan gekoppelde verslechterde vooruitzichten - bepalend geweest bij het vaststellen van de Biedprijs. Zie tevens paragraaf 3.2 (*Substantiation of the Offer Price*).

9.5 **Motivering van het Bod**

De Fusie biedt het beste alternatief voor de Certificaathouders en de aandeelhouders van de Vennootschap en zal de overige *stakeholders* van de Vennootschap grote voordelen opleveren, om de volgende redenen:

- (a) de Bieder en Renaissance Construction zijn voor de Vennootschap sterke directe en indirecte aandeelhouders die bereid zijn over te gaan tot de benodigde kapitaalinjectie om de solvabiliteit van de Vennootschap te verhogen en haar kwetsbaarheid te verminderen. Daarnaast zal de Vennootschap minder kwetsbaar zijn voor de consequenties van kostenoverschrijdingen bij grote projecten;
- (b) de Vennootschap zal profiteren van internationale expansie in markten met een hogere marge, wat op zelfstandige voet niet haalbaar zou zijn;
- (c) de Fusie zal een aantrekkelijke omgeving voor management en overige werknemers creëren, waarin zij deel worden van een diverse groep met vergrote (internationale) carrièremogelijkheden;
- (d) Certificaathouders krijgen de mogelijkheid om uit te stappen in het licht van een nieuwe kapitaalinjectie en een onzekere economische prognose; en
- (e) crediteuren van de Vennootschap zullen profiteren van een versterkt risicoprofiel van de Vennootschap na versterking van haar kapitaalpositie.

9.6 Niet-Financiële Convenanten

Renaissance Construction is met Ballast Nedam de volgende niet-financiële convenanten (de "**Niet-Financiële Convenanten**") overeengekomen:

9.6.1 *Strategische beweegredenen*

De Bieder ondersteunt de strategie van de Groep, namelijk (i) focus op grote, geïntegreerde en complexe projecten en de ontwikkelingen binnen deze niche zoals industriële en modulaire bouw; (ii) het versterken van *operational excellence*; (iii) het exporteren van expertise die is opgedaan bij de uitvoering van grote geïntegreerde en complexe projecten, waarbij het tempo wordt verhoogd waarin Ballast Nedam haar blootstelling aan verliesgevendende traditionele markten vermindert, haar kernactiviteiten in lijn brengt met grote geïntegreerde complexe projecten en haar organisatie in lijn met deze doelen organiseert; en (iv) deel te worden van een succesvol constructieconcern dat internationaal opereert en toegang krijgt tot extra middelen, *management support* en *best practices* die Ballast Nedam in staat zullen stellen haar organisatie en processen op duurzame wijze te versterken (de "**Bedrijfsstrategie**").

De Bieder zal bewerkstelligen dat de Groep voldoende gefinancierd blijft zodat de continuïteit van het bedrijf en de uitvoering van de Bedrijfsstrategie gewaarborgd blijven.

De Bieder zal Ballast Nedam ondersteunen in het verkrijgen van financiering voor werkkapitaal, kapitaaluitgaven, investeringen en acquisities in lijn met de Bedrijfsstrategie, met inachtneming van het toepasselijke goedkeuringsbeleid en de toepasselijke financiële parameters zoals die van moment tot moment van toepassing zijn.

De Bieder zal ervoor zorgen dat:

- (a) de bedrijfsnaam en handelsnaamelementen "Ballast Nedam" van de Vennootschap in gebruik zullen blijven door elke entiteit in de Groep voor zover in gebruik bij elke entiteit in de Groep op de datum van dit Biedingsbericht; en
- (a) de belangrijke merken en productnamen van de Groep in alle relevante markten in overeenstemming blijven met de huidige branding- en marketingstrategie van de Groep, met uitzondering van wijzigingen in het kader van markt- of productontwikkelingen.

9.6.2 *Structuur en Governance*

De Bieder zal ervoor zorgen dat:

- (a) de Vennootschap een aparte juridische entiteit zal blijven, en tevens de houdstermaatschappij van haar huidige en toekomstige dochterondernemingen en filialen;
- (b) het hoofdkantoor van de Vennootschap, het centraal beheer en haar belangrijkste ondersteunende functies in Nieuwegein, Nederland zullen blijven;
- (c) de Vennootschap haar fiscale zetel in Nederland zal hebben; en
- (b) de Vennootschap het gemitigeerd structuurregime zal toepassen.

Zolang de Certificaten genoteerd zijn aan Euronext zal de Bieder ervoor zorgen dat de Vennootschap de Corporate Governance Code zal naleven voor zover de Vennootschap op de datum van de Fusieovereenkomst de Corporate Governance Code naleeft tenzij anders overeengekomen in de Fusieovereenkomst. Zie voor een beschrijving van de naleving van de Corporate Governance Code paragraaf 5.12 (*Corporate Governance Code*).

De Bieder zal de regelingen in paragraaf 3.5.3 (*Future Composition Supervisory Board*) respecteren.

9.6.3 *Minderheidsaandeelhouders*

De Bieder zal ervoor zorgen dat de Vennootschap, tenzij anders overeengekomen in de Fusieovereenkomst, geen van de volgende handelingen zal doen:

- (a) de uitgifte van nieuwe aandelen tegen contanten aan een persoon (anders dan een lid van de Groep), zonder het aanbieden van de voorkeursrechten aan minderheidsaandeelhouders;
- (b) instemmen met, en ervoor zorgen dat een onderdeel van de Groep instemt met, het aangaan van een transactie met een grootaandeelhouder of enig ander persoon die niet *at arm's length* is; en
- (c) het ondernemen van enige andere actie die, of het instemmen met enig voorstel dat, de waarde voor of rechten van minderheidsaandeelhouders disproportioneel beïnvloedt.

9.6.4 *Werknemers*

De Bieder zal ervoor zorgen dat:

- (a) bestaande afspraken met de Ondernemingsraad of andere ondernemingsraden van de Groep en relevante vakbonden, zoals bekend gemaakt door de Vennootschap aan de Bieder, zullen worden gerespecteerd en niet eenzijdig worden aangepast;
- (b) geen reorganisaties of herstructureringsplannen worden uitgevoerd die resulteren in significant banenverlies in de Groep als direct gevolg van het Bod, behalve voor zover momenteel in overweging wordt genomen en/of is voorgesteld door de Raad van Bestuur;
- (c) bestaande rechten van en voordelen voor de werknemers van de Groep (zoals bekend gemaakt door de Vennootschap aan de Bieder) zullen worden gerespecteerd, met inbegrip van bestaande rechten onder individuele arbeidsovereenkomsten, collectieve arbeidsovereenkomsten en sociale plannen; en
- (d) de huidige pensioenregelingen van de Groep (zoals bekend gemaakt door de Vennootschap aan de Bieder) zullen worden gerespecteerd, onder voorbehoud van toekomstige herbeoordelingen door de Raad van Bestuur en wijzigingen van de huidige pensioenregelingen van de Groep.

9.6.5 *Overdracht naar derden*

Ingeval de Bieder, of enig lid van de Groep, de Groep of nagenoeg alle activa van de Groep (in een enkele transactie of in een serie van gerelateerde transacties) verkoopt of overdraagt (direct of indirect, door middel van een verkoop en overdracht van aandelen, activa of anderszins) naar enige derde partij binnen twee jaar na de Dag van Overdracht, dan zal de Bieder ervoor zorgdragen dat een dergelijke derde partij, voordat een dergelijke verkoop en overdracht plaatsvindt, niet-financiële convenanten overeenkomt ten gunste van de Vennootschap, die nagenoeg gelijk zijn aan de Niet-Financiële Convenanten, waarbij wordt aangetekend dat de periode waaraan wordt gerefereerd in paragraaf 9.6.6(b) hieronder, voor een dergelijke derde partij gelijk zal zijn aan de resterende relevante periode zoals bedoel in paragraaf 9.6.6 (*Duur*) hieronder.

9.6.6 *Duur*

De afspraken gemaakt in deze paragraaf 9.6 (*Niet-Financiële Convenanten*):

- (a) verliezen hun toepassing voor wat betreft paragraaf 9.6.3 (*Minderheidsaandeelhouders*) niet zo lang de Vennootschap minderheidsaandeelhouders heeft; en
- (b) eindigen voor wat betreft alle andere Niet-Financiële Convenanten op de datum die twee (2) jaar na de Dag van Overdracht ligt.

9.6.7 *Afwijkingen van de Fusieovereenkomst*

Voor eventuele afwijkingen van de afspraken uit de Fusieovereenkomst is toestemming van de Raad van Commissarissen vereist, waarbij geldt dat ten minste één (1) Onafhankelijke Commissaris voor moet hebben gestemd.

9.6.8 *Voordeel en handhaving*

De convenanten, bevestigingen en verplichtingen van de Bieder zoals neergelegd in de Niet-Financiële Convenanten vinden hun toepassing tegenover zowel de Vennootschap als, door middel van een onherroepelijk derdenbeding om niet, iedere Onafhankelijke Commissaris, onafhankelijk van de vraag of deze Onafhankelijke Commissaris in functie is of ontheven uit zijn functie, waarbij in het laatste geval, de Onafhankelijke Commissaris de verbintenissen uit hoofde van dit onherroepelijke derdenbeding om niet zal overdragen aan de nieuwe Onafhankelijke Commissaris in functie.

De Bieder stemt bij dezen in met een dergelijke overdracht. De Vennootschap zal alle kosten en uitgaven dragen die door de Onafhankelijke Commissaris zullen worden gemaakt in verband met deze paragraaf 9.6.8.

9.7 **Toekomstige Governance**

9.7.1 *Samenstelling Raad van Bestuur*

Op de datum van dit Biedingsbericht bestaat de Raad van Bestuur uit de volgende leden:

- (a) de heer Erik van der Noordaa; en
- (b) de heer Peter van Zwieten.

Onmiddellijk na de Dag van Overdracht zal Cenk Düzyol toetreden tot de Raad van Bestuur.

9.7.2 *Samenstelling Raad van Commissarissen*

Tjalling Tiemstra en Jan Bout hebben ontslag genomen met ingang van de Dag van Overdracht. Onmiddellijk na de Dag van Overdracht, behoudens aanname van het daartoe strekkende besluit op de BAVA, zal de Raad van Commissarissen bestaan uit:

- (a) Ipek Ilicak Kayaalp, Huseyin Avni Akvardar en Emre Baki, elk genomineerd door de Bieder; en
- (b) Leo van Doorne en Charlotte Insinger, elk genomineerd door de Vennootschap en de Bieder als Onafhankelijke Commissarissen,

Één van de Onafhankelijke Commissarissen zal gelden als voorgedragen door de Ondernemingsraad.

9.7.3 *Toekomstige Samenstelling Raad van Commissarissen*

De Bieder en Ballast Nedam komen overeen dat het vanaf de Dag van Overdracht de Bieder vrij staat leden van de Raad van Commissarissen te benoemen en te ontslaan, met inachtneming van de volgende voorwaarden:

- (a) de Raad van Commissarissen zal niet uit meer dan vijf (5) leden bestaan;
- (b) twee leden van de Raad van Commissarissen zullen Onafhankelijke Commissarissen zijn; en
- (c) een Onafhankelijke Commissaris kan alleen benoemd worden door de algemene vergadering van aandeelhouders na nominatie door de Raad van Commissarissen, waarbij de Ondernemingsraad een versterkt recht heeft om een Onafhankelijke Commissaris voor te dragen. Voor het besluit van de Raad van Commissarissen ter nominatie van een te benoemen Onafhankelijke Commissaris is instemming van de andere Onafhankelijke Commissarissen benodigd, tenzij het de eigen herbenoeming betreft van de relevante Onafhankelijke Commissaris, in welk geval voor de benoeming instemming vereist is van de andere Onafhankelijke Commissaris, tenzij geen Onafhankelijke Commissaris benoemd is.

De samenstelling van de Raad van Commissarissen zal zodanig zijn dat de Raad van Commissarissen divers is en in staat is als een effectieve en harmonieuze Raad van Commissarissen te handelen, en dat alle leden voldoende gekwalificeerd zijn en de ervaring en achtergrond hebben die redelijkerwijs van hen mag worden verwacht om bij te dragen aan de toekomstige groei van de Vennootschap en de verwezenlijking van haar Bedrijfsstrategie.

9.7.4 *Onafhankelijke Commissarissen*

De Onafhankelijke Commissarissen zullen toezicht houden op en handelen in overeenstemming met de belangen van de Vennootschap en al haar stakeholders, inclusief en met name naleving van de Niet-Financiële Convenanten zolang die in werking zijn. Alle besluiten met betrekking tot de Niet-Financiële Convenanten vereisen voorafgaande goedkeuring van de Raad van Commissarissen met toestemming van ten minste één Onafhankelijke Commissaris.

9.7.5 *Buitengewone algemene vergadering van aandeelhouders*

Overeenkomstig artikel 18, eerste paragraaf van het Bob zal Ballast Nedam een BAVA bijeenroepen om het Bod te bespreken. De BAVA zal gehouden worden op vrijdag 30 Oktober 2015 om 14:00 uur MET.

Op de BAVA zal aan de aandeelhouders en stemgerechtigde Certificaathouders worden verzocht te stemmen over de navolgende besluiten ("**Aandeelhoudersbesluiten**"):

- (a) het benoemen van Ipek Ilicak Kayaalp, Huseyin Avni Akvardar en Emre Baki als leden van de Raad van Commissarissen;
- (b) het accepteren van het ontslag van, en het dechargeren van alle leden van de Raad van Commissarissen die ontslag nemen;

- (c) het goedkeuren van wijzigingen in de Statuten van de Vennootschap zoals beschikbaar gesteld op de website van de Vennootschap (www.ballastnedam.com); en
- (d) het goedkeuren van de kapitaalinjectie zoals beschreven in paragraaf 3.17.1 (*Capital and financing aspects*), waarbij aandeelhouders en stemgerechtigde Certificaathouders gevraagd zal worden in te stemmen met een private placement inclusief een door de Vennootschap en Bieder gezamenlijk en te goeder trouw overeen te komen marktconforme prijsbandbreedte en toepasselijke korting, die zullen worden opgenomen in de bijeenroeping van de BAVA.

De Aandeelhoudersbesluiten zullen in werking treden op voorwaarde van Overdracht en vanaf het moment waarop Overdracht plaatsvindt.

Op voorwaarde van Gestanddoening, zullen de Statuten van de Vennootschap worden aangepast om weer te geven dat (i) de Vennootschap het gemitigeerd structuurregime toepast, ten gevolge waarvan, onder andere, de algemene vergadering van aandeelhouders de leden van de Raad van Bestuur benoemt en (ii) het aantal leden van de Raad van Commissarissen wordt verhoogd tot vijf.

9.8 **Financiering van het Bod**

Het Bod waardeert 100% van de Certificaten op ongeveer EUR 6 miljoen (bij volledige verwatering). De Bieder zal betaling van de Biedprijs voor elk aangemeld Certificaat in contanten voldoen uit beschikbare contante middelen.

9.9 **Besluitvorming en Aanbeveling door de Raden**

In juni 2015 zijn twee transactiecomités (de "**Transactiecomités**") samengesteld ter overweging van een potentieel bod. Het eerste transactiecomité bestond uit dhr. J.S.T. Tiemstra en mevr. C.M. Insinger, beiden leden van de Raad van Commissarissen, dhr. P. van Zwieten en dhr. E. van der Noordaa, beiden leden van de Raad van Bestuur, en dhr. O.P. Padberg, secretaris van de Vennootschap. Het tweede Transactiecomité is afzonderlijk van het eerste Transactiecomité in het leven geroepen door de Raad van Commissarissen ter versterking van haar toezicht en bestond uit dhr. J.S.T. Tiemstra en mevr. C.M. Insinger. In beide Transactiecomités hebben vertegenwoordigers van de financieel adviseur van de Vennootschap, KPMG Advisory, van de juridisch adviseur van de Vennootschap, De Brauw Blackstone Westbroek N.V., van de financieel adviseur van de Raad van Commissarissen, Leonardo, en de juridisch adviseur van de Raad van Commissarissen, NautaDutilh N.V. plaatsgenomen. De Transactiecomités zijn regelmatig bijeengekomen om de voortgang van het Bod met hun financiële en juridische adviseurs te bespreken. De Transactiecomités hebben financieel en juridisch advies ingewonnen en hebben de strategische, financiële en sociale aspecten en consequenties van de overwogen transactie en de mogelijkheden die de overwogen transactie biedt aan de huidige Certificaathouders van de Vennootschap zorgvuldig afgewogen.

In de dagen voorafgaand aan het gezamenlijke persbericht van Ballast Nedam en de Bieder op 9 september 2015 zijn de Raden veelvuldig bijeengekomen om te overleggen over de recente ontwikkelingen in het proces en de bijbehorende belangrijkste besluiten. De Raden hebben uitgebreid financieel en juridisch advies ingewonnen en hebben de strategische, financiële, operationele en sociale aspecten van de voorgenomen transactie, alsmede de mogelijkheden die deze biedt voor bestaande aandeelhouders van Ballast Nedam, zorgvuldig afgewogen.

Na een zorgvuldige belangenafweging zijn de Raden van mening dat het Bod een eerlijke prijs voor de Certificaathouders vertegenwoordigt en in het belang van de Vennootschap en al haar Certificaathouders is. KPMG Advisory en Leonardo hebben fairness opinions aan de Raden verstrekt, en beide hebben geoordeeld dat de Biedprijs vanuit een financieel oogpunt eerlijk is voor de Certificaathouders.

De Raden zijn van mening dat de Fusie het beste alternatief biedt voor de Certificaathouders en de aandeelhouders van de Vennootschap en grote voordelen oplevert voor werknemers, klanten, partners en andere belanghebbenden van de Vennootschap.

Na al deze overwegingen in acht te hebben genomen, ondersteunen de Raden het Bod volledig en bevelen het Bod unaniem aan ter aanvaarding door de Certificaathouders (de "**Aanbeveling**").

Meer informatie over de besluitvorming en Aanbeveling van de Raden zal worden opgenomen in het Position Statement.

9.10 **Voorwaarden, afstand**

9.10.1 *Voorwaarden*

De Bieder is verplicht om het Bod gestand te doen indien aan elk van de volgende voorwaarden (de "**Voorwaarden**") wordt voldaan, tenzij daarvan door de Bieder, voor zover rechtens toegestaan en uiterlijk op de Dag van Gestanddoening afstand wordt gedaan en is voor het overige onderworpen aan de voorwaarden en bepalingen van het Biedingsbericht:

Acceptatiedrempel

- (a) het aantal Certificaten dat is aangemeld voor aanvaarding op de Sluitingsdatum, samen met (i) Certificaten die direct of indirect worden gehouden door de Bieder op de Sluitingsdatum, en (ii) Certificaten die aan de Bieder schriftelijk zijn toegezegd, enkel voorwaardelijk op gestanddoening door de Bieder minimaal gelijk is aan de Acceptatiedrempel, die een aandeel van ten minste vijftien procent (65%) van het geplaatste aandelenkapitaal van de Vennootschap vormen, met uitzondering van Certificaten die op dat moment worden gehouden door de Vennootschap of voor eigen rekening door een van haar dochters (de "**Acceptatiedrempel**") op de Sluitingsdatum;

Geen aanbevolen Concurrerend Bod

- (b) er zijn geen publieke mededelingen gedaan van een aanbevolen Concurrerend Bod;

Aanbeveling

- (c) geen van de Raden heeft de Aanbeveling ingetrokken of gewijzigd;

Verboden

- (d) geen bevel, aanhouding, uitspraak of vonnis is uitgevaardigd door een rechter, arbitraal college, regering, overheidsinstantie of andere toezichthoudende of administratieve instantie dat van toepassing is, noch is er enig statuut, wet- of regelgeving, overheidsaanwijzing of –maatregel, dat in een dergelijk geval het maken en/of de voltooiing van het Bod in overeenstemming met de Fusieovereenkomst in enig materieel aspect verbiedt, wijzigt, schorst, intrekt, nietig verklaart of anderszins nadelig de beslissing van de AFM beïnvloedt om het Biedingsbericht goed te keuren;
- (e) op of voorafgaand aan de Dag van Gestanddoening is geen notificatie ontvangen van de AFM zoals omschreven in artikel 5:80 van de Wft, in welk geval, conform die bepalingen, het beleggingsondernemingen (zoals omschreven in de Wft) niet toegestaan is mee te werken met het Bod;

Handel in Certificaten is niet permanent opgeschort

- (f) op of voorafgaand aan de Dag van Gestanddoening, is de handel in de Certificaten op Euronext Amsterdam niet permanent opgeschort of beëindigd als gevolg van een noteringmaatregel genomen door Euronext Amsterdam

overeenkomstig artikel 6901/2 of enige andere relevante bepaling van het Euronext Rulebook I (*Geharmoniseerde Regels*);

Geen inbreuk

- (g) de Vennootschap heeft geen inbreuk gemaakt op enige bepaling uit de Fusieovereenkomst, voor zover die inbreuk (i) heeft geleid of redelijkerwijs kan leiden tot substantieel negatieve consequenties voor de Vennootschap, de Bieder of het Bod en (ii) niet kan worden hersteld door de Vennootschap binnen zeven (7) Werkdagen na ontvangst van een schriftelijke aanmaning van de Bieder (of, indien eerder, vóór de Dag van Gestanddoening), of niet is hersteld door de Vennootschap binnen zeven (7) Werkdagen na ontvangst van een schriftelijke aanmaning van de Bieder (of, indien eerder, vóór de Dag van Gestanddoening);

Geen Materieel Negatieve Verandering

- (h) er heeft zich geen Materieel Negatieve Verandering voorgedaan; en

Goedkeuring van Aandeelhoudersbesluiten

- (i) de BAVA heeft de Aandeelhoudersbesluiten aangenomen.

9.10.2 *Afstand*

Alle Voorwaarden uiteengezet in de paragrafen 9.10.1(b) (*Geen aanbevolen Concurrerend Bod*), (c) (*Aanbeveling*), (g) (*Geen inbreuk*), (h) (*Geen Materieel Negatieve Verandering*), en (i) (*Goedkeuring van Aandeelhoudersbesluiten*) zijn uitsluitend opgenomen ten behoeve van de Bieder en, voor zover rehtens toegestaan, mag hier alleen door de Bieder te allen tijde (zowel geheel als gedeeltelijk) afstand van worden gedaan middels schriftelijke kennisgeving aan Ballast Nedam.

Van de Voorwaarde zoals opgenomen in paragraaf 9.10.1(f) (*Handel in Certificaten is niet permanent opgeschort*) mag alleen door de Bieder en de Vennootschap gezamenlijk afstand worden gedaan.

Van de Voorwaarden zoals opgenomen in paragraaf 9.10.1(d) en (e) (*Verboden*) kan geen afstand worden gedaan.

Zonder beperking van het recht van de Bieder om zich te beroepen op de Voorwaarde in paragraaf 3.9(a) (*Acceptance Threshold*) mag de Bieder, voor zover toegestaan onder de Fusieregels:

- (i) vanaf de Sluitingsdatum de Acceptatiedrempel wijzigen tot een percentage niet lager dan 50% (vijftig procent) plus een stem van de Certificaten;
- (ii) vanaf de Sluitingsdatum, na schriftelijke toestemming van de Raden, de Acceptatiedrempel wijzigen tot een percentage lager dan 50% (vijftig procent) plus een stem van de Certificaten.
- (iii) op elk moment de Voorwaarde in paragraaf 3.9(a) (*Acceptance Threshold*) volledig opheffen na schriftelijke toestemming van de Raden.

De Bieder zal overeenkomstig de Fusieregels een publieke aankondiging doen indien de Bieder zich ervan heeft verzekerd dat een Voorwaarde niet vervuld is of niet mogelijkerwijs vervuld kan worden en de Bieder besloten heeft geen afstand te doen van de desbetreffende Voorwaarde.

9.11 **Beëindiging van de Fusieovereenkomst**

De Fusieovereenkomst eindigt direct:

- (a) door schriftelijke wederzijdse overeenkomst van de Partijen, met dien verstande dat voor beëindiging of wijziging van de Niet-Financiële Convenanten voorafgaande goedkeuring van ten minste één Onafhankelijk commissaris vereist is.
- (b) door schriftelijke kennisgeving van een Partij (de "**Beëindigende Partij**") aan de andere partij indien (i) een van de Voorwaarden ten behoeve van de Beëindigende Partij niet is vervuld of daarvan geen afstand is gedaan door de Beëindigende Partij op de Sluitingsdatum of (ii) indien het klaarblijkelijk is dat een van de Voorwaarden niet vervuld kunnen worden en daarvan geen afstand zal worden gedaan voor de Sluitingsdatum door de Beëindigende Partij (met dien verstande dat het recht om de Fusieovereenkomst te beëindigen onder deze subparagraaf niet vrijstaat aan de Partij wiens wanprestatie onder de Fusieovereenkomst de onmogelijkheid om het Bod gestand te doen op of voor de Sluitingsdatum heeft veroorzaakt of daarin resulteerde);
- (c) door schriftelijke kennisgeving van de Beëindigende Partij aan de andere partij op grond van paragraaf 3.12.4(d); of
- (d) door schriftelijke kennisgeving van de Beëindigende Partij aan de andere partij in geval van schending van de Fusieovereenkomst door de andere partij (de "**Wanpresterende Partij**") welke schending een materieel negatief effect heeft of waarvan verwacht wordt een materieel negatief effect te hebben op de Bieder of de Vennootschap (de "**Materiële Schending**") met dien verstande dat van deze Materiële Schending (i) geen afstand is gedaan door de niet-wanpresterende partij of (ii) geen herstel heeft plaatsgevonden door de Wanpresterende Partij binnen 10 Werkdagen nadat de Wanpresterende Partij daadwerkelijk kennis heeft genomen van de Materiële Schending.

9.12 **Beëindigingvergoeding**

Indien de Fusieovereenkomst wordt beëindigd (a) op grond van paragraaf 3.13(c) en overdracht van de Certificaten als gevolg van een dergelijk Concurrerend Bod heeft plaatsgevonden of (b) op grond van paragraaf 3.13(d) en Renaissance Construction is de Beëindigende Partij,

- (i) zal de Vennootschap (zonder enige vorm van aftrek, opschorting of compensatie) binnen twee Werkdagen nadat overdracht van de Certificaten in het kader van het Concurrerende Bod heeft plaatsgevonden een bedrag van EUR 750.000 (zevenhonderdvijftigduizend euro) (de "**Beëindigingvergoeding**") aan Renaissance Construction betalen ter compensatie voor schade, honoraria en kosten voor het verlies van management tijd en andere kosten en uitgaven die reeds zijn gemaakt en zullen worden gemaakt in verband met (de voorbereiding van) het Bod met dien verstande dat het recht van Renaissance Construction op de Beëindigingvergoeding op grond van deze paragraaf alle andere rechten of rechtsmiddelen van Renaissance Construction onverlet laat, met inbegrip van een vordering tot nakoming of schadevergoeding, indien deze het bedrag van die Beëindigingvergoeding te boven gaan. Indien betaling van de Beëindigingvergoeding aan belasting onderhavig is of zal zijn, zal de Vennootschap aan Renaissance Construction een bedrag (na inachtneming van verschuldigde belasting met betrekking tot dat bedrag) betalen zodat Renaissance Construction een netto bedrag zal ontvangen en zal houden dat gelijk is aan het bedrag dat het ontvangen zou hebben indien de betaling niet aan belastingen onderhavig zou zijn geweest.

Indien de Fusieovereenkomst wordt beëindigd (a) op grond van paragraaf 3.13(b) als gevolg van het onvervuld blijven van de Voorwaarde in paragraaf 3.9(b) of (b) op grond van paragraaf 3.13(d) en de Vennootschap is de Beëindigende Partij,

- (ii) zal Renaissance Construction binnen twee Werkdagen nadat de Fusieovereenkomst is beëindigd een bedrag van EUR 1.000.000 (één miljoen euro) (de "**Beëindigingvergoeding van de Vennootschap**") aan de Vennootschap betalen ter compensatie van schade, honoraria en kosten voor verlies van management tijd en andere kosten en uitgaven die reeds zijn

gemaakt of gemaakt zullen worden in verband met (de voorbereiding van) het Bod.

- (iii) met dien verstande dat het recht van de Vennootschap op de Beëindigingvergoeding van de Vennootschap op grond van deze paragraaf alle andere rechten of rechtsmiddelen van de Vennootschap onverlet laat, met inbegrip van een vordering tot nakoming of schadevergoeding, indien deze het bedrag van die Beëindigingvergoeding van de Vennootschap te boven gaan. Indien betaling van de Beëindigingvergoeding van de Vennootschap aan belasting onderhevig is of zal zijn, zal Renaissance Construction aan de Vennootschap een bedrag (na inachtneming van verschuldigde belasting met betrekking tot dat bedrag) betalen zodat de Vennootschap een netto bedrag zal ontvangen en zal houden dat gelijk is aan het bedrag dat de Vennootschap ontvangen zou hebben indien de betaling niet aan belasting onderhevig zou zijn geweest.

9.13 **Mogelijke Herstructureringsmaatregelen na Overdracht**

De Bieder beoogt 100% van de Certificaten en/of alle activa en operationele activiteiten van de Vennootschap te verkrijgen door middel van het Bod en, indien noodzakelijk, door het nemen van daaropvolgende herstructureringsmaatregelen. Dergelijke maatregelen zullen waarschijnlijk significante gevolgen hebben voor de Certificaathouders die hun Certificaten niet hebben aangemeld onder het Bod, waaronder de mogelijkheid van een significante vertraging in het ontvangen van hun opbrengst.

9.13.1 *Belang om 100% van de Certificaten te verwerven*

De Vennootschap erkent het belang voor de Vennootschap, de Groep en de Bieder voor de Bieder om 100% van de Certificaten of alle activa en operationele activiteiten van de Vennootschap in handen te krijgen. Dit belang is onder andere gebaseerd op:

- (a) het feit dat het hebben van een enig aandeelhouder en het opereren zonder een beursnotering het vermogen van de Groep om haar doelstellingen te behalen en activiteiten uit haar Bedrijfsstrategie te implementeren vergroot;
- (b) de mogelijkheid om een fiscale eenheid (consolidatie) te vormen tussen de Bieder en de Vennootschap;
- (c) de mogelijkheid om de beursnotering van de Certificaten aan de Euronext Amsterdam te beëindigen; en
- (d) een efficiënte kapitaalstructuur (zowel vanuit een financiering alsook een belastingperspectief) te bewerkstelligen, waaronder de mogelijkheid om een fiscale eenheid te vormen tussen de Vennootschap en de Bieder.

9.13.2 *Uitkoopprocedure*

De Bieder wenst de volledige eigendom van de Vennootschap en haar onderneming over te nemen, indien de Bieder ten minste 95% van de Certificaten in het Bod verwerft. Indien, na de Dag van Overdracht de Bieder en de aan haar Gelieerde Ondernemingen alleen of samen met de Vennootschap ten minste 95% van de Aandelen of Certificaten houdt (met uitzondering van Certificaten gehouden door de Vennootschap), zal de Bieder een wettelijke uitkoopprocedure beginnen in overeenstemming met de artikelen 2:92a of 2:201a van het Burgerlijk Wetboek of de uitkoopprocedure na openbaar bod in overeenstemming met art. 2:359c van het Burgerlijk Wetboek, om de Certificaathouders uit te kopen die hun Certificaten niet hebben aangemeld onder het Bod. De Vennootschap zal de Bieder alle medewerking geven die redelijkerwijs in verband met deze procedure wordt verlangd.

9.13.3 *Herstructureringsmaatregelen na Overdracht*

Niettegenstaande de vorige paragrafen en onder voorbehoud van Gestanddoening van het Bod door de Bieder heeft de Bieder het recht om andere herstructureringsmaatregelen door te voeren of door te laten voeren en de Vennootschap zal desgevraagd haar naar redelijkheid beste inspanning inzetten om een herstructurering van de Groep te bewerkstelligen teneinde een optimale operationele, juridische, financiële en/of fiscale structuur te bereiken in overeenstemming met de Fusieregels en Nederlands recht in het algemeen. Deze maatregelen, waarvan sommige verwatering van de belangen van bestaande Certificaathouders tot gevolg kunnen hebben, bestaan uit (maar worden niet beperkt tot):

- (a) een opvolgend publiek bod op alle Aandelen of Certificaten van minderheidsaandeelhouders;
- (b) een juridische driehoeks- of bilaterale fusie in overeenstemming met artikel 2:309 et seq. Burgerlijk Wetboek tussen de Vennootschap en een Gelieerde Onderneming van de Bieder;
- (c) een juridische splitsing van de Vennootschap in overeenstemming met artikel 2:334a et seq. Burgerlijk Wetboek;
- (d) inbreng van activa of contanten door de Bieder of een dochter van de Bieder in ruil voor gewone aandelen of preferente aandelen in het geplaatste kapitaal van de Vennootschap, in welk geval eventuele voorkeursrechten van minderheidsaandeelhouders van de Vennootschap (indien van toepassing) uitgesloten kunnen worden;
- (e) een verkoop van alle, nagenoeg alle of een substantieel deel van de activa van de Vennootschap, al dan niet gevolgd door distributie van opbrengsten aan de aandeelhouders van de Vennootschap, in elk geval in overeenstemming met Nederlands recht en de Statuten van de Vennootschap;
- (f) een distributie van opbrengsten, contanten en/of activa aan de aandeelhouders van de Vennootschap;
- (g) verkoop en overdracht van activa en passiva door de Bieder of een van haar dochters aan een lid van de Groep, of verkoop en overdracht van activa en passiva door een lid van de Groep aan de Bieder of een van haar dochters;
- (h) omzetting van de Vennootschap in een besloten vennootschap met beperkte aansprakelijkheid;
- (i) een combinatie van de voorgaande maatregelen; of
- (j) het uitvoeren van transacties, herstructureringen, aandelenuitgiftes, of procedures in verband met de Vennootschap of een of meerdere van aan haar Gelieerde Ondernemingen teneinde de hiervoor beschreven doelen te bereiken.

Gedurende de implementatie van enige herstructureringsmaatregelen, zal zorgvuldig rekening worden gehouden met de verplichtingen op basis van Nederlands recht en de Fusieregels, inclusief de verplichting om met de belangen van alle stakeholders rekening te houden, inclusief minderheidsaandeelhouders in de Vennootschap, en de verplichting voor de leden van de Raad van Commissarissen om een onafhankelijke kijk op deze zaken te vormen. In dit kader zal de Raad van Commissarissen het recht behouden om, voor rekening van de Vennootschap, haar eigen juridische en financiële adviseurs in te schakelen. In dit kader zullen ook de Onafhankelijke Commissarissen het recht hebben om, voor rekening van de Vennootschap, hun eigen juridische en financiële adviseurs in te schakelen. De Bieder zal de Onafhankelijke Commissarissen informeren ingeval haar besluitvorming mogelijk invloed heeft op enig Niet-Financieel Convenant.

De maatregelen beschreven in deze paragraaf zijn onderhevig aan toestemming van de Onafhankelijke Commissarissen, welke toestemming niet op onredelijke gronden zal

worden onthouden of vertraagd door de Onafhankelijke Commissarissen. De Onafhankelijke Commissarissen zullen in de gelegenheid gesteld worden om voor rekening van de Vennootschap hun eigen financiële en juridische adviseurs in te schakelen indien en voor zover zij menen dat het advies van deze adviseurs redelijkerwijs nodig is om hen te assisteren in het onderzoeken en beoordelen van zaken die voor de Raad van Commissarissen worden gebracht.

9.14 **Consultaties**

Het secretariaat van de Sociaal Economische Raad is schriftelijk in kennis gesteld van het Bod in overeenstemming met de SER-Fusiegedragsregels 2000.

De Ondernemingsraad is geïnformeerd over de wijziging van zeggenschap als gevolg van het Bod en de financiering gerelateerd aan het Bod. Op basis daarvan heeft de Ondernemingsraad haar positieve advies gegeven met betrekking tot het Bod.

Voor zover de voorgenomen besluiten betreffende een toekomstige integratie of herstructurering zullen worden onderworpen aan het advies van de Ondernemingsraad, zullen de juiste procedures op grond van de Wet op de Ondernemingsraden worden gevolgd.

Aanmelding

9.14.1 *Aanmeldingstermijn*

De Aanmeldingstermijn vangt aan op 18 september 2015 om 9.00 uur MET en eindigt, tenzij de Aanmeldingstermijn wordt verlengd overeenkomstig artikel 15 van het Bob, om 17.40 uur MET, op 13 november 2015.

Certificaten die voor Sluitingstijd zijn aangeboden mogen niet worden teruggetrokken, behoudens (i) het recht tot herroeping gedurende een verlenging van de Aanmeldingstermijn in overeenstemming met paragraaf 4.5 (*Extension of the Acceptance Period*) en artikel 15 lid 3 van het Bob en (ii) het recht tot herroeping van Aangemelde Certificaten in geval van een verhoging van de Biedprijs in overeenstemming met artikel 15a lid 3 van het Bob. Certificaten die zijn aangeboden voorafgaand aan de Sluitingstijd, mogen teruggetrokken worden gedurende de verlengde Aanmeldingstermijn. Echter, Certificaten die voorafgaand aan een dergelijke verlenging van de Aanmeldingstermijn zijn aangeboden en tijdens een dergelijke verlenging van de Aanmeldingstermijn niet zijn teruggetrokken, blijven onderworpen aan het Bod.

Indien de Bieder het Bod gestand doet zal de Bieder alle Certificaten aanvaarden die op geldige wijze zijn aangemeld (of op ongeldige wijze, indien de Bieder de aanmelding desalniettemin aanvaardt) en die niet eerder zijn teruggetrokken in overeenstemming met de voorwaarden van het Bod met inachtneming van de procedures zoals uiteengezet in paragraaf 4.2 (*Acceptance of the Offer and Tender*).

9.14.2 *Verhoging van de Biedprijs*

Gedurende de Aanmeldingstermijn is de Bieder bevoegd overeenkomstig artikel 15 lid 4 van het Bob de Biedprijs te verhogen. De Aanmeldingstermijn moet ten minste nog zeven (7) Werkdagen doorlopen na een verhoging van de Biedprijs. Indien de Aanmeldingstermijn minder dan zeven (7) Werkdagen doorloopt, loopt de Aanmeldingstermijn van rechtswege door tot tot de zevende Werkdag na de dag van een dergelijke aankondiging. Gedurende deze verlengde Aanmeldingstermijn is de Bieder niet bevoegd het Bod nogmaals te verhogen.

Certificaten die zijn aangemeld vóór een dergelijke verlenging van de oorspronkelijke Aanmeldingstermijn mogen worden ingetrokken gedurende de verlengde Aanmeldingstermijn in overeenstemming met artikel 15 lid 3 en artikel 15a lid 3 van het Bob. Echter, Certificaten die zijn aangemeld en niet worden teruggetrokken gedurende de verlenging van de Aanmeldingstermijn blijven gelden als aangemeld onder het Bod.

Indien en voor zover de Bieder gedurende de Aanmeldingstermijn Certificaten koopt buiten het Bod om en tegen een hogere prijs dan de Biedprijs, zal de Bieder op het moment van Gestanddoening een dergelijke hogere prijs betalen voor alle Certificaten die op geldige wijze zijn aangemeld (of op ongeldige wijze, indien de Bieder de aanmelding desalniettemin heeft aanvaard) door een Certificaathouder en geleverd aan de Bieder. In een dergelijk geval, zal de Bieder een publieke aankondiging doen om te bevestigen dat de Biedprijs is verhoogd tot een dergelijk hogere prijs.

9.14.3 *Verlenging*

Renaissance Construction en de Vennootschap zijn overeengekomen dat voor een vrijwillige verlenging van de Aanmeldingsperiode door de Bieder met een Sluitingsdatum na 30 november 2015, de schriftelijke toestemming van de Vennootschap benodigd is. In de overweging dergelijke toestemming te verlenen, zal de Vennootschap, redelijk en billijk handelend, onder andere in aanmerking nemen de datum waarop de voorgestelde verlengde Aanmeldingsperiode zal eindigen, of sprake is van een Concurrerend Bod, de periode waarin dit bod loopt, de liquiditeitsbenodigdheden van de Vennootschap en de mogelijkheid om deze liquiditeitsbenodigdheden te voldoen (onder andere door middel van de implementatie van de uitgifte van de Vennootschap op 29 april 2015). Behoudens de voorafgaande schriftelijke toestemming van de Vennootschap zoals beschreven in de voorgaande twee zinnen en overeenkomstig artikel 15 lid 1 van het Bob, kan de Bieder het Bod eenmalig tot na de Sluitingsdatum verlengen voor een minimale periode van twee (2) weken en maximaal tien (10) weken, onderworpen aan een mogelijke verlenging in het geval van een verhoging van de Biedprijs, zoals hiervoor beschreven. In dat geval zullen alle verwijzingen in het Biedingsbericht naar de Sluitingsdatum worden verschoven naar de uiterste datum en tijd waarnaar het Bod is verlengd, tenzij uit de context anders blijkt. In het geval er een derde partij een Concurrerend Bod heeft gepubliceerd voorafgaand aan de Sluitingstijd, dan mag de Bieder overeenkomstig artikel 15, paragraaf 5 van het Bob de Aanmeldingstermijn verlengen tot na de Sluitingstijd om in overeenstemming te zijn met de aanmeldingstermijn van het Concurrerende Bod. Echter, zoals toegelicht in paragraaf 4.2 (*Acceptance of the Offer and Tender*), kan een bewaarnemer, bank of effectenmakelaar een vroegere uiterste aanmeldingstermijn voor Certificaathouders vaststellen teneinde de bewaarnemer, bank of effectenmakelaar in staat te stellen hun acceptaties tijdig aan het Omwisselkantoor te communiceren.

Indien de Aanmeldingstermijn wordt verlengd, zal dit openbaar worden gemaakt met inachtneming van de Fusieregels. Artikel 15 lid 2 van het Bob vereist dat een dergelijke mededeling uiterlijk op de derde (3^e) Werkdag na de oorspronkelijke Sluitingsdatum wordt gedaan.

Gedurende een dergelijke verlenging van de Aanmeldingstermijn, zullen de Certificaten die reeds zijn aangemeld en niet zijn ingetrokken aan het Bod onderworpen blijven. In overeenstemming met artikel 15, paragraaf 3 van het Bob geldt dat Certificaten die op of voor de oorspronkelijke Sluitingstijd zijn aangeboden gedurende de verlengde Aanmeldingstermijn mogen worden ingetrokken. In overeenstemming met artikel 15a lid 3 van het Bob kunnen de Certificaten die aangeboden zijn, binnen zeven (7) Werkdagen na de aankondiging van een verhoging van de Biedprijs worden ingetrokken.

In aanvulling op het voorgaande kan de Aanmeldingstermijn worden verlengd overeenkomstig artikel 15 paragraaf 9 van het Bob als de Biedprijs wordt verhoogd binnen zeven (7) Werkdagen na de Sluitingsdatum, in welk geval de Aanmeldingstermijn krachtens de wet wordt verlengd tot zeven (7) Werkdagen na een dergelijke verhoging van de Biedprijs.

9.14.4 *Gestanddoening van het Bod*

Het Bod wordt gedaan onder voorbehoud van de vervulling van de Voorwaarden zoals uiteengezet in paragraaf 3.9 (*Offer Conditions*). Zowel de Vennootschap als de Bieder behouden zich het recht voor om af te zien van bepaalde Voorwaarden.

De Bieder besluit of zij van mening is of de Voorwaarden zijn vervuld of dat zij afziet van de Voorwaarden overeenkomstig paragraaf 9.10 (*Voorwaarden afstand*). Met inachtneming van de bepalingen van artikel 16 lid 1 van het Bob zal de Bieder binnen drie (3) Werkdagen na de Sluitingsdatum aankondigen dat:

- (a) het Bod gestand wordt gedaan (de "**Gestanddoening**");
- (b) het Bod zal worden verlengd in overeenstemming met artikel 15 lid 9 Bob; of
- (c) het Bod is beëindigd als gevolg van het niet vervullen of afzien van de Voorwaarden.

Indien de Bieder het bod niet gestand doet, legt hij een dergelijke beslissing uit.

Indien het Bod gestand is gedaan, zal de Bieder tegen betaling alle Certificaten aanvaarden die op geldige wijze zijn aangemeld (of op ongeldige wijze, indien de Bieder de aanmelding desalniettemin aanvaardt).

9.14.5 *Overdracht*

Indien het Bod gestand wordt gedaan zullen Certificaathouders die het Bod hebben geaccepteerd en hun Certificaten voor of op de Sluitingsdatum onder het Bod hebben aangemeld de Biedprijs ontvangen op de Dag van Overdracht met betrekking tot elk Certificaat dat op geldige wijze is aangemeld (of op ongeldige wijze, indien de Bieder de aanmelding desalniettemin aanvaardt) en geleverd, vanaf welk moment ontbinding of vernietiging van de aanmelding of levering door de Certificaathouder niet is toegestaan.

Toegelaten Instellingen die Certificaten ontvangen op grond van het Bod ontvangen deze Certificaten als bewaarnemer. Op hun beurt zullen de Toegelaten Instellingen die Certificaten schriftelijk aanbieden aan het Omwisselkantoor. Door inschrijving van deze Certificaten verklaren de Toegelaten Instellingen dat zij de Certificaten in hun bewaring hebben en dat zij tot overdracht van de Certificaten aan de Bieder zullen overgaan voor of uiterlijk op de Dag van Overdracht.

9.14.6 *Na-aanmeldingstermijn*

De Bieder kan overeenkomstig artikel 17 van het Bob binnen drie (3) Werkdagen na Gestanddoening, een na-aanmeldingstermijn (de "**Na-Aanmeldingstermijn**") aankondigen om Certificaathouders, die hun Certificaten niet hebben aangemeld tijdens de Aanmeldingstermijn, de mogelijkheid te bieden hun Certificaten alsnog onder het Bod aan te melden onder dezelfde voorwaarden en beperkingen. Een dergelijke Na-Aanmeldingstermijn zal aanvagen op de eerste Werkdag volgend op de aankondiging van de betreffende Na-Aanmeldingstermijn en zal niet langer duren dan twee (2) weken.

Wanneer de Na-Aanmeldingstermijn is aangekondigd, zal de Bieder alle Certificaten aanvaarden die op geldige wijze tijdens de Na-Aanmeldingstermijn zijn aangemeld (of op ongeldige wijze, mits de Bieder de aanmelding daarvan desalniettemin aanvaardt) en zal de Bieder binnen vijf (5) Werkdagen na het eindigen van de Na-Aanmeldingstermijn overgaan tot betaling van de Biedprijs per Certificaat of, indien hiervan is afgeweken, volgens de aankondiging.

Certificaten die op geldige wijze tijdens de Na-Aanmeldingstermijn zijn aangemeld (of op ongeldige wijze, mits de Bieder de aanmelding en levering daarvan desalniettemin aanvaardt) kunnen niet worden ingetrokken.

De Bieder zal, binnen drie (3) Werkdagen nadat de Na-Aanmeldingstermijn is afgelopen, het aantal en percentage van de Certificaten dat gedurende de Na-Aanmeldingstermijn is aangemeld en het totale aantal en percentage van de Certificaten dat de Bieder bezit nadat de Na-Aanmeldingstermijn is verstreken openbaar maken.

Aanvaarding van het Bod

9.14.7 *Aanvaarding van het Bod via een Toegelaten Instelling*

Certificaathouders die Certificaten houden via een Toegelaten Instelling dienen hun aanvaarding via hun bewaarnemer, bank of effectenmakelaar uiterlijk op 13 november 2015 om 17:40 MET bekend te maken, tenzij de Aanmeldingstermijn is verlengd overeenkomstig paragraaf 3.2.1 (*Offer Price*) of paragraaf 4.5 (*Extension of the Acceptance Period*). De bewaarnemer, bank of effectenmakelaar kan een eerdere deadline vaststellen voor aanvaarding door Certificaathouders zodat deze bewaarnemer, bank of effectenmakelaar voldoende tijd heeft om de aanmelding door te geven aan het Omwisselkantoor.

De Toegelaten Instellingen kunnen de Certificaten alleen voor aanvaarding aanmelden aan het Omwisselkantoor en slechts in schriftelijke vorm. Bij de aanmelding van de aanvaarding dienen de Toegelaten Instellingen te verklaren dat (i) zij de aangemelde Certificaten in hun administratie hebben, (ii) elke Certificaathouder die het Bod aanvaardt onherroepelijk garandeert dat de Certificaten die door hem worden aangeboden, aangeboden worden in overeenstemming met de beperkingen uiteengezet in hoofdstuk 1 (*Restrictions and important information*), en (iii) zij zich verbinden deze Certificaten vóór of uiterlijk op de Dag van Overdracht over te dragen aan de Bieder, mits het Bod gestand is gedaan.

Met inachtneming van artikel 5b lid 5, artikel 15, paragraaf 3 van het Bob, vormt de aanmelding van Certificaten tot aanvaarding van het Bod een onherroepelijke instructie (i) om elke poging om de overdracht van de aangemelde Certificaten te blokkeren, zodat op of voorafgaand aan de Dag van Overdracht geen overdracht van dergelijke Certificaten kan worden uitgevoerd (met uitzondering van enige actie die nodig is om de levering aan de Bieder te effectueren); (ii) tot debitering van de effectenrekening waarop dergelijke Certificaten worden gehouden op de Dag van Overdracht met betrekking tot alle aangemelde Certificaten, tegen betaling door het Omwisselkantoor van de Biedprijs met betrekking tot deze aangemelde Certificaten namens de Bieder; en (iii) om de levering te effectueren van dergelijke aangemelde Certificaten aan de Bieder.

9.15 **Overige Gevolgen van het Bod**

Verwezen wordt naar paragraaf 3.16 (*Post-Closing Restructuring Measures*) en paragraaf 3.17 (*Consequences of the Offer*) voor mogelijk andere gevolgen van het Bod, waaronder de mogelijke gevolgen voor (i) de notering van Ballast Nedam op Euronext Amsterdam; (ii) de juridische structuur van Ballast Nedam en de Groep en (iii) bepaalde maatregelen welke door de Bieder na Overdracht kunnen worden genomen om 100 van de Certificaten te verkrijgen (naast de mogelijke maatregelen die uiteen zijn gezet in paragraaf 9.13 (*Mogelijke Herstructureringsmaatregelen na Overdracht*)).

Als de Bieder na afloop van het Bod een maatregel onderneemt zoals uiteengezet in paragraaf 3.16 (*Post-Closing Restructuring Measures*) zullen de belangen van de minderheidsaandeelhouders in Ballast Nedam zorgvuldig in overweging worden genomen. Iedere procedure die redelijkerwijs kan leiden tot een disproportionele vermindering van de waarde van de Certificaten voor de Certificaathouders (anders dan de Bieder), vereist de goedkeurende stem van een van de Onafhankelijke Commissarissen om te verzekeren dat de belangen van deze minderheidsaandeelhouders voldoende in overweging genomen worden, naast de vereiste goedkeuring van de Raden en de algemene vergadering van aandeelhouders (voor zover vereist).

9.16 **Bieder**

De Bieder is een besloten vennootschap met beperkte aansprakelijkheid, rechtsgeldig opgericht op 18 december 2014, statutair gevestigd te Breda, kantoorhoudende te Claudius Prinsenlaan 144, 4818 CP Breda en ingeschreven in het Handelsregister onder nummer 62112309.

De raad van bestuur van de Bieder bestaat uit de heer L.F.S. Bagchus, de heer J.W.P. Jansen, beiden benoemd op 18 december 2014, en de heer T. Bilgin, benoemd op 16 maart 2015. Geen van de leden van de raad van bestuur van de Bieder houdt enige Certificaten. De Bieder heeft geen raad van commissarissen.

Het maatschappelijk kapitaal van de Bieder bedraagt EUR 35.000.000 en bestaat uit 35.000.000 gewone aandelen met een nominale waarde van EUR 1,00 elk. Alle gewone aandelen van de Bieder zijn aandelen op naam. De Bieder is een indirecte volle dochteronderneming van Renaissance Construction. Renaissance Construction is een directe volle dochteronderneming van Rönesans Holding A.Ş., in welke onderneming Dr. Erman Ilicak 95 v an de aandelen houdt.

9.17 Aankondigingen

Aankondigingen in verband met het Bod, inclusief de aankondiging of de Bieder het Bod gestand doet, worden door middel van een persbericht gedaan en worden tevens beschikbaar gesteld op de website van Ballast Nedam op www.ballast-nedam.com en de website van de Bieder op www.ronesans.com. Met inachtneming van de Fusieregels en zonder de wijze te beperken waarop de Bieder enige publieke aankondiging kan doen, heeft de Bieder geen verplichting enige publieke aankondiging te doen anders dan hierboven beschreven.

9.18 Beoogd tijdschema

Verwachte Datum en Tijd	Gebeurtenis	Omschrijving
17 september 2015	Aanvang Bod	Publicatie van het persbericht met betrekking tot de verkrijgbaarstelling van het Biedingsbericht en de aanvang van het Bod
18 september 2015, 9:00 uur	Aanmeldingstermijn	Aanvang van de Aanmeldingstermijn onder het Bod overeenkomstig artikel 14 van het Bob
30 oktober 2015, om 14:00 uur MET	BAVA	BAVA, waarop onder andere het Bod zal worden besproken overeenkomstig artikel 18, paragraaf 1 van het Bob. Bovendien worden de Aandeelhoudersbesluiten voorgelegd aan de BAVA in verband met het Bod
13 november 2015, 17:40 uur, behoudens verlenging	Sluitingstijd	De deadline voor Certificaathouders die Certificaten willen aanbieden onder het Bod, tenzij het Bod wordt verlengd in overeenstemming met artikel 15 lid 9 Bob.
Uiterlijk drie (3) Werkdagen na de Sluitingsdatum	Gestandoeningsdatum	De dag waarop de Bieder, overeenkomstig artikelen 15 en 16 lid van het Bob, openbaar aankondigt dat (i) het Bod gestand wordt gedaan (<i>Dag van Gestanddoening</i>); (ii) het Bod wordt verlengd voor een periode van twee (2) tot tien (10) weken, of (iii) het Bod niet gestand wordt gedaan, omdat niet aan een Voorwaarden is voldaan en geen afstand is gedaan van deze Voorwaarde
Uiterlijk op de derde (3) Werkdag na de dag waarop het Bod gestand wordt gedaan	Aanvang van de Na Aanmeldingstermijn	Na-Aanmeldingstermijn: de Bieder kan een Na-Aanmeldingstermijn aankondigen voor het Bod met een maximale duur van twee (2) weken opdat de Certificaathouders die hun Certificaten niet hebben aangemeld gedurende de Aanmeldingstermijn, hun Certificaten kunnen aanmelden onder dezelfde voorwaarden die voor het Bod gelden

Verwachte Datum en Tijd	Gebeurtenis	Omschrijving
Uiterlijk vijf (5) Werkdagen na de dag waarop het Bod gestand wordt gedaan	Dag van Overdracht	De datum waarop de Bieder zal overgaan tot betaling aan het Omwisselkantoor van de Biedprijs per Certificaat, ten behoeve van de Certificaathouders die op geldige wijze hun Certificaten hebben aangemeld (of op ongeldige wijze, mits de Bieder de aanmelding en levering daarvan desalniettemin aanvaardt) en geleverd voor de Sluitingstijd, onder de voorwaarde dat het Bod gestand wordt gedaan, zijnde uiterlijk vijf (5) Werkdagen na de Dag van Gestanddoening

9.19 **Verkrijgbaarheid informatie**

Digitale exemplaren van het Biedingsbericht zijn verkrijgbaar op de website van Ballast Nedam op www.ballast-nedam.com en op de website van de Bieder op www.ronesans.com. Deze website maakt op geen enkele wijze deel uit van het Biedingsbericht. Exemplaren van het Biedingsbericht zijn verder kosteloos verkrijgbaar op het hoofdkantoor van het Omwisselkantoor op het hierboven genoemde adres.

10. PRESS RELEASES

10.1 Joint press release dated 22 July 2015

JOINT PRESS RELEASE

*This is a joint press release by Ballast Nedam N.V. ("**Ballast Nedam**") and RC RÖNESANS İNŞAAT TAAHHÜT A.Ş. ("**Renaissance Construction**") pursuant to the provisions of Section 4, paragraphs 1 and 3, Section 5, paragraph 1, 4 and 5 and Section 7, paragraph 4 of the Netherlands Decree on Public Takeover Bids (Besluit openbare biedingen Wft, the "**Decree**") in connection with the intended public offer by Renaissance Construction for all of the issued and outstanding depositary receipts in the capital of Ballast Nedam. This announcement does not constitute an offer, or any solicitation of any offer, to buy or subscribe for any securities in Ballast Nedam. Any offer will be made only by means of an offer memorandum. This announcement is not for release, publication or distribution, in whole or in part, in or into, directly or indirectly, Canada and the United States.*

RENAISSANCE CONSTRUCTION INTENDS TO MAKE A RECOMMENDED CASH OFFER FOR ALL THE ISSUED AND OUTSTANDING DEPOSITARY RECEIPTS OF BALLAST NEDAM

Transaction highlights

- Renaissance Construction and Ballast Nedam have reached conditional agreement on a recommended public offer by Renaissance Construction for Ballast Nedam of EUR 1.55 (*cum dividend*) (the "**Offer Price**") in cash per issued and outstanding depositary receipt of Ballast Nedam;
- The Offer price represents a premium of 29.2% to the undisturbed closing price of 18 May 2015, the date before the announcement by Ballast Nedam that it was conducting exploratory discussions with several foreign parties on the possibilities for a merger or takeover of Ballast Nedam;
- The Management Board and the Supervisory Board of Ballast Nedam fully support and unanimously recommend the Offer;
- Upon successful completion and settlement of the Offer, Renaissance Construction shall make a capital contribution to Ballast Nedam of EUR 30 million, either in the form of a rights issue of EUR 20 million and a private placement of EUR 10 million at a market customary discount, or in the event that more than 95% is held by Renaissance Construction, in a form to be determined by Renaissance Construction at its sole discretion;
- Renaissance Construction has agreed to certain non-financial covenants, including on the following matters:
 - Renaissance Construction supports Ballast Nedam's business strategy and necessary improvement plans;
 - Ballast Nedam maintains its corporate identity and brand;
 - Ballast Nedam remains a separate legal entity with headquarters, central management and key support functions in the Netherlands;
 - Renaissance Construction respects all existing rights and benefits of the Ballast Nedam employees;
 - Ballast Nedam remains properly financed to safeguard the continuity of the business and the execution of the strategy; and
 - Protection of Ballast Nedam's minority shareholders' interests as well as non-financial covenants through the appointment of two independent Supervisory Board members with certain veto rights, for a period of at least three years after the settlement date.
- Renaissance Construction will finance the aggregate Offer Price with available cash in hand, providing a high degree of deal certainty; and

- Renaissance agreed to purchase 3,930,567 Depositary Receipts from Ballast Nedam's largest Depositary Receipt holder Navitas Capital, representing approximately 19.99% of the total issued Depositary Receipts, for a consideration per Depositary Receipt equal to the Offer Price.

Ankara, Turkey and Amsterdam, the Netherlands, 22 July 2015 – RC RÖNESANS İNŞAAT TAAHHÜT A.Ş. ("Renaissance Construction") and Ballast Nedam N.V. ("Ballast Nedam") jointly announce that they have reached conditional agreement in connection with a public offer by Renaissance Construction for all of the issued and outstanding depositary receipts in respect of ordinary shares in the capital of Ballast Nedam (each a "Depositary Receipt") at an offer price of EUR 1.55 (cum dividend) in cash for each Depositary Receipt, subject to customary conditions (the "Offer"). The Offer price represents a premium of 29.2% to the undisturbed closing price of 18 May 2015.

E. van der Noordaa– CEO Ballast Nedam

"We are delighted with the intended Offer of Renaissance Construction. Renaissance Construction will be a strong, strategic partner, who will enable us to accelerate implementation of our strategic agenda for the years ahead and providing us with new opportunities for exporting our rich expertise gained from integrated complex projects. We believe this Offer to be in the best interests of Ballast Nedam and all its stakeholders, including our shareholders. Both the Management Board and the Supervisory Board fully support and unanimously recommend the Offer, for what we consider to be a fair offer price."

Dr. Erman Ilıcak – President of Renaissance Group

"We believe in the proven strengths of Ballast Nedam in engineering and specialized construction methods and Ballast Nedam's potential to competitively leverage these in the international markets. This will enable Ballast Nedam to diversify its operations, reach operational performance targets, and strengthen its cash position while maintaining its focus on quality as a key part of its long-lasting brand, identity and values."

Strategic rationale

The intended Offer reflects the long term growth perspective of both companies. In Renaissance Construction, Ballast Nedam will have a strong shareholder willing to inject capital to increase its solvency and reduce its vulnerability. In addition, Ballast Nedam will be less vulnerable to the consequences of cost over-runs pursuant to large projects. The intended Offer provides the holders of Depositary Receipts with an opportunity to exit for a cash consideration versus an upcoming rights issue, the potential backdrop of capital injection requirements and an uncertain market outlook.

Ballast Nedam will eventually benefit from international expansion to higher margin business which would not be available on a standalone basis. The combination will be an attractive platform for management and employees to become part of a diversified group with enriched (international) career opportunities.

This will also enable Ballast Nedam to enhance its strategic agenda, set at optimizing cost management, risk management and project planning, on the one hand, and improving contract management, on the other hand. By striking the right balance between capacity, risk and return and tightening financial control Ballast Nedam seeks to improve its performance.

Renaissance Construction considers Ballast Nedam's knowledge and expertise in designing, engineering and managing integrated infrastructure projects, combined with its innovative development of modular construction concepts, complementary additions to its current international portfolio.

Full support and unanimous recommendation from the Management Board and the Supervisory Board

Throughout the process of considering strategic options, the management board (the "**Management Board**") and the supervisory board (the "**Supervisory Board**", and together with the Management Board the "**Boards**") met frequently to discuss the developments in the process and the key decisions in connection therewith. The Management Board and Supervisory Board have received extensive financial and legal advice and have given careful consideration to the strategic, financial, operational and social aspects of the contemplated transaction and the opportunity it provides to current Ballast Nedam's shareholder base.

After such due and careful consideration, the Boards believe that the Offer represents a fair price to the holders of Depositary Receipts and is in the best interests of Ballast Nedam and all of its stakeholders. KPMG N.V. has issued a fairness opinion to both the Management Board and the Supervisory Board and Leonardo & Co B.V. has issued a fairness opinion to the Supervisory Board. Both have opined that the intended Offer is fair to the shareholders of Ballast Nedam from a financial point of view.

Taking all of these considerations into account, the Management Board and Supervisory Board fully support and unanimously recommend the Offer for acceptance to the shareholders of Ballast Nedam. The Management Board and the Supervisory Board believe that the Offer will deliver significant benefits to the shareholders, employees, customers, partners and other stakeholders of Ballast Nedam.

Financing of the Offer

The Offer values 100% of the issued and outstanding Depositary Receipts at approximately EUR 30 million (on a fully diluted basis). Renaissance Construction will finance payment of the Offer Price for each Depositary Receipt tendered under the Offer with available cash in hand.

Capital contribution by Renaissance Construction

After completion and settlement of the Offer, Renaissance Construction will make a capital contribution to Ballast Nedam of EUR 30 million either in the form of a rights issue of EUR 20 million and a private placement of EUR 10 million at a market customary discount, or in the event that more than 95% of the Depositary Receipts is held by Renaissance Construction following the post-acceptance period under the Offer, in a form to be determined by Renaissance Construction at its sole discretion (the "**Capital Contribution**").

Renaissance Construction will finance the Capital Contribution with available cash in hand.

Corporate governance

After completion of the Offer, the Ballast Nedam Supervisory Board will consist of five members, of which two will be independent within the meaning of the Dutch corporate governance code. The works

council has a reinforced right to nominate one independent member, as a result of the mitigated large company regime applicable to Ballast Nedam. The other independent member will be nominated by Ballast Nedam in consultation with Renaissance Construction prior to the date on which the Offer is made. Three members, including the chairman, will be nominated by Renaissance Construction.

The current members of the Managing Board shall continue to serve as members of the Managing Board after completion of the Offer.

Acquisition of 19.99% stake in Ballast Nedam

Renaissance Construction agreed to purchase 3,930,567 Depositary Receipts from Ballast Nedam's largest Depositary Receipt holder, Navitas Capital, representing approximately 19.99% of all issued Depositary Receipts, for a consideration per Depositary Receipt equal to the Offer Price. Following settlement of this transaction Renaissance Construction will hold 3,930,567 Depositary Receipts, representing approximately 19.99% of all issued Depositary Receipts.

Non-financial covenants

Renaissance Construction has provided certain non-financial covenants with regard to the strategy, governance and employees as well as other matters.

Both the business and the product portfolio of the Ballast Nedam group will remain materially intact, save for the disposal of selected non-core businesses or assets to strengthen the solvency of Ballast Nedam. Ballast Nedam will remain a separate legal entity with headquarters, central management and key support functions in the Netherlands. Ballast Nedam will retain its corporate identity and culture, and the major brand and product names will be maintained in all relevant markets.

Renaissance Construction shall procure that Ballast Nedam remains properly financed to safeguard the continuity of the business and the execution of its strategy.

Renaissance Construction will respect the existing employment rights and benefits of the Ballast Nedam employees, including under any existing covenants with the Ballast Nedam works council, employment agreements and pension plans.

The independent members of the Supervisory Board will have certain veto rights to safeguard these non-financial covenants for a period of at least three years after the settlement date.

Commencement and Offer conditions

Commencement of the intended Offer is subject to the satisfaction or waiver of the following commencement conditions customary for a transaction of this kind:

- (i) the Parties having complied with employee related notification procedures with respect to the Offer;
- (ii) approval of the offer memorandum by the AFM (Dutch Authority Financial Markets);
- (iii) no public announcement of a Competing Offer (as defined below) having been made by a third party;
- (iv) no revocation or change of the recommendation of the Offer by the Management Board and the Supervisory Board;

- (v) no material adverse change having occurred;
- (vi) no order, stay, judgment, decree or suit having been issued or initiated by a governmental authority prohibiting or materially delaying the transaction;
- (vii) no notification having been received from the AFM that preparations of the Offer are in breach of the offer rules;
- (viii) trading in Ballast Nedam's Depositary Receipts not having been permanently suspended or ended by Euronext;
- (ix) no material breach by Ballast Nedam's of the merger agreement having occurred; and
- (x) resignation letters from the resigning members of the Supervisory Board having been received by Renaissance Construction.

If and when made, the consummation of the Offer will be subject to the satisfaction or waiver of the following Offer Conditions customary for transactions of this kind:

- (i) a minimum acceptance of the Offer of 70% of the Ballast Nedam's issued and outstanding Depositary Receipts;
- (ii) relevant competition clearances for the Offer having been obtained;
- (iii) no recommended Competing Offer (as described below) having been made by a third party;
- (iv) no revocation or change of the recommendation by the Management Board and the Supervisory Board;
- (v) no order, stay, judgment, decree or suit having been issued or initiated by a governmental authority prohibiting or materially delaying the transaction;
- (vi) no notification having been received from the AFM that preparations of the Offer are in breach of the offer rules;
- (vii) trading in Ballast Nedam's Depositary Receipts not having been permanently suspended or ended by Euronext;
- (viii) no material adverse change having occurred;
- (ix) no material breach by Ballast Nedam's of the merger agreement having occurred; and
- (x) the EGM having adopted the resolutions concerning the appointment and resignation of certain members of the Boards, as well as the resolutions approving the Capital Contribution.

Competing offer

In the event Ballast Nedam receives a written proposal by a *bona fide* third party to make a (public) offer for all of the Depositary Receipts or for substantially all of Ballast Nedam's business, which proposal is in the reasonable opinion of the Boards, considering, among others, the total value of such offer (specifically taking into account any value such third party is willing to contribute to Ballast Nedam with the objective to increase Ballast Nedam's solvency), certainty of financing and conditionality, is a more beneficial offer than the Offer, and the consideration offered per Depositary Receipt (in cash or publicly traded shares) is valued at an amount exceeding the Offer Price by 10% or more, such offer qualifies as a "**Competing Offer**". As part of the merger agreement, Ballast Nedam has entered into customary undertakings not to solicit third party offers.

Renaissance Construction has the right to match a Competing Offer, in which case Ballast Nedam and Renaissance Construction will continue to be bound by the merger agreement. If Renaissance Construction has not matched such Competing Offer, each of Ballast Nedam and Renaissance Construction are entitled to terminate the merger agreement.

If Renaissance Construction has matched a Competing Offer, the consideration of any consecutive offer must exceed the most recently offered overall financial consideration by 5% in order to qualify as a Competing Offer.

Termination fee

In case of the termination of the merger agreement because of a material breach of the merger agreement by Ballast Nedam or a Competing Offer, Ballast Nedam shall pay Renaissance Construction a termination fee of EUR 750,000. In case of the termination of the merger agreement because of a material breach by Renaissance Construction of the merger agreement or merger clearance not being obtained, Renaissance Construction shall pay Ballast Nedam a termination fee of EUR 1,000,000.

Acquisition of 100%

It is important for Renaissance Construction that it ultimately acquires the entire outstanding share capital of Ballast Nedam. Renaissance Construction intends to commence statutory squeeze-out proceedings (*uitkoopprocedure*) or pursue an alternative structure (e.g. statutory merger or asset transaction) as soon as it is permitted to do so. If Renaissance Construction acquires 95% of the outstanding shares of Ballast Nedam, Renaissance Construction intends to delist from Euronext Amsterdam expeditiously.

Renaissance Construction may utilise all other legal measures available to it or Ballast Nedam in order to acquire full ownership of Ballast Nedam.

Financing and rights issue

Renaissance Construction, Ballast Nedam and ING, Rabobank and RBS, have entered into arrangements in respect of the continued availability of the financing and the separate bank loans as well as certain amendments to the existing terms and conditions, in each case in connection with the intended Offer. In connection with the Offer, the implementation of the rights issue that was previously announced will be put on hold. Upon or after completion and settlement of the Offer:

- Renaissance Construction will make the Capital Contribution, which Ballast Nedam will apply in full prepayment towards the bridge loans and for strengthening its liquidity position;
- the stand-by subordinated debt of Ballast Nedam will be repaid and cancelled in full;
- the rights issue announced on 29 April 2015 will not take place;
- the liabilities under the subordinated bank loan of EUR 43 million will be reduced with an amount of EUR 10 million;
- Renaissance Construction will provide an on demand parent guarantee to the banking syndicate for 50% of the liabilities of Ballast Nedam under the subordinated bank loan of EUR 43 million as reduced in accordance with the above; and
- Ballast Nedam will be under an obligation to make repayments on the separate bank loans in a total amount of EUR 10 million before 1 July 2016.

The waiver and amendments are subject to a number of conditions, including but not limited to internal and external approvals.

Indicative timetable

Renaissance Construction and Ballast Nedam will seek to obtain all the necessary approvals, such as the approval of the offer memorandum and competition clearance in Germany as soon as practicable. The advice and consultation procedures with the relevant employee representative bodies of Ballast Nedam will be commenced forthwith.

Renaissance Construction intends to submit a request for approval of the offer memorandum as soon as reasonably possible, and in any event within the applicable statutory timetable. Renaissance Construction intends to make the Offer as soon as practically possible and in accordance with the applicable statutory timetable. For further information explicit reference is made to the offer memorandum, which will contain further details regarding the Offer. The offer memorandum is expected to be published and the Offer is expected to commence before 1 October 2015.

Ballast Nedam will hold an informative EGM at least six business days before closing of the offer period in accordance with Section 18 Paragraph 1 of the Decree.

Based on the required steps and subject to the necessary approvals, Ballast Nedam and Renaissance Construction anticipate that settlement of the Offer will take place before the end of 2015.

Advisors

KPMG N.V. is acting as financial advisor to Ballast Nedam. Leonardo & Co B.V. is acting as financial advisor to the Supervisory Board of Ballast Nedam. ABN AMRO Bank N.V. is acting as financial advisor to Renaissance Construction.

De Brauw Blackstone Westbroek N.V. and Stibbe act as legal advisor to Ballast Nedam. NautaDutilh is acting as legal advisor to the Supervisory Board of Ballast Nedam. Clifford Chance LLP is acting as legal advisor to Renaissance Construction.

Further information

The information in this press release is not intended to be complete. For further information explicit reference is made to the offer memorandum, which is expected to be published later this year. This offer memorandum will contain further details regarding the Offer.

General restrictions

This announcement is for information purposes only and does not constitute an offer or an invitation to acquire or dispose of any securities or investment advice or an inducement to enter into investment activity. This announcement does not constitute an offer to sell or issue or the solicitation of an offer to buy or acquire the securities of Ballast Nedam in any jurisdiction.

Forward looking statements

This press release may include "forward-looking statements" and language indicating trends, such as "anticipated" and "expected". Although Renaissance Construction and Ballast Nedam believe that the assumptions upon which their respective financial information and their respective forward-looking

statements are based are reasonable, they can give no assurance that these assumptions will prove to be correct. Neither Renaissance Construction nor Ballast Nedam, nor any of their advisors accepts any responsibility for any financial or other information contained in this press release relating to the business or operations or results or financial condition of the other or their respective groups.

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About Ballast Nedam

Ballast Nedam targets its strategic focus at successfully acquiring and carrying out integrated projects in the working areas of housing and mobility in the Netherlands and internationally. Ballast Nedam also works on projects where it can make a difference for the client with its expert knowledge and skills. Ballast Nedam applies a differentiated market approach for its three divisions.

With further industrialization of the building process through the use of innovative modular concepts and standardization Ballast Nedam creates enduring quality at the lowest possible life cycle costs for its clients and society. The Ballast Nedam share is included in the Amsterdam Small Cap Index (AScX) of Euronext. (www.ballast-nedam.nl)

About Renaissance Construction

Renaissance Construction is a leading international contractor operating in general building, heavy industries and power, manufacturing and chemical plants, transportation and social infrastructure sectors. With its 30,000+ employees and operations in 20 countries, Renaissance Construction ranked 53rd in Engineering News Record (ENR)'s largest international contractor companies in 2014. Its home markets are Russia and Turkey, with significant operations in Turkmenistan as well as CIS region, the Middle East, Switzerland and Germany. Other Renaissance Group businesses include investments in commercial real estate in Turkey and Russia, healthcare concessions and energy generation investments resulting in an asset base of more than USD 5.0 billion. (www.ronesans.com)

This press release will also be available in the Dutch language; the English version will prevail over the Dutch version.

This document is for information purposes only and does not constitute, and should not be construed as, an offer to sell, or the solicitation of an offer to acquire or subscribe for, securities of Ballast Nedam N.V. (the "Company") in the United States, Australia, Canada, Japan, their territories and possessions, or any other jurisdiction in which such offer or sale of securities would be unlawful prior to registration, exemption from registration or qualification under the securities laws of such jurisdiction.

The securities of the Company have not been and will not be registered under the US Securities Act of 1933, as amended (the "Securities Act") and will not be registered with any authority competent with respect to securities in any state or other jurisdiction of the United States. Accordingly, the securities of the Company may not be offered or sold in the United States absent registration or an applicable exemption from registration under the Securities Act. No public offering of the securities of the Company is being made in the United States.

No communication or information relating to any offer or sale of securities of the Company may be disseminated to the public in jurisdictions, other than The Netherlands, where prior registration or approval is required for that purpose. No action has been taken that would permit an offer of securities of the Company in any jurisdiction where action for that purpose is required, other than in The Netherlands.

The Company has not authorised any offer to the public of securities in any Member State of the European Economic Area (other than the Netherlands). With respect to any Member State of the European Economic Area (other than the Netherlands), and which has implemented the Prospectus Directive (each a "Relevant Member State"), no action has been undertaken or will be undertaken to make an offer to the public of securities requiring publication of a prospectus in any Relevant Member State. As a result, the securities may only be offered in Relevant Member States (i) to any legal entity which is a qualified investor as defined in the Prospectus Directive; or (ii) in any other circumstances falling within Article 3(2) of the Prospectus Directive. For the purpose of this paragraph, the expression "offer of securities to the public" means the communication in any form and by any means of sufficient information on the terms of the offer and the securities to be offered so as to enable the investor to decide to exercise, purchase or subscribe for the securities, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression "Prospectus Directive" means Directive 2003/71/EC (and amendments thereto, including Directive 2010/73/EU, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State.

The release, publication or distribution of [this announcement/ these materials] in certain jurisdictions may be restricted by law and therefore persons in such jurisdictions into which [it is/ they are] released, published or distributed, should inform themselves about, and observe, such restrictions.

[This announcement does / These materials do] not constitute a prospectus within the meaning of the Dutch Financial Markets Supervision Act (Wet op het financieel toezicht) and [do/does] not constitute an offer to sell or the solicitation of an offer to acquire securities. Any offer to acquire securities pursuant to the proposed offering will be made, and any investor should make his investment, solely on the basis of information that will be contained in the prospectus to be made generally available in the Netherlands in connection with such offering. When made generally available, copies of the prospectus may be obtained at no cost from the Company or through the website of Euronext Amsterdam, the Netherlands Authority for the Financial Markets and/or the website of the Company.

10.2 Joint press release dated 19 August 2015

JOINT PRESS RELEASE

*This is a joint press release by Ballast Nedam N.V. ("**Ballast Nedam**") and Renaissance Infrastructure B.V. (the "**Offeror**"), a company controlled by RC RÖNESANS İNŞAAT TAAHHÜT A.Ş. ("**Renaissance Construction**"), pursuant to the provisions of Section 4, paragraph 1 and Section 7, paragraph 1 sub a of the Netherlands Decree in Public Takeover Bids (Besluit openbare biedingen Wft, (the "**Decree**") in connection with the intended public offer for all the issued and outstanding depositary receipts of ordinary shares in the capital of Ballast Nedam (the "**Depositary Receipts**"). This announcement does not constitute an offer, or any solicitation of any offer, to buy or subscribe for any securities in Ballast Nedam. Any offer will be made only by means of an offer memorandum (the "**Offer Memorandum**"). This announcement is not for release, publication or distribution, in whole or in part, in or into, directly or indirectly, Canada and the United States.*

UPDATE ON THE INTENDED OFFER BY RENAISSANCE INFRASTRUCTURE B.V. FOR BALLAST NEDAM N.V.

Ankara, Turkey; Nieuwegein, the Netherlands, 19 August 2015 – Reference is made to the joint press release by Renaissance Construction and Ballast Nedam dated 22 July 2015 in respect of the intended recommended public cash offer for all issued and outstanding depositary receipts of ordinary shares in the capital of Ballast Nedam at an offer price of € 1.55 (cum dividend) for each Depositary Receipt, subject to customary conditions (the "**Offer**").

Status update for the intended Offer

Pursuant to the provisions of Section 7, paragraph 1 sub a of the Decree requiring a public announcement within four weeks following the announcement of an intended public offer to provide a status update, the Offeror and Ballast Nedam hereby confirm they are making timely progress on the preparations for the Offer and that the Offeror has filed a request for review and approval of the Offer Memorandum with the Netherlands Authority for Financial Markets (*Stichting Autoriteit Financiële Markten*). The Offeror will publicly announce the availability of the Offer Memorandum and commencement of the offer period. The Offer Memorandum is expected to be published ultimately on 1 October 2015.

General restrictions

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Forward looking statements

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About Ballast Nedam

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10.3 Stake building press releases

With reference to the public announcement by Rönesans İnşaat Taahhüt A.Ş. ("Renaissance Construction") of 22/7/2015, this is a public announcement by Renaissance Construction pursuant to Section 4 paragraph 1 and Section 5 paragraph 4 and 5 of the Takeover Decree (Besluit openbare biedingen Wft) relating to the intended offer for depositary receipts of ordinary shares ("Depositary Receipts") in Ballast Nedam N.V. ("Ballast Nedam") that was announced by Renaissance Construction on July 22, 2015 (the "Offer"). This announcement does not constitute an offer, or any solicitation of any offer, to buy or subscribe for any securities in Ballast Nedam. Any offer will be made only by means of an offer memorandum. This announcement is not for release, publication or distribution, in whole or in part, in or into, directly or indirectly, Canada and the United States.

To the extent permissible under applicable law or regulation, Renaissance Construction may from time to time after the date hereof, directly or indirectly purchase, or arrange to purchase, depositary receipts of ordinary shares in the capital of Ballast Nedam that are subject to the Offer, or any securities that are convertible into, exchangeable for or exercisable for such depositary receipts or shares. In addition, the financial advisors to Renaissance Construction, may also engage in ordinary course trading activities in securities of Ballast Nedam, which may include purchases or arrangements to purchase such securities.



**Renaissance Construction announces
acquisition of 95,681 Depositary Receipts in
the capital of Ballast Nedam**

Ankara, Turkey, 31/7/2015 -- Renaissance Construction announces that today it purchased 95,681 Depositary Receipts at a price in cash of EUR 1.495766 per Depositary Receipt. As a result of this transaction and other transactions entered into prior to this transaction, Renaissance Construction will hold 4,026,248 Depositary Receipts representing a capital interest of 20.4716% in Ballast Nedam.

About Renaissance Construction

Renaissance Construction is a leading international contractor operating in general building, heavy industries and power, manufacturing and chemical plants, transportation and social infrastructure sectors. With its 30,000+ employees and operations in 20 countries, Renaissance Construction ranked 53rd in Engineering News Record (ENR)'s largest international contractor companies in 2014. Its home markets are Russia and Turkey, with significant operations in Turkmenistan as well as CIS region, the Middle East, Switzerland and Germany. Other Renaissance Group businesses include investments in commercial real estate in Turkey and Russia, healthcare concessions and energy generation investments resulting in an asset base of more than USD 5.0 billion.

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This document is for information purposes only and does not constitute, and should not be construed as, an offer to sell, or the solicitation of an offer to acquire or subscribe for, securities of Ballast Nedam N.V. (the "Company") in the United States, Australia, Canada, Japan, their territories and possessions, or any other jurisdiction in which such offer or sale of securities would be unlawful prior to registration, exemption from registration or qualification under the securities laws of such jurisdiction.

The securities of the Company have not been and will not be registered under the US Securities Act of 1933, as amended (the "Securities Act") and will not be registered with any authority competent with respect to securities in any state or other jurisdiction of the United States. Accordingly, the securities of the Company may not be offered or sold in the United States absent registration or an applicable exemption from registration under the Securities Act. No public offering of the securities of the Company is being made in the United States.

No communication or information relating to any offer or sale of securities of the Company may be disseminated to the public in jurisdictions, other than The Netherlands, where prior registration or approval is required for that purpose. No action has been taken that would permit an offer of securities of the Company in any jurisdiction where action for that purpose is required, other than in The Netherlands.

The Company has not authorised any offer to the public of securities in any Member State of the European Economic Area (other than the Netherlands). With respect to any Member State of the European Economic Area (other than the Netherlands), and which has implemented the Prospectus Directive (each a "Relevant Member State"), no action has been undertaken or will be undertaken to make an offer to the public of securities requiring publication of a prospectus in any Relevant Member State. As a result, the securities may

only be offered in Relevant Member States (i) to any legal entity which is a qualified investor as defined in the Prospectus Directive; or (ii) in any other circumstances falling within Article 3(2) of the Prospectus Directive. For the purpose of this paragraph, the expression "offer of securities to the public" means the communication in any form and by any means of sufficient information on the terms of the offer and the securities to be offered so as to enable the investor to decide to exercise, purchase or subscribe for the securities, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression "Prospectus Directive" means Directive 2003/71/EC (and amendments thereto, including Directive 2010/73/EU, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State.

The release, publication or distribution of [this announcement/ these materials] in certain jurisdictions may be restricted by law and therefore persons in such jurisdictions into which [it is/ they are] released, published or distributed, should inform themselves about, and observe, such restrictions.

[This announcement does / These materials do] not constitute a prospectus within the meaning of the Dutch Financial Markets Supervision Act (Wet op het financieel toezicht) and [do/does] not constitute an offer to sell or the solicitation of an offer to acquire securities. Any offer to acquire securities pursuant to the proposed offering will be made, and any investor should make his investment, solely on the basis of information that will be contained in the prospectus to be made generally available in the Netherlands in connection with such offering. When made generally available, copies of the prospectus may be obtained at no cost from the Company or through the website of Euronext Amsterdam, the Netherlands Authority for the Financial Markets and/or the website of the Company.

With reference to the public announcement by RC Rönesans İnşaat Taahhüt A.Ş. ("Renaissance Construction") of 22/7/2015 & 31/7/2015, this is a public announcement by Renaissance Construction pursuant to Section 4 paragraph 1 and Section 5 paragraph 4 and 5 of the Takeover Decree (Besluit openbare biedingen Wft) relating to the intended offer for depositary receipts of ordinary shares ("Depositary Receipts") in Ballast Nedam N.V. ("Ballast Nedam") that was announced by Renaissance Construction on July 22, 2015 (the "Offer"). This announcement does not constitute an offer, or any solicitation of any offer, to buy or subscribe for any securities in Ballast Nedam. Any offer will be made only by means of an offer memorandum. This announcement is not for release, publication or distribution, in whole or in part, in or into, directly or indirectly, Canada and the United States.

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**Renaissance Construction announces
acquisition of 155,299 Depositary Receipts in
the capital of Ballast Nedam**

Ankara, Turkey, 3/8/2015 -- Renaissance Construction announces that today it purchased 155,299 Depositary Receipts at an average price in cash of EUR 1.50 per Depositary Receipt, whereby the acquisition price per Depositary Receipt ranged from EUR 1.50 to EUR 1.50 (same). As a result of this transaction and other transactions entered into prior to this transaction, Renaissance Construction will hold 4,181,547 Depositary Receipts representing a capital interest of 21.26% in Ballast Nedam.

About Renaissance Construction

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**Renaissance Construction announces
acquisition of 18,350 Depositary Receipts in the
capital of Ballast Nedam**

Ankara, Turkey, 6/8/2015 -- Renaissance Construction announces that today it purchased 18,350 Depositary Receipts at an average price in cash of EUR 1.50 per Depositary Receipt, whereby the acquisition price per Depositary Receipt ranged from EUR 1.50 to EUR 1.50 (same). As a result of this transaction and other transactions entered into prior to this transaction, Renaissance Construction will hold 4,199,897 Depositary Receipts representing a capital interest of 21.26% in Ballast Nedam.

About Renaissance Construction

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**Renaissance Construction announces
acquisition of 105,991 Depositary Receipts in
the capital of Ballast Nedam**

Ankara, Turkey, 7/8/2015 -- Renaissance Construction announces that today it purchased 105,991 Depositary Receipts at an average price in cash of EUR 1.50 per Depositary Receipt, whereby the acquisition price per Depositary Receipt ranged from EUR 1.50 to EUR 1.50 (same). As a result of this transaction and other transactions entered into prior to this transaction, Renaissance Construction will hold 4,305,888 Depositary Receipts representing a capital interest of 21.89% in Ballast Nedam.

About Renaissance Construction

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**Renaissance Construction announces
acquisition of 131,999 Depositary Receipts in
the capital of Ballast Nedam**

Ankara, Turkey, 10/8/2015 -- Renaissance Construction announces that today it purchased 131,999 Depositary Receipts at an average price in cash of EUR 1.50 per Depositary Receipt, whereby the acquisition price per Depositary Receipt ranged from EUR 1.50 to EUR 1.50 (same). As a result of this transaction and other transactions entered into prior to this transaction, Renaissance Construction will hold 4,437,887 Depositary Receipts representing a capital interest of 22.56% in Ballast Nedam.

About Renaissance Construction

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**Renaissance Construction announces
acquisition of 200,478 Depositary Receipts in
the capital of Ballast Nedam**

Ankara, Turkey, 11/8/2015 -- Renaissance Construction announces that today it purchased 200,478 Depositary Receipts at an average price in cash of EUR 1.496 per Depositary Receipt, whereby the acquisition price per Depositary Receipt ranged from EUR 1.49 to EUR 1.50. As a result of this transaction and other transactions entered into prior to this transaction, Renaissance Construction will hold 4,638,365 Depositary Receipts representing a capital interest of 23.58% in Ballast Nedam.

About Renaissance Construction

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the Netherlands). With respect to any Member State of the European Economic Area (other than the Netherlands), and which has implemented the Prospectus Directive (each a "Relevant Member State"), no action has been undertaken or will be undertaken to make an offer to the public of securities requiring publication of a prospectus in any Relevant Member State. As a result, the securities may only be offered in Relevant Member States (i) to any legal entity which is a qualified investor as defined in the Prospectus Directive; or (ii) in any other circumstances falling within Article 3(2) of the Prospectus Directive. For the purpose of this paragraph, the expression "offer of securities to the public" means the communication in any form and by any means of sufficient information on the terms of the offer and the securities to be offered so as to enable the investor to decide to exercise, purchase or subscribe for the securities, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression "Prospectus Directive" means Directive 2003/71/EC (and amendments thereto, including Directive 2010/73/EU, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State.

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With reference to the public announcement by RC Rönesans İnşaat Taahhüt A.Ş. ("Renaissance Construction") of 22/7/2015 & 31/7/2015 & 3/8/2015 & 6/8/2015 & 7/8/2015 & 10/8/2015 & 11/8/2015, this is a public announcement by Renaissance Construction pursuant to Section 4 paragraph 1 and Section 5 paragraph 4 and 5 of the Takeover Decree (Besluit openbare biedingen Wft) relating to the intended offer for depositary receipts of ordinary shares ("Depositary Receipts") in Ballast Nedam N.V. ("Ballast Nedam") that was announced by Renaissance Construction on July 22, 2015 (the "Offer"). This announcement does not constitute an offer, or any solicitation of any offer, to buy or subscribe for any securities in Ballast Nedam. Any offer will be made only by means of an offer memorandum. This announcement is not for release, publication or distribution, in whole or in part, in or into, directly or indirectly, Canada and the United States.

To the extent permissible under applicable law or regulation, Renaissance Construction may from time to time after the date hereof, directly or indirectly purchase, or arrange to purchase, depositary receipts of ordinary shares in the capital of Ballast Nedam that are subject to the Offer, or any securities that are convertible into, exchangeable for or exercisable for such depositary receipts or shares. In addition, the financial advisors to Renaissance Construction, may also engage in ordinary course trading activities in securities of Ballast Nedam, which may include purchases or arrangements to purchase such securities.



**Renaissance Construction announces
acquisition of 205,507 Depositary Receipts in
the capital of Ballast Nedam**

Ankara, Turkey, 12/8/2015 -- Renaissance Construction announces that today it purchased 205,507 Depositary Receipts at an average price in cash of EUR 1.4598 per Depositary Receipt, whereby the acquisition price per Depositary Receipt ranged from EUR 1.43 to EUR 1.47. As a result of this transaction and other transactions entered into prior to this transaction, Renaissance Construction will hold 4,843,872 Depositary Receipts representing a capital interest of 24.63% in Ballast Nedam.

About Renaissance Construction

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**Renaissance Construction announces
acquisition of 109,158 Depositary Receipts in
the capital of Ballast Nedam**

Ankara, Turkey, 13/8/2015 -- Renaissance Construction announces that today it purchased 109,158 Depositary Receipts at an average price in cash of EUR 1.4862 per Depositary Receipt, whereby the acquisition price per Depositary Receipt ranged from EUR 1.46 to EUR 1.50. As a result of this transaction and other transactions entered into prior to this transaction, Renaissance Construction will hold 4,953,030 Depositary Receipts representing a capital interest of 25.18% in Ballast Nedam.

About Renaissance Construction

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**Renaissance Construction announces
acquisition of 138,113 Depositary Receipts in
the capital of Ballast Nedam**

Ankara, Turkey, 14/8/2015 -- Renaissance Construction announces that today it purchased 138,113 Depositary Receipts at an average price in cash of EUR 1.4982 per Depositary Receipt, whereby the acquisition price per Depositary Receipt ranged from EUR 1.485 to EUR 1.50. As a result of this transaction and other transactions entered into prior to this transaction, Renaissance Construction will hold 5,091,143 Depositary Receipts representing a capital interest of 25.89% in Ballast Nedam.

About Renaissance Construction

Renaissance Construction is a leading international contractor operating in general building, heavy industries and power, manufacturing and chemical plants, transportation and social infrastructure sectors. With its 30,000+ employees and operations in 20 countries, Renaissance Construction ranked 53rd in Engineering News Record (ENR)'s largest international contractor companies in 2014. Its home markets are Russia and Turkey, with significant operations in Turkmenistan as well as CIS region, the Middle East, Switzerland and Germany. Other Renaissance Group businesses include investments in commercial real estate in Turkey and Russia, healthcare concessions and energy generation investments resulting in an asset base of more than USD 5.0 billion.

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**Renaissance Construction announces
acquisition of 63,522 Depositary Receipts in
the capital of Ballast Nedam**

Ankara, Turkey, 17/8/2015 -- Renaissance Construction announces that today it purchased 63,522 Depositary Receipts at an average price in cash of EUR 1.50 per Depositary Receipt, whereby the acquisition price per Depositary Receipt ranged from EUR 1.50 to EUR 1.50. As a result of this transaction and other transactions entered into prior to this transaction, Renaissance Construction will hold 5,154,665 Depositary Receipts representing a capital interest of 26.21% in Ballast Nedam.

About Renaissance Construction

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**Renaissance Construction announces
acquisition of 114,874 Depositary Receipts in
the capital of Ballast Nedam**

Ankara, Turkey, 18/8/2015 -- Renaissance Construction announces that today it purchased 114,874 Depositary Receipts at an average price in cash of EUR 1.499 per Depositary Receipt, whereby the acquisition price per Depositary Receipt ranged from EUR 1.495 to EUR 1.50. As a result of this transaction and other transactions entered into prior to this transaction, Renaissance Construction will hold 5,269,539 Depositary Receipts representing a capital interest of 26.79% in Ballast Nedam.

About Renaissance Construction

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the Netherlands). With respect to any Member State of the European Economic Area (other than the Netherlands), and which has implemented the Prospectus Directive (each a "Relevant Member State"), no action has been undertaken or will be undertaken to make an offer to the public of securities requiring publication of a prospectus in any Relevant Member State. As a result, the securities may only be offered in Relevant Member States (i) to any legal entity which is a qualified investor as defined in the Prospectus Directive; or (ii) in any other circumstances falling within Article 3(2) of the Prospectus Directive. For the purpose of this paragraph, the expression "offer of securities to the public" means the communication in any form and by any means of sufficient information on the terms of the offer and the securities to be offered so as to enable the investor to decide to exercise, purchase or subscribe for the securities, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression "Prospectus Directive" means Directive 2003/71/EC (and amendments thereto, including Directive 2010/73/EU, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State. The release, publication or distribution of [this announcement/ these materials] in certain jurisdictions may be restricted by law and therefore persons in such jurisdictions into which [it is/ they are] released, published or distributed, should inform themselves about, and observe, such restrictions.

[This announcement does / These materials do] not constitute a prospectus within the meaning of the Dutch Financial Markets Supervision Act (Wet op het financieel toezicht) and [do/does] not constitute an offer to sell or the solicitation of an offer to acquire securities. Any offer to acquire securities pursuant to the proposed offering will be made, and any investor should make his investment, solely on the basis of information that will be contained in the prospectus to be made generally available in the Netherlands in connection with such offering. When made generally available, copies of the prospectus may be obtained at no cost from the Company or through the website of Euronext Amsterdam, the Netherlands Authority for the Financial Markets and/or the website of the Company.

With reference to the public announcement by RC Rönesans İnşaat Taahhüt A.Ş. ("Renaissance Construction") of 22/7/2015 & 31/7/2015 & 3/8/2015 & 6/8/2015 & 7/8/2015 & 10/8/2015 & 11/8/2015 & 12/8/2015 & 13/8/2015 & 14/8/2015 & 17/8/2015 & 18/8/2015, this is a public announcement by Renaissance Construction pursuant to Section 4 paragraph 1 and Section 5 paragraph 4 and 5 of the Takeover Decree (Besluit openbare biedingen Wft) relating to the intended offer for depositary receipts of ordinary shares ("Depositary Receipts") in Ballast Nedam N.V. ("Ballast Nedam") that was announced by Renaissance Construction on July 22, 2015 (the "Offer"). This announcement does not constitute an offer, or any solicitation of any offer, to buy or subscribe for any securities in Ballast Nedam. Any offer will be made only by means of an offer memorandum. This announcement is not for release, publication or distribution, in whole or in part, in or into, directly or indirectly, Canada and the United States.

To the extent permissible under applicable law or regulation, Renaissance Construction may from time to time after the date hereof, directly or indirectly purchase, or arrange to purchase, depositary receipts of ordinary shares in the capital of Ballast Nedam that are subject to the Offer, or any securities that are convertible into, exchangeable for or exercisable for such depositary receipts or shares. In addition, the financial advisors to Renaissance Construction, may also engage in ordinary course trading activities in securities of Ballast Nedam, which may include purchases or arrangements to purchase such securities.



***Renaissance Construction announces
acquisition of 37,910 Depositary Receipts in
the capital of Ballast Nedam***

Ankara, Turkey, 19/8/2015 -- Renaissance Construction announces that today it purchased 37,910 Depositary Receipts at an average price in cash of EUR 1.498 per Depositary Receipt, whereby the acquisition price per Depositary Receipt ranged from EUR 1.495 to EUR 1.50. As a result of this transaction and other transactions entered into prior to this transaction, Renaissance Construction will hold 5,307,449 Depositary Receipts representing a capital interest of 26.99% in Ballast Nedam.

About Renaissance Construction

Renaissance Construction is a leading international contractor operating in general building, heavy industries and power, manufacturing and chemical plants, transportation and social infrastructure sectors. With its 30,000+ employees and operations in 20 countries, Renaissance Construction ranked 53rd in Engineering News Record (ENR)'s largest international contractor companies in 2014. Its home markets are Russia and Turkey, with significant operations in Turkmenistan as well as CIS region, the Middle East, Switzerland and Germany. Other Renaissance Group businesses include investments in commercial real estate in Turkey and Russia, healthcare concessions and energy generation investments resulting in an asset base of more than USD 5.0 billion.

General Restrictions

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**Renaissance Construction announces
acquisition of 165,804 Depositary Receipts in
the capital of Ballast Nedam**

Ankara, Turkey, 20/8/2015 -- Renaissance Construction announces that today it purchased 165,804 Depositary Receipts at an average price in cash of EUR 1.499 per Depositary Receipt, whereby the acquisition price per Depositary Receipt ranged from EUR 1.495 to EUR 1.50. As a result of this transaction and other transactions entered into prior to this transaction, Renaissance Construction will hold 5,473,253 Depositary Receipts representing a capital interest of 27.83% in Ballast Nedam.

About Renaissance Construction

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***Renaissance Construction announces
acquisition of 33,647 Depositary Receipts in
the capital of Ballast Nedam***

Ankara, Turkey, 21/8/2015 -- Renaissance Construction announces that today it purchased 33,647 Depositary Receipts at an average price in cash of EUR 1.495 per Depositary Receipt, whereby the acquisition price per Depositary Receipt ranged from EUR 1.495 to EUR 1.495. As a result of this transaction and other transactions entered into prior to this transaction, Renaissance Construction will hold 5,506,900 Depositary Receipts representing a capital interest of 28.00% in Ballast Nedam.

About Renaissance Construction

Renaissance Construction is a leading international contractor operating in general building, heavy industries and power, manufacturing and chemical plants, transportation and social infrastructure sectors. With its 30,000+ employees and operations in 20 countries, Renaissance Construction ranked 53rd in Engineering News Record (ENR)'s largest international contractor companies in 2014. Its home markets are Russia and Turkey, with significant operations in Turkmenistan as well as CIS region, the Middle East, Switzerland and Germany. Other Renaissance Group businesses include investments in commercial real estate in Turkey and Russia, healthcare concessions and energy generation investments resulting in an asset base of more than USD 5.0 billion.

General Restrictions

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With reference to the public announcement by RC Rönesans İnşaat Taahhüt A.Ş. ("Renaissance Construction") of 22/7/2015 & 31/7/2015 & 3/8/2015 & 6/8/2015 & 7/8/2015 & 10/8/2015 & 11/8/2015 & 12/8/2015 & 13/8/2015 & 14/8/2015 & 17/8/2015 & 18/8/2015 & 19/8/2015 & 20/8/2015 & 21/8/2015, this is a public announcement by Renaissance Construction pursuant to Section 4 paragraph 1 and Section 5 paragraph 4 and 5 of the Takeover Decree (Besluit openbare biedingen Wft) relating to the intended offer for depositary receipts of ordinary shares ("Depositary Receipts") in Ballast Nedam N.V. ("Ballast Nedam") that was announced by Renaissance Construction on July 22, 2015 (the "Offer"). This announcement does not constitute an offer, or any solicitation of any offer, to buy or subscribe for any securities in Ballast Nedam. Any offer will be made only by means of an offer memorandum. This announcement is not for release, publication or distribution, in whole or in part, in or into, directly or indirectly, Canada and the United States.

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***Renaissance Construction announces
acquisition of 41,181 Depositary Receipts in
the capital of Ballast Nedam***

Ankara, Turkey, 25/8/2015 -- Renaissance Construction announces that today it purchased 41,181 Depositary Receipts at an average price in cash of EUR 1.447 per Depositary Receipt, whereby the acquisition price per Depositary Receipt ranged from EUR 1.442 to EUR 1.450. As a result of this transaction and other transactions entered into prior to this transaction, Renaissance Construction will hold 5,548,081 Depositary Receipts representing a capital interest of 28.21% in Ballast Nedam.

About Renaissance Construction

Renaissance Construction is a leading international contractor operating in general building, heavy industries and power, manufacturing and chemical plants, transportation and social infrastructure sectors. With its 30,000+ employees and operations in 20 countries, Renaissance Construction ranked 53rd in Engineering News Record (ENR)'s largest international contractor companies in 2014. Its home markets are Russia and Turkey, with significant operations in Turkmenistan as well as CIS region, the Middle East, Switzerland and Germany. Other Renaissance Group businesses include investments in commercial real estate in Turkey and Russia, healthcare concessions and energy generation investments resulting in an asset base of more than USD 5.0 billion.

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***Renaissance Construction announces
acquisition of 71,438 Depositary Receipts in
the capital of Ballast Nedam***

Ankara, Turkey, 26/8/2015 -- Renaissance Construction announces that today it purchased 71,438 Depositary Receipts at an average price in cash of EUR 1.449 per Depositary Receipt, whereby the acquisition price per Depositary Receipt ranged from EUR 1.440 to EUR 1.463. As a result of this transaction and other transactions entered into prior to this transaction, Renaissance Construction will hold 5,619,519 Depositary Receipts representing a capital interest of 28.57% in Ballast Nedam.

About Renaissance Construction

Renaissance Construction is a leading international contractor operating in general building, heavy industries and power, manufacturing and chemical plants, transportation and social infrastructure sectors. With its 30,000+ employees and operations in 20 countries, Renaissance Construction ranked 53rd in Engineering News Record (ENR)'s largest international contractor companies in 2014. Its home markets are Russia and Turkey, with significant operations in Turkmenistan as well as CIS region, the Middle East, Switzerland and Germany. Other Renaissance Group businesses include investments in commercial real estate in Turkey and Russia, healthcare concessions and energy generation investments resulting in an asset base of more than USD 5.0 billion.

General Restrictions

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With reference to the public announcement by RC Rönesans İnşaat Taahhüt A.Ş. ("Renaissance Construction") of 22/7/2015 & 31/7/2015 & 3/8/2015 & 6/8/2015 & 7/8/2015 & 10/8/2015 & 11/8/2015 & 12/8/2015 & 13/8/2015 & 14/8/2015 & 17/8/2015 & 18/8/2015 & 19/8/2015 & 20/8/2015 & 21/8/2015 & 25/8/2015 & 26/8/2015, this is a public announcement by Renaissance Construction pursuant to Section 4 paragraph 1 and Section 5 paragraph 4 and 5 of the Takeover Decree (Besluit openbare biedingen Wft) relating to the intended offer for depositary receipts of ordinary shares ("Depositary Receipts") in Ballast Nedam N.V. ("Ballast Nedam") that was announced by Renaissance Construction on July 22, 2015 (the "Offer"). This announcement does not constitute an offer, or any solicitation of any offer, to buy or subscribe for any securities in Ballast Nedam. Any offer will be made only by means of an offer memorandum. This announcement is not for release, publication or distribution, in whole or in part, in or into, directly or indirectly, Canada and the United States.

To the extent permissible under applicable law or regulation, Renaissance Construction may from time to time after the date hereof, directly or indirectly purchase, or arrange to purchase, depositary receipts of ordinary shares in the capital of Ballast Nedam that are subject to the Offer, or any securities that are convertible into, exchangeable for or exercisable for such depositary receipts or shares. In addition, the financial advisors to Renaissance Construction, may also engage in ordinary course trading activities in securities of Ballast Nedam, which may include purchases or arrangements to purchase such securities.



***Renaissance Construction announces
acquisition of 84,056 Depositary Receipts in
the capital of Ballast Nedam***

Ankara, Turkey, 31/8/2015 -- Renaissance Construction announces that today it purchased 84,056 Depositary Receipts at an average price in cash of EUR 1.493 per Depositary Receipt, whereby the acquisition price per Depositary Receipt ranged from EUR 1.479 to EUR 1.495. As a result of this transaction and other transactions entered into prior to this transaction, Renaissance Construction will hold 5,703,575 Depositary Receipts representing a capital interest of 29% in Ballast Nedam.

About Renaissance Construction

Renaissance Construction is a leading international contractor operating in general building, heavy industries and power, manufacturing and chemical plants, transportation and social infrastructure sectors. With its 30,000+ employees and operations in 20 countries, Renaissance Construction ranked 53rd in Engineering News Record (ENR)'s largest international contractor companies in 2014. Its home markets are Russia and Turkey, with significant operations in Turkmenistan as well as CIS region, the Middle East, Switzerland and Germany. Other Renaissance Group businesses include investments in commercial real estate in Turkey and Russia, healthcare concessions and energy generation investments resulting in an asset base of more than USD 5.0 billion.

General Restrictions

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10.4 Material deterioration press release dated 9 September 2015

*This is a joint press release by Ballast Nedam N.V. ("**Ballast Nedam**") and Renaissance Infrastructure B.V. (the "**Offeror**"), a company controlled by RC RÖNESANS İNŞAAT TAAHHÜT A.Ş. ("**Renaissance Construction**") pursuant to the provisions of Section 4, paragraphs 1 and 3 and Section 6, paragraph 1 and Section 12, paragraph 1 of the Netherlands Decree on Public Takeover Bids (Besluit openbare biedingen Wft, the "**Decree**") in connection with the intended public offer (the "**Offer**") by Renaissance Construction for all the issued and outstanding depositary receipts of ordinary shares in the capital of Ballast Nedam ("**Depositary Receipts**"). This announcement does not constitute an offer, or any solicitation of any offer, to buy or subscribe for any securities in Ballast Nedam. Any offer will be made only by means of an offer memorandum (the "**Offer Memorandum**"). This announcement is not for release, publication or distribution, in whole or in part, in or into, directly or indirectly, Canada and the United States.*

PRESS RELEASE

Nieuwegein and Ankara, 9 September 2015

Number 2015.021 EN

Ballast Nedam expects material deterioration of its financial results for 2015

Offer by Renaissance Construction will proceed against lower Offer Price

Summary

- Ballast Nedam incurs material additional losses of approximately EUR 20 million caused by deteriorating results in the Building & Development division
- Due to additional losses, Renaissance Construction and Ballast Nedam agreed changes of the terms of the previously announced Offer
- Offer to proceed against decreased Offer Price of EUR 0.30 per Depositary Receipt
- In addition to the EUR 30 million capital contribution committed earlier, Renaissance Construction shall procure an additional capital contribution of EUR 17.6 million to Ballast Nedam to satisfy additional funding need caused by additional losses
- Ballast Nedam's bank syndicate has expressed its support and confirmed the continued availability of the existing credit facilities and has confirmed that financing will stay in place if the Offer for Ballast Nedam by Renaissance Construction is continued and completed successfully

Additional losses by Building & Development division

Ballast Nedam today announces that it incurs material additional losses of approximately EUR 20 million. These losses concern the Building & Development division and are caused by (i) the effects of three recent bankruptcies of suppliers and partners, including Imtech Building Services, and (ii) the further deterioration of financial results on several projects. The results of the divisions Infrastructure and Specialized Companies & Supplies have developed in accordance with Ballast Nedam's business plan. Ballast Nedam has not made any financial forecasts for 2015.

Public Offer and Capital Contribution by Renaissance Construction

The material additional losses have led to Ballast Nedam and Renaissance Construction agreeing to amend the terms of the Offer. The main change is that the offer price per tendered Depositary Receipt will be EUR 0.30 (cum dividend) (the "**Offer Price**"), instead of the offer price of EUR 1.55 (cum dividend) per tendered Depositary Receipt previously communicated.

In addition to the EUR 30 million capital contribution committed earlier and subject to settlement of the Offer, Renaissance Construction shall procure an additional capital contribution of EUR 17.6 million to Ballast Nedam to satisfy additional funding need caused by additional losses.

In the event that, following completion of the Offer and the post-acceptance period under the Offer, the Offeror holds more than 95% of the issued share capital of Ballast Nedam, Renaissance Construction shall procure the aggregate capital contribution of EUR 47.6 million to Ballast Nedam in a form to be determined by Renaissance Construction at its own discretion.

In the event that, following completion of the Offer and the post-acceptance period under the Offer, the Offeror holds less than 95% of the issued share capital of Ballast Nedam, the capital contribution will be in the form of a rights issue by Ballast Nedam to its existing Depositary Receipts holders at that time for an amount of EUR 20 million, the terms and conditions of which are to be determined by Ballast Nedam and Renaissance Construction jointly in good faith (the "**Rights Issue**"), and a subsequent private placement for the amount of EUR 27.6 million (twenty-seven million and six-hundred thousand euros) at a discount of 30% to the theoretical ex-rights price of the Rights Issue (the "**Private Placement**").

In the Rights Issue (i) all holders of Depositary Receipts, subject to applicable securities laws restrictions, shall be granted the opportunity to participate, (ii) the Offeror shall participate in the Rights Issue through the exercise of all rights granted to it, and (iii) the Offeror shall subscribe and pay for any new Depositary Receipts not subscribed for by other holders of Depositary Receipts.

Furthermore Ballast Nedam and Renaissance Construction agreed to the deletion of the non-financial covenant to keep the business and the product portfolio of the Ballast Nedam group materially intact, and in addition agreed that the independent members of the Ballast Nedam Supervisory Board will have certain veto rights to safeguard these non-financial covenants for a period of two years after the settlement date of the Offer (instead of three years as previously communicated).

On these revised terms, the Offeror has agreed with Ballast Nedam to continue the Offer. Commencement of the Offer is subject to the satisfaction or waiver of the following commencement conditions:

1. approval of the offer memorandum by the AFM (Dutch Authority Financial Markets);
2. no public announcement of a Competing Offer (as defined below) having been made by a third party;
3. no revocation or change of the recommendation of the Offer by the Management Board and the Supervisory Board (as further set-out below);
4. no material adverse change having occurred as from the date of this press release;
5. no order, stay, judgment, decree or suit having been issued or initiated by a governmental authority prohibiting or materially delaying the transaction;
6. no notification having been received from the AFM that preparations of the Offer are in breach of the offer rules;
7. trading in Ballast Nedam Depositary Receipts not having been permanently suspended or ended by Euronext;

8. no material breach by Ballast Nedam of the merger agreement having occurred; and
9. resignation letters from the resigning members of the Supervisory Board having been received by Renaissance Construction.

Ballast Nedam has already obtained positive advice from the central works council in respect of the Offer (including on the revised terms thereof as included in this press release).

If and when made, the consummation of the Offer will be subject to the satisfaction or waiver of the same Offer Conditions communicated earlier, provided that (i) the Offeror has already received all required clearances from the competent competition authorities and consequently, this requirement will no longer be a condition for consummation of the Offer, and (ii) the acceptance threshold will be lowered to 65% of all issued and outstanding Depositary Receipts (the "**Acceptance Threshold**").

Renaissance Construction may decide in its sole discretion to waive the Acceptance Threshold to any percentage not less than 50% (fifty percent) plus one vote of Ballast Nedam's issued share capital.

Full support and unanimous recommendation from the Management Board and the Supervisory Board

Over the last days, the management board (the "**Management Board**") and the supervisory board (the "**Supervisory Board**", and together with the Management Board the "**Boards**") met frequently to discuss the recent developments in the process and the key decisions in connection therewith. The Management Board and Supervisory Board have received extensive financial and legal advice and have given careful consideration to the strategic, financial, operational and social aspects of the contemplated transaction and the opportunity it provides to current Ballast Nedam's shareholder base.

After such due and careful consideration, the Boards believe that the Offer Price of EUR 0.30 (cum dividend) represents a fair price to the holders of Depositary Receipts, that the Offer and the Capital Contribution are vital to the continuity of Ballast Nedam and that the Offer is in the best interests of Ballast Nedam and all its stakeholders. Taking all of these considerations into account, the Management Board and Supervisory Board fully support and unanimously recommend the Offer for acceptance to the holders of Depositary Receipts.

Support bank syndicate

The additional losses would have resulted in a covenant breach under Ballast Nedam's debt finance arrangements. However, Ballast Nedam's bank syndicate (consisting of ING Bank, Rabobank and Royal Bank of Scotland) has expressed its support and confirmed the continued availability of the existing credit facilities and has furthermore confirmed that financing will stay in place if the Offer for Ballast Nedam by Renaissance Construction is continued and settled in accordance with its terms.

In addition, the bank syndicate has provided its continued support to Ballast Nedam by agreeing to the following additional arrangements, under the condition that the Offer is continued and settled in accordance with its terms:

- a financial covenant holiday until 31 December 2016;
- Renaissance Construction will provide an on demand parent guarantee to the bank syndicate for EUR 16.5 million of the liabilities of Ballast Nedam under the subordinated bank loan of EUR 43 million (as reduced); and
- in addition to the earlier reduction of EUR 10 million, the subordinated bank loan of EUR 43 million will be further reduced with an amount of EUR 6 million.

Indicative timetable

Renaissance Construction intends to submit a revised Offer Memorandum, including the revised terms of the Offer as set out above, to the Netherlands Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten*) ("**AFM**") for approval in September 2015.

For further information explicit reference is made to the offer memorandum, which will contain further details regarding the Offer. The offer memorandum is expected to be published and the Offer is expected to commence before 1 October 2015.

Ballast Nedam will hold an informative EGM at least six business days before closing of the offer period in accordance with Section 18 Paragraph 1 of the Decree.

Based on the required steps and subject to the necessary approvals, Ballast Nedam and Renaissance Construction anticipate that settlement of the Offer will take place before the end of 2015.

Further information

The information in this press release is not intended to be complete. For further information explicit reference is made to the Offer Memorandum. If and when published, the Offer Memorandum will contain further details regarding the Offer.

General restrictions

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Forward looking statements

This press release may include "forward-looking statements" and language indicating trends, such as "anticipated" and "expected". Although Renaissance Construction and Ballast Nedam believe that the assumptions upon which their respective financial information and their respective forward-looking statements are based are reasonable, they can give no assurance that these assumptions will prove to be correct. Neither Renaissance Construction nor Ballast Nedam, nor any of their advisors accepts any responsibility for any financial or other information contained in this press release relating to the business or operations or results or financial condition of the other or their respective groups.

The financial or other information contained in this press release relating to the business or operations or results or financial condition of Ballast Nedam or its group is unaudited.

Contact information

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Renaissance Construction: Mr. Ozgur Canbas, bnquestions@ronesans.com, telephone: +90.216.430.6464

About Ballast Nedam

Ballast Nedam targets its strategic focus at successfully acquiring and carrying out integrated projects in the working areas of housing and mobility in the Netherlands and internationally. Ballast Nedam also works on projects where it can make a difference for the client with its expert knowledge and skills. Ballast Nedam applies a differentiated market approach for its three divisions.

With further industrialization of the building process through the use of innovative modular concepts and standardization Ballast Nedam creates enduring quality at the lowest possible life cycle costs for its clients and society. The Ballast Nedam share is included in the Amsterdam Small Cap Index (AScX) of Euronext. (www.ballast-nedam.nl)

About Renaissance Construction

Renaissance Construction is a leading international contractor operating in general building, heavy industries and power, manufacturing and chemical plants, transportation and social infrastructure sectors. With its 30,000+ employees and operations in 20 countries, Renaissance Construction ranked 53rd in Engineering News Record (ENR)'s largest international contractor companies in 2014. Its home markets are Russia and Turkey, with significant operations in Turkmenistan as well as CIS region, the Middle East, Switzerland and Germany. Other Renaissance Group businesses include investments in commercial real estate in Turkey and Russia, healthcare concessions and energy generation investments resulting in an asset base of more than USD 5.0 billion. (www.ronesans.com)

This press release will also be available in the Dutch language; the English version will prevail over the Dutch version.

11. FINANCIAL INFORMATION

11.1 *Basis for preparation*

In accordance with the Takeover Decree, the selected consolidated financial information of the Company has been prepared, comprising summaries of the consolidated income statements, consolidated statements of financial position and the consolidated cash flow statements for the financial years 2012, 2013 and 2014. This selected consolidated financial information has been derived from:

- (i) the consolidated financial statements for the financial year 2013 as audited by EY, who issued an independent auditor's report thereon, without qualification, but with an emphasis of matter paragraph titled "Emphasis of developments regarding continuity and liquidity", on 6 March 2014; and
- (ii) the consolidated financial statements for the financial year 2014 as audited by EY, who issued an independent auditor's report thereon, without qualification, but with an emphasis of matter paragraph titled "Material uncertainty regarding continuity", on 30 April 2015.

The selected consolidated financial information set out below contains summaries only of the consolidated income statements, consolidated statements of financial position and consolidated cash flow statements, excluding related note disclosures and a description of significant accounting policies. For a better understanding of the Company's results, financial position and cash flows, the selected consolidated financial information should be read in conjunction with the unabbreviated audited consolidated financial statements for the financial year 2013 and the financial year 2014, including the related note disclosures and a description of significant accounting policies applied for each of these years. A summary of the significant accounting policies of the Company's consolidated financial statements for the financial year 2014 is outlined in Section 11.5 (*Financial Statements of the Company for 2014*).

11.2 Selected consolidated financial information

Consolidated statement of financial position

<i>x € 1 million</i>	31 December 2014	31 December 2013	31 December 2012
Non-current assets			
Intangible assets	16	21	31
Property, plant and equipment	78	130	169
Financial assets	5	9	11
Disposals of associates	9	12	2
Deferred tax assets	<u>0</u>	<u>32</u>	<u>32</u>
	108	204	245
Current assets			
Inventories	148	174	202
Work in progress	52	135	112
Receivables	171	214	239
Cash and cash equivalents	70	51	84
Escrow account	53		
Assets held for sale	<u>52</u>	<u>48</u>	<u>4</u>
	546	622	641
Current liabilities			
Bank overdrafts	(3)	(22)	(8)
Current portion of long-term loans	(31)	(8)	(17)
Prepayments on inventories	(2)	(2)	(1)
Work in progress	(88)	(105)	(124)
Trade payables	(191)	(231)	(253)
Income tax expense	-	(1)	(3)
Other liabilities	(195)	(203)	(187)
Provisions	(17)	(26)	(39)
Liabilities held for sale	<u>(51)</u>	<u>(27)</u>	<u>(2)</u>
	(578)	(625)	(634)
Current assets minus current liabilities	<u>(32)</u>	<u>(3)</u>	<u>7</u>
	76	201	252
<hr/>			
Non-current liabilities			
Loans	56	100	108
Derivatives	(0)	-	1
Deferred tax liability	1	-	4
Personnel expenses	4	5	4
Provisions	<u>4</u>	<u>6</u>	<u>4</u>
	65	111	121
Total equity			
Equity attributable to owners of the company	11	90	131
Non-controlling interest	<u>-</u>	<u>-</u>	<u>-</u>
	11	90	131
	76	201	252

Consolidated income statement

<i>x € 1 million</i>	31 December 2014	31 December 2013	31 december 2012
Revenue	1 166	1 230	1 296
Other operating income	76	3	4
Costs of raw materials and subcontractors	(984)	(918)	(956)
Employee benefits	(229)	(267)	(285)
Other operating expenses	<u>(71)</u>	<u>(57)</u>	<u>(57)</u>
	(1 284)	(1 242)	(1 298)
Earnings before interest, taxes, depreciation and amortization (EBITDA)	(42)	(9)	2
Depreciation and amortization of property, plant and equipment and intangible assets	(16)	(20)	(23)
Impairment of tangible and intangible assets	<u>(7)</u>	<u>(3)</u>	<u>(10)</u>
Earnings before interest and taxes (EBIT)	(65)	(32)	(31)
Finance income	-	-	3
Finance expense	<u>(7)</u>	<u>(7)</u>	<u>(10)</u>
Net finance income and expense	<u>(7)</u>	<u>(7)</u>	<u>(7)</u>
Resultaat geassocieerde deelnemingen	3	1	-
Profit before income tax	<u>(69)</u>	<u>(38)</u>	<u>(38)</u>
Income tax expense	(34)	(3)	(3)
Profit for the period	(103)	(41)	(41)

Consolidated statement of cash flows

<i>x € 1 million</i>	31 December 2014	31 December 2013	31 december 2012
Net cash - opening balance	29	76	87
Profit for the period	(103)	(41)	(41)
Adjustments:			
Depreciation	15	20	23
Amortization	1	-	0
impairment (in) tangible assets	7	3	10
Finance expense	7	7	10
Finance income	-	-	(3)
Share-based payments	-	-	1
Gain from disposal of fixed assets and subsidiaries	(76)	(3)	-
Income tax expense	34	3	3
Share in profits of associates	(3)	(1)	-
Movements:			
Movement in inventories	26	27	6
Movement in work in progress	66	(41)	(46)
Movement in fair value investments	-	-	1
Movement in other receivables	53	5	24
Movement in provisions and employee benefits	(23)	(7)	(2)
Change in other current liabilities	(31)	10	28
Interest paid	(7)	(7)	(7)
Interest paid on hedging instruments	-	-	(3)
Interest received	-	-	-
Income taxes paid	(2)	(2)	(3)
PPP Receivables	(43)	(7)	-
Net cash from operating activities	(79)	(34)	1
Intangible assets			
investments	(2)	(6)	(2)
income from disposals	1	2	1
Property, plant and equipment			
investments	(12)	(19)	(23)
income from disposals	13	7	8
Financial assets			
investments	(3)	(1)	(41)
income from disposals	0	1	-
dividends received	-	1	1
income from other receivables	(0)	-	-
Disposals of associates	3	(2)	-
Disposal of subsidiaries after deduction of disposed cash and cash equivalents	-	-	(4)
Sale of subsidiaries after deduction of disposed cash and cash equivalents	<u>111</u>	<u>8</u>	<u>-</u>
Net cash used in investing activities	111	(9)	(60)
Income from long-term loans drawn	48	14	62
Repayment of long-term loans	(14)	(15)	(7)
Handling charges paid on new loans	-	-	-
Financial lease instalments paid	(2)	(3)	(2)
Acquisition of non-controlling interest	-	-	-
Dividend paid	-	-	(5)
Proceeds from repurchase of own shares	<u>27</u>	<u>-</u>	<u>-</u>
Net cash from financing activities	59	(4)	48
Effect of exchange rate fluctuations on cash held	-	-	-
Net cash on balance	<u>91</u>	<u>(47)</u>	<u>(11)</u>
Net cash - closing balance	120	29	76

11.3 **Independent auditor's report on the selected consolidated financial information**

To: the Shareholders of Ballast Nedam N.V.

The selected consolidated financial information in Section 11.2 of the offer memorandum, which comprise the consolidated statements of financial position as at December 31, 2014, 2013 and 2012, the consolidated income statements and consolidated cash flow statements for the years then ended are derived from the audited consolidated financial statements 2014 and 2013 of Ballast Nedam N.V. We expressed an unqualified audit opinion on those financial statements in our reports dated April 30, 2015 and March 6, 2014, respectively. Our unqualified audit opinion on the 2014 financial statements contained an emphasis of matter paragraph titled 'Material uncertainty regarding continuity' and our unqualified audit opinion on the 2013 financial statements contained an emphasis of matter paragraph titled 'Emphasis of developments regarding continuity and liquidity'. Those consolidated financial statements, and the selected consolidated financial information, do not reflect the effects of events that occurred subsequent to the date of our reports on those consolidated financial statements.

The selected consolidated financial information does not contain all the disclosures required by International Financial Reporting Standards as adopted by the European Union nor Part 9 of Book 2 of the Dutch Civil Code. Reading the selected consolidated financial information, therefore, is not a substitute for reading the audited consolidated financial statements of Ballast Nedam N.V.

Management's responsibility

Management is responsible for the preparation of the selected consolidated financial information in Section 11.2 of the offer memorandum in accordance with the basis described in Section 11.1 'Basis for preparation' in the offer memorandum.

Auditor's responsibility

Our responsibility is to express an opinion on the selected consolidated financial information in Section 11.2 of the offer memorandum based on our procedures, which were conducted in accordance with Dutch Law, including the Dutch Standard on Auditing 810 'Engagements to report on summary financial statements'.

Opinion

In our opinion, the selected consolidated financial information in Section 11.2 of the offer memorandum derived from the audited consolidated financial statements 2014 and 2013 of Ballast Nedam N.V. is consistent, in all material respects, with those financial statements, in accordance with the criteria as set out in Section 11.1 'Basis for preparation' in the offer memorandum.

Emphasis of a material uncertainty regarding continuity

We would draw your attention to the information in Section 3.17.1 concerning Capital and financing aspects which, among others, explain the developments and uncertainties relating to business continuity and the risk related to the event the Offer will not be declared unconditional (gestand gedaan). Those conditions indicate the existence of material uncertainty on the basis of which serious doubt could arise regarding Ballast Nedam N.V.'s going-concern assumption. That situation does not affect our opinion.

Utrecht, September 17, 2015

Ernst & Young Accountants LLP

Signed by W.H. Kerst

11.4 **Interim financial information regarding the half-year report 2015 that ended on 14 June 2015**

Half-year report 2015
Period 6 ends on 14 June, 2015

Ballast Nedam N.V.

Foreword

Key figures

<i>x € 1 million</i>	first half year 2015*	first half year 2014	2014
Revenue	420	515	1 166
EBIT	(10)	(45)	(65)
Margin	(2.4%)	(8.7%)	(5.6%)
Profit before income tax	(15)	(50)	(69)
Profit for the period	(15)	(51)	(103)
Order book	789	1 188	1 026
Shareholders' equity	(1)	36	11
Solvency	0%	4%	2%
Financing position	(48)	(116)	38

* Consists of six periods of four weeks ending on June 14, 2015

Ballast Nedam had a loss-making first half-year with a negative operating result (EBIT) of €10 million, including €4 million of restructuring costs and €1 million book profit on the disposals of the interests in PPP projects; the Benelux Secondary PPP fund I B.V. and Pi2 B.V. The result also includes non-recurring income of €3.2 million in respect of an earn-out fee relating to the sale of Ballast Phoenix Ltd in 2014. A positive development is that the losses on the A15 Maasvlakte-Vaanplein and A2 Maastricht projects did not rise further in the first half of 2015 from the end-2014 level. The Erasmus project also made a positive contribution during the first half of the year. The negative operating result was caused in part by project losses on the Nobo Otrobanda Hospital project in Curaçao of €-1.4 million and the settlement of the OVT Breda claim amounting to €-1.5 million. Disappointing project results were recorded in the South and North-West areas of the Building & Development division. In the Infrastructure division the result was adversely impacted by insufficient coverage of overheads as a result of lower revenue in the first half of the year. A positive development is that the Infrastructure division faced no further major setbacks in terms of project results. The Specialized Companies & Supplies division performed as expected, despite capacity utilization problems in the concrete factories. Few major new projects were acquired in the domestic market during the past half-year. Revenue in the first half of 2015 decreased by 18% compared to the first half of 2014 to €420 million. The decrease in revenue was caused by the Infrastructure and Specialized Companies & Supplies divisions. Solvency decreased to zero. The completion of the rights issue will lead to an improvement in solvency in the second half of 2015.

On 22 July 2015 RC RÖNESANS İNŞAAT TAAHHÜT A.Ş. ("Renaissance Construction") and Ballast Nedam N.V. jointly announced that they have reached conditional agreement in connection with a public offer by Renaissance Construction for all of the issued and outstanding depositary receipts in respect of ordinary shares in the capital of Ballast Nedam. Renaissance Construction, Ballast Nedam N.V. and the relevant banks have entered into arrangements in respect of the continued availability of the financing and the separate bank loans as well as certain amendments to the existing terms and conditions, in each case in connection with the intended Offer. In connection with the Offer, the implementation of the rights issue that was previously announced at 29 April 2015 will be put on hold till at least 31 December 2015. A further explanation is included on page 29 subsequent events.

Developments concerning continuity and liquidity

Ballast Nedam recorded a net loss of €103 million (2013: €41 million) in 2014. The deterioration of the result during that year was particularly due to further cost overruns on the A15 Maasvlakte-Vaanplein and A2 Maastricht projects. The solvency rate at the end of 2014 consequently fell to 2%. In view of this negative result and an additional financing requirement, Ballast Nedam began discussions in early 2015 with its main financiers on an adjustment to the financing for the short and long term. On 27 April 2015 these discussions resulted in an agreement in principle between Ballast Nedam and the banking syndicate, comprising ING Bank, Rabobank and the Royal Bank of Scotland on a refinancing of the company. The final financing documents were signed on 17 June 2015.

Main basis of continuity: a financed business plan

The financing requirement is based on a revised 2015-2016 business plan, which assumes a continuation of the current basis of the Building & Development and Specialized Companies & Supplies divisions. With regard to the Infrastructure division, Ballast Nedam has decided to actively scale back its interests in two existing large-scale infrastructure projects, as announced in the letters of intent of April 2015 for the A15 Maasvlakte-Vaanplein and A2 Maastricht projects. This will reduce Ballast Nedam's risk profile.

- *A15 Maasvlakte-Vaanplein project: economic and legal interest reduced from 40% to 10%. A letter of intent has been concluded with Strukton and Strabag, partners in the A15 Maasvlakte-Vaanplein project, under which Ballast Nedam will reduce its share of the project on the implementation of the agreement from 40% to 10%. Strukton and Strabag are each increasing their share to 45%. This change will be effective in the second half of 2015. Ballast Nedam will pay €4 million to Strabag and €6 million to Strukton in 2016 as a risk premium. The expected impact of this transaction on the assets and results will be approximately €13 million positive in the second half of 2015. The share in any future claim proceeds, reduced by the decrease in the share from 40% to 10%, had not been recognized as at the balance sheet date.*
- *A2 Maastricht project: transfer of infrastructure part to Strukton; transfer of property development to Ballast Nedam. A letter of intent has been concluded with Strukton, our partner in the A2 Maastricht project, for the takeover of Ballast Nedam's share in the infrastructure activities in the project. Strukton's share in the property development of the A2 Maastricht project will be transferred to Ballast Nedam. Ballast Nedam is paying €22 million to Strukton to acquire the infrastructure activities. This payment will be spread over the second half of 2015. Ballast Nedam will acquire the right to the land positions for the property development. On the completion of the tunnel, Ballast Nedam will pay approximately €40 million to Strukton, for which external financing will be sought. The expected impact of this transaction on the assets and results will be zero in the second half of 2015.*

These two transactions have recently been finalized and are expected to be signed in the third quarter of 2015.

The Infrastructure division will focus on medium-sized, integrated infrastructure projects and smaller specialist projects in concrete and civil engineering, and industrial construction. Tendering will be carried out on a highly selective basis for both Dutch and international projects, with the aim of striking the right balance between risk, capacity and return. Close attention will be paid in particular to the risk profile in relation to the margin. As a result, the extent of the infrastructure activities will decrease, necessitating a capacity adjustment for the Infrastructure division.

Nature of the refinancing

The refinancing has the following components:

- Two bridge loans granted by Sanderink Investments B.V. and the banking syndicate totalling €20 million until completion of the planned rights issue in the second half of 2015;
- A subordinated bank loan of €10 million maturing on 31 March 2017;
- A subordinated bank loan of €43 million maturing on 31 March 2017;
- A revolving credit facility of €8.9 million expiring on 31 December 2015; and
- A committed guarantee facility of initially €261 million being phased out on the basis of a scaling back of major infrastructure projects, including the A2 Maastricht and A15 Maasvlakte-Vaanplein projects.

In addition to the refinancing by the banking syndicate, the following existing loans have been adjusted:

- An FGH mortgage loan of €28.6 million maturing on 31 December 2016 (extension)
- A Rabobank loan of €50 million maturing on 31 December 2016 (extension).

Ballast Nedam had access to the existing credit facility of €38 million until the refinancing documentation was finally adopted on 17 June 2015. Part of this is the escrow account on which the €52,8 million proceeds of the sale of Ballast Nedam offshore at the end of 2014 are held. The funds on this account were available to Ballast Nedam conditionally for ongoing payments until the final adoption of the financing documentation on 17 June 2015. €28 million of this was used to repay the existing credit facility on 17 June 2015, with the remainder (€24.5 million) being placed in a blocked account as collateral for the guarantee facility. From that moment this blocked account will be presented as fixed asset.

Financial covenants

The financing is subject to three financial covenants which will be measured quarterly from the third quarter of 2015: a guarantee capital floor, a net cash floor and an EBITDA floor. The covenants are based on the revised business plan 2015-2016, including a €5 million headroom.

- The guarantee capital floor: shareholders' equity plus the subordinated loans
- Net cash floor: own freely available liquid assets netted against the drawn credit facility
- EBITDA floor: EBITDA corrected for impairments, book profits/losses and restructuring costs.

€20 million rights issue in second half of 2015

Ballast Nedam will conduct a rights issue in the second half of 2015 in which tradable rights will be offered to existing holders of depositary receipts to subscribe for depositary receipts for shares totalling €20 million. In connection with the intended public offer on 22 July 2015 by RC RÖNESANS İNŞAAT TAAHHÜT A.Ş. this rights issue will be detained until 31 December 2015 at the latest. In the event of completion and settlement of the Offer, RC RÖNESANS İNŞAAT TAAHHÜT A.Ş. will make a capital contribution to Ballast Nedam N.V. of €30 million. This capital contribution will replace the planned €20 million rights issue and will be used to repay the bridge loans and improve the solvency.

An agreement has been reached with Sanderink Investments B.V. whereby the latter will underwrite €10 million of the rights issue. Sanderink Investments B.V. granted a bridge loan for that amount in July 2015. The bridge loan will be repaid from the net proceeds of the intended capital injection.

The remaining €10 million of the rights issue will be underwritten by the banking syndicate comprising ING Bank, Rabobank and the Royal Bank of Scotland. A bridge loan will also be granted for this purpose, to be repaid from the net proceeds of the rights issue. The rights issue must be accompanied by a prospectus approved by the Netherlands Authority for the Financial Markets (AFM). On 29 June 2015 the General Meeting of Shareholders approved this rights issue and an amendment to the articles of association reducing the par value of the shares to €0.01. The reduction of the par value from €1.00 to €0.01 is necessary in order to achieve maximum flexibility for the success of the rights issue.

The rights issue and the subordinated loans affect the guarantee capital of Ballast Nedam in a positive way, and the solvency rate based on the guarantee capital is expected to improve at the end of 2015.

Additional measures and options

1. By 31 December 2015, as a risk control measure for the future, the company's legal structure will be adapted to the management and reporting structure of the divisions. This will create increased flexibility for disposals and prepare Ballast Nedam better for any setbacks.
 - a. The companies operationally placed in the Specialized Companies & Supplies division will be legally transferred from the Infrastructure division to the Specialized Companies & Supplies division, the regional companies in the Building & Development division will be legally separated from the nationally operating company and Ballast Nedam ICT will be brought under the Building & Development division.
 - b. These changes will be implemented in the coming period and will entail changes to issued statements of joint and several liability (403 verklaringen) and the employment contracts of employees working for the business units concerned.
2. On 19 May 2015 Ballast Nedam announced that it was conducting exploratory discussions with several foreign parties on the possibility of a merger or acquisition of the company. There is no certainty with regard to the outcome of these discussions. Ballast Nedam always considers serious options in the interests of its shareholders and stakeholders.

Criteria and uncertainties

The half-year results are in line with the revised business plan 2015-2016. The implementation of the revised business plan, on which the agreed refinancing is based, is essential for the continuity of the company, but is subject to a range of uncertainties. On the one hand, these relate to operational sensitivities, such as i) the inherent uncertainty concerning the scope and time of project execution, including the time at which new projects are contracted, ii) the forecast results and cashflows of operating activities, and iii) the results of negotiations relating to additional work and claims. On the other hand, uncertainties exist with regard to the attitude of the main financiers in the event of setbacks. Should these uncertainties have negative consequences, there is a risk that any liquidity shortfalls occurring at that time may not be financed or that loans may still become payable.

Conclusion concerning continuity and liquidity

Ballast Nedam believes that on the basis of the measures taken, the adopted refinancing, the proposed transfer of the A2 Maastricht and A15 Maasvlakte-Vaanplein projects and the revised 2015-2016 business plan the company will be able to operate within the specified financing agreements and thus have sufficient resources available to meet its obligations at least until the end of 2016, while it is fully aware of the sensitivities and uncertainties set out above and the provisional nature of the agreements and the consequences should they turn out negatively. On the basis of the above actions, plans and expectations, the 2015 half-year financial statements have been prepared in accordance with the continuity assumption.

The expected impact of the proposed bid by effectuation thereof is described in the subsequent events.

Corporate governance

The integration of the operating management from six clusters to the three divisions of Infrastructure, Building & Development and Specialized Companies & Supplies announced in 2014 was put into effect from 1 January 2015. For comparison purposes, however, figures for the two parts of the Specialized Companies & Supplies division will continue to be provided together with a commentary.

Risks and uncertainties

The measures referred to for reinforcing liquidity and improving Ballast Nedam's solvency offer the company adequate financial room to focus on the accelerated implementation of its strategy focused on complex integrated projects. This does not alter the fact that there are uncertainties, which may prove disadvantageous (but also advantageous) for Ballast Nedam. On the one hand, this concerns sensitivities in the revised business plan, such as the time of contracting projects and the settlement of ongoing legal proceedings. On the other hand there are uncertainties surrounding the completion of improvement processes, such as cost savings and faltering confidence among contractors and suppliers in the creditworthiness of the company. There are also risks with regard to the availability of

temporary surplus liquidity in joint ventures and the raising of project finance for development projects. Ballast Nedam believes that on the basis of the measures taken and the revised 2015-2016 business plan, taking into account the identified sensitivities, the company will be able to remain within its credit limit and comply with the specified financial covenants in the years ahead.

Segment information

INFRASTRUCTURE DIVISION

Infrastructure

<i>x € 1 million</i>	first half year 2015	first half year 2014	2014
Revenue	81	186	458
EBIT	(9)	(59)	(59)
Margin	(11.1%)	(31.7%)	(12.9%)
Order book	484	488	559
Assets	93	263	116

EBIT and revenue

The Infrastructure division recorded an operating loss of €9 million. Revenue declined by 56% compared to the first half of 2014, mainly due to lower revenue in industrial construction and disposals of the offshore activities at the end of 2014. The loss was amongst others due to insufficient coverage of overheads as a result of underutilization of capacity. Project losses remained largely limited, except with regard to the share in the Nobo Otrobanda Hospital in Curaçao amounting to €0.7 million. There was no further rise in the losses on the A15 Maasvlakte-Vaanplein and A2 Maastricht projects from the end-2014 level.

The total assets of the Infrastructure division decreased compared to the half-year and year-end 2014 figures to €93 million due to disposals of the offshore activities, the completion of work in progress and the settlement of receivables from various projects.

Market and order book

As part of the changed strategy announced during the presentation of the 2014 annual figures, Ballast Nedam will reduce its interests in major infrastructure projects. Volumes in the infrastructure market remain under sustained pressure.

In the first half-year the order book decreased by €75 million to €484 million due to the progress made on a number of large long-term projects, the exit from the capacity-driven markets, and because few major projects were acquired in the domestic market during the past half-year.

BUILDING & DEVELOPMENT DIVISION

Building & Development

<i>x € 1 million</i>	first half	first half	
	year	year	
	2015	2014	2014
Revenue	283	263	611
EBIT	2	(3)	(7)
Margin	0.7%	(1.1%)	(1.2%)
Order book	463	613	625
Assets	304	293	332

EBIT and revenue

In the first half-year the Building & Development division recorded an operating profit of €2 million on an 8% increase in revenue. This result includes a €1 million book profit on the disposals of the interests in the Benelux Secondary PPP Fund I B.V. and P12 PPP projects in the first half of 2015. The results were negatively impacted by project losses on the Nobo Otrobanda Hospital in Curaçao (€0.7 million), settlement of the OVT Breda claim (€1.5 million), development project Beusichem (€1.3 million) and a number of projects in the North-West and South areas. The Erasmus project made a positive contribution, as did higher overhead coverage and lower tender costs.

The assets of the Building & Development division amounted to €304 million and were €28 million lower than at the end of 2014 as a result of disposals in the PPP projects.

Market and order book

We are seeing a very slow pick-up in the residential market. Cautious signs of recovery include the increase in home sales in the Randstad area in particular. The historically low level of mortgage interest rates is helpful in this regard. However, the tightening of restrictions on financing for private individuals and structural changes in the mortgage market are still having a depressive effect. Housing associations are still highly reluctant to invest. Planned development projects are still being delayed or cancelled. We are also seeing a decrease in average maintenance and renovation per housing association home. Overall, 2015 remains a difficult year and recovery is not expected until mid-2016 at the earliest. There is a positive outlook in the market for investors in rental homes, where Ballast Nedam can offer an attractive proposition with the iQwoning® concept.

The housing market offers long-term prospects due to the current low production of newbuild homes and the demographic trends. The office market will take longer to recover in view of the current large number of vacant properties and the 'New Way of Working'. Opportunities for non-residential construction lie particularly in renovation and repurposing, and companies such as Concrete Valley with façade systems and URSEM Modulaire Bouwsystemen with modular products such as prefabricated bathrooms can take advantage of this. A slowly emerging but growing trend is increased energy efficiency of existing property.

The order book showed a decline of 26% to €463 million in the first half-year. There were fewer projects in the market in the past half-year and no integrated, complex projects were taken on. The joint venture Erasmus has received an additional contract of €41 million. A contract was nevertheless won for the Rijkskantoor de Knoop PPP project in Utrecht, in which Ballast Nedam is participating in the joint venture. A provisional contract was also awarded for the new building for the VUmc image center in Amsterdam. These two projects have not yet been entered in the order book on account of their provisional nature.

Residential building activities: property development exposure and land bank

Exposure property development

<i>x € 1 million</i>	first half year 2015	2014
Land positions	128	130
Unsold stock under construction	3	4
Unsold stock delivered	7	7
Total on balance	138	141
Liabilities to complete projects under construction	-	-
Liabilities to acquire land positions	33	35
Total liabilities off-balance	33	35
Exposure property development	171	176

The total exposure to property development, consisting of investments in land positions, investments in unsold property and outstanding obligations, decreased in the first half-year by €5 million to €171 million. The aim is to reduce the capital invested in property in the years ahead. This will remain difficult in view of the current market conditions and outstanding purchase obligations of €33 million. Of this amount, €15 million falls in the period 2015 to 2020 and €18 million in 2021 and subsequent years.

The total investment in unsold property, both completed and under construction, fell in the first half-year by €1 million to €10 million.

Unconditional purchase obligations decreased by €2 million compared to the end of 2014 as a result of land purchase due to the start of a housing project.

Residential construction

Division Building & Development started on the construction of 368 homes in the first half of 2015. That is higher than the number that entered production in the whole of 2014. 445 homes were also completed in the first half of 2015, more than the 428 completed in the whole of 2014. This rise was partly due to the (Y)ours Leiden student campus project.

Land positions

<i>x € 1 million</i>	first half year 2015	2014
1 January	130	142
Net investment	(2)	(8)
Write-down	-	(4)
31 December	128	130

Land positions decreased by €2 million to €128 million. This was mainly due to the sale of a number of smaller positions. There were no write-downs in the first half-year.

SPECIALIZED COMPANIES & SUPPLIES DIVISION

In accordance with the strategic plan, the Specialized Companies & Supplies division focuses on delivering products and services which, due to their distinctive character, help build a demonstrable competitive edge within the strategic focus of Ballast Nedam.

The Specialized Companies & Supplies division is highly capable of meeting the challenges of the market with the ongoing reorganizations and process improvements. The cost level of the businesses has been sharply reduced, and innovation and commercial capabilities have been strengthened on various fronts. The management is working towards permanently implementing these improvements.

Specialized Companies

<i>x € 1 million</i>	first half year 2015	first half year 2014	2014
Revenue	61	97	190
EBIT	1	1	5
Margin	1.6%	1.0%	2.6%
Order book	56	73	49
Assets	49	87	69

EBIT and revenue

The first half of 2015 ended, as in 2014, with a positive result of €1 million.

Revenue in the first half-year decreased by €36 million to €61 million as a result of a reduction in certain activities and the completion of work on the A15 Maasvlakte-Vaanplein and A2 Maastricht.

The assets of Specialized Companies amounted to €49 million, €38 million less than in the first half of 2014. This was due to a sharp focus on working capital reduction and the decrease in activities.

Market and order book

The markets remain challenging in the short term with low price levels. The indicators of recovery in the medium term generally show a slightly positive picture.

The order book grew by €7 million to €56 million in the first half of the year due to a larger volume of orders for specialties. Opportunities for Funderingen/Van Leeuwen and Specialistisch Grondverzet in relation to the SAA A9 Gaasperdammerweg project are not included in the orderbook.

Supplies

<i>x € 1 million</i>	first half year 2015	first half year 2014	2014
Revenue	43	74	151
EBIT	3	23	17
Margin	7.0%	31.1%	11.3%
Order book	39	47	61
Assets	92	192	135

EBIT and revenue

The revenue of Supplies decreased by €31 million to €43 million as a result of the disposals of Ballast Phoenix Ltd and Bontrup Beheer BV in 2014. The closure of the Omnia concrete factory in 2014 also led to lower revenue. Furthermore, the concrete factories had to contend with capacity utilization problems in the first half of 2015. Raw materials had a good first half of 2015. Supplies recorded an

operating result of €3 million, compared to €23 million last year. The result was positively impacted by the receipt of a €3.2 million earn-out fee resulting from the sale of Ballast Phoenix Ltd in 2014. The result for the first half of 2014 included a €22 million book profit on the sale of Ballast Phoenix Ltd, as well as impairments and reorganization costs totalling €5 million. Without these exceptional items, the operating result would have been €6 million. The lower operating result in the first half of 2015 of zero (before non-recurring income) was due in particular to utilization losses in the concrete factories in the first half of 2015.

The assets of Supplies amounted to €92 million, €43 million less than at the end of 2014 as a result of a lower working capital requirement and internal economic movements of the entities IQ woningen and the participation in Ursem.

Market and order book

The margins in the prefabrication market remain under pressure, in particular for the standard products. However, the differentiated market approach and a focus on innovative, high-quality products of the prefabrication factories are contributing to a high-quality order intake. The raw materials market for sand and grit also remained under pressure in the first half-year. The markets were reasonable in volume terms, partly due to the mild winter, but prices remained low. Overall, the supply companies are having to contend with an extremely competitive market.

In the first half-year the order book decreased by €22 million to €39 million because few large projects were taken on by the Infrastructure and Building & Development divisions. The order book for the concrete factories was well filled, however, for the second half of 2015.

As well as the Ballast Nedam projects, the supply companies will therefore continue to focus on the development of a third-party market, such as in Belgium and Germany.

Detailed analysis of consolidated financial information

Revenue

	first half year 2015	first half year 2014	2014
<i>x € 1 million</i>			
Infrastructure	81	186	458
Building & Development	283	263	611
Specialized Companies	61	97	190
Supplies	43	74	151
	468	620	1 410
Other	(48)	(105)	(244)
	420	515	1 166

Total revenue decreased by 18% from €515 million to €420 million. This was caused particularly by the decrease in the Infrastructure division due to the completion of major projects and the disposal of the offshore activities at the end of 2014. The decrease in Specialized Companies resulted from the slimming down and reduction of activities, while in Supplies the decrease was the result of the disposals of Ballast Nedam Phoenix Ltd and the associate Bontrup. A rise was recorded in the Building & Development division, with contributions from both regional companies and major projects. The negative revenue in other activities concerns the elimination of internal revenue.

EBIT	Reported			Normalized		
	first half year 2015	first half year 2014	2014	first half year 2015	first half year 2014	2014
<i>x € 1 million</i>						
Infrastructure	(9)	(59)	(59)	(9)	(59)	(112)
Building & Development	2	(3)	(7)	1	1	(1)
Specialized Companies	1	1	5	1	1	5
Supplies	3	23	17	-	6	7
Other	(7)	(7)	(21)	(3)	(1)	(1)
	(10)	(45)	(65)	(10)	(52)	(102)
Write-down				-	(4)	(11)
Bookprofit				1	22	76
Exceptional gains				3	-	-
Restructuring costs				(4)	(11)	(28)
				(10)	(45)	(65)

The operating loss (EBIT) amounted to €10 million. Before restructuring costs and book profits, the operating loss amounted to €10 million. That is €35 million better than in the first half of 2014. The improvement was evident in both the Infrastructure and Building & Development divisions. The decrease in Supplies was due to the disposal of Ballast Phoenix Ltd and Bontrup. The operating results were affected by restructuring costs of €4 million and a book profit of €1 million and the receipt of the earn out of €3 million. The result of other activities concerns holding costs.

Margin

	first half year 2015	first half year 2014	2014
Infrastructure	(11.1%)	(31.7%)	(12.9%)
Building & Development	0.7%	(1.1%)	(1.2%)
Specialized Companies	1.6%	1.0%	2.6%
Supplies	7.0%	31.1%	11.3%
	(2.4%)	(8.7%)	(5.6%)

The margin on a group basis was 2.4% negative. If restructuring costs and book profits are excluded, the margin remains negative at 1.7%. In the first half of 2014 it was 8.7% negative.

Profit for the period

<i>x € 1 million</i>	first half year 2015	first half year 2014	2014
EBIT	(10)	(45)	(65)
Net finance income and expense	(2)	(5)	(7)
Share in profits of associates	(3)		3
Profit before income tax	(15)	(50)	(69)
Income tax expense	-	(1)	(34)
Profit for the period	(15)	(51)	(103)

Compared to the first half of 2014, interest expenses decreased by €3 million to €2 million as a result of lower finance expenses due to the disposal of the PPP projects. The result from associates was

negative due to losses on the PI2 Zaanstad project, part of the Building & Development division, in the first half of 2015. The tax charge is zero, €1 million lower than in the first half of 2014, as a result of the disposals of Ballast Phoenix Ltd, which generated positive taxable profit in the previous year.

Order book

<i>x € 1 million</i>	first half year 2015	first half year 2014	2014
Infrastructure	484	488	559
Building & Development	463	613	625
Specialized Companies	56	73	49
Supplies	39	47	61
	1 042	1 221	1 294
Other	(253)	(33)	(268)
	789	1 188	1 026

The order book decreased by €399 million compared to the first half of 2014 to €0.8 billion. The decrease occurred in all three divisions. The largest fall occurred in the Building & Development division as a result of high production in projects such as Erasmus and regional projects. Few projects were taken on in the past half-year. The joint venture Erasmus has received an additional contract of €41 million. The negative order book of other activities concerns the elimination of the PI Zaanstad and SAA A9 Gaasperdammerweg (IXAS) PPP projects, which have not been included in the order book on a consolidated basis based on IFRS standards that Ballast Nedam applies (these joint ventures are valued based on the equity method).

Capital and cash flows

Ballast Nedam's shareholders' equity decreased to €-1 million due to the loss in the first half of 2015. Solvency consequently decreased from 2% at the end of 2014 to 0%.

Total assets decreased by €114 million compared to the end of 2014 to €540 million as a result of the sale of the share in the Pi2 B.V. (€52 million), lower receivables (€13 million) and lower liquid assets (€50 million).

The cash flow for the first half of 2015 was €88 million negative versus a negative cash flow of €55 million in the same period in 2014.

Operating cash flow in the first half of 2015 deteriorated by €10 million compared to the first half of 2014 to €92 million negative due to lower receivables, expiring advance payments and creditor payments.

The cash flow from investing activities was €7 million positive versus €17 million positive in the first half of 2014. This cash flow consisted of the sale of two PPP interests in the first half of 2015, Benelux Secondary PPP fund and Pi2 B.V. The positive cash flow in the first half of 2014 was mainly from the sale of Ballast Phoenix Ltd.

The negative cash flow from financing activities of €3 million consisted of repayments of long-term loans and the payment of financial lease instalments.

Financing position

<i>x € 1 million</i>	first half year 2015	first half year 2014	2014
Cash	35	43	70
Escrow account	38		53
Bank overdrafts	(41)	<u>(68)</u>	<u>(3)</u>
Net cash	32	(25)	120
Recourse loans	(80)	<u>(91)</u>	<u>(82)</u>
Financing position	(48)	(116)	38
Non-recourse loans	(4)	<u>(14)</u>	<u>(5)</u>
Financing position including non-recourse	(52)	(130)	33

Ballast Nedam's financing position deteriorated by €86 million from €38 million positive at the end of 2014 to a debt position of €48 million in the first half of 2015. The financing position including non-recourse loans decreased by €85 million from €33 million positive at the end of 2014 to a debt position of €52 million in the first half of 2015. Net liquid assets in the first half of 2015 deteriorated by €88 million to €32 million. The deterioration resulted from the use of funds for operating activities. €38 million was drawn under the working capital facility (€38 million maximum) in the first half of the year. That is €22 million less than in the first half of 2014. The financing requirement during the year is higher than at the year-end. The cash includes €38 million held in an escrow account as a result of the disposal of offshore activities. This amount is not freely available due to the agreements entered into for the refinancing. €52.8 million was held in the escrow account at the end of 2014.

Loans

<i>x € 1 million</i>	first half year 2015	first half year 2014	2014
PPP loans	-	14	-
Land bank financing	32	40	34
Business loans	49	50	49
Finance leases	1	1	2
Other loans	2	<u>-</u>	<u>2</u>
	84	105	87
Recourse	80	91	82
Non recourse	4	<u>14</u>	<u>5</u>
	84	105	87
Current loans	31	2	31
Long-term loans	53	<u>103</u>	<u>56</u>
	84	105	87

The Rabobank business loan of €49 million matures on 31 December 2016. The loan has a fixed interest rate of 5.4% and is secured by a mortgage on a number of properties used by Ballast Nedam. The land bank financing of €32 million includes another large loan of €28 million to finance a number of land positions in a separate company. This loan matures on 31 December 2016 and has an interest rate of Euribor plus a margin. It is secured by a mortgage on the land positions concerned. The other loans consists of the land bank financing and financial leases totalling €7 million concern various project loans and loans to partnerships. There is no recourse to Ballast Nedam for €4 million of the €84 million of loans.

Statement of the Board of Management

To the best of the Board of Management's knowledge, the half-year financial statements give a true and fair view of the assets, liabilities, financial position and profit of Ballast Nedam N.V. and the undertakings included in the consolidation taken as a whole. To the best of the Board of Management's knowledge, the half-year report gives a true and fair view of the main events in the first six periods of 2015 and their effect on the half-year financial statements, a true and fair account of the main risks and uncertainties for the remaining periods of the year and a true and fair view of the main transactions with related parties.

Nieuwegein, 21 July 2015

Board of Management
E. van der Noordaa
P. van Zwieten

Half-year financial statements 2015

Consolidated income statement

<i>x € 1 million</i>	first half year 2015	first half year 2014	2014
Revenue	420	515	1 166
Other operating income	1	22	76
Costs of raw materials and subcontractors	(317)	(450)	(984)
Employee benefits	(93)	(119)	(229)
Other operating expenses	(16)	(3)	(71)
	(426)	(572)	(1 284)
Earnings before interest, taxes, depreciation and amortization (EBITDA)	(5)	(35)	(42)
Depreciation and amortization of property, plant and equipment and intangible assets	(5)	(7)	(16)
Impairment of tangible and intangible assets	(0)	(3)	(7)
Earnings before interest and taxes (EBIT)	(10)	(45)	(65)
Finance income	-	-	-
Finance expense	(2)	(5)	(7)
Net finance income and expense	(2)	(5)	(7)
Share in profits of associates	(3)		3
Profit before income tax	(15)	(50)	(69)
Income tax expense	(0)	(1)	(34)
Profit for the period	(15)	(51)	(103)
Attributable to owners of the company:			
Basic earnings per share (€)	(0,78)	(5, 22)	(5, 33)
Diluted earnings per share (€)	(0,78)	(5, 22)	(5, 33)

Consolidated statement of comprehensive income

<i>x € 1 million</i>	first half year 2015	first half year 2014	2014
Profit for the period	(15)	(51)	(103)
<i>Other results:</i>			
Net changes in hedging reserve, associates	(0)	0	2
Net changes in hedging reserve	3	(3)	(4)
Other comprehensive income	3	(3)	(2)
Total comprehensive income for the period	(12)	(54)	(105)
Attributable to:			
Owners of the company	(12)	(54)	(105)
Non-controlling interests	-	-	-
Total comprehensive income for the period	(12)	(54)	(105)

Consolidated statement of financial position

<i>x € 1 million</i>	first half year 2015	first half year 2014	2014
Non-current assets			
Intangible assets	16	20	16
Property, plant and equipment	75	88	78
Financial assets	5	28	5
Disposals of associates	9	0	9
Deferred tax assets	<u>(0)</u>	<u>33</u>	<u>(0)</u>
	105	169	108
Current assets			
Inventories	147	157	148
Work in progress	57	106	52
Receivables	158	300	171
Cash	38	43	70
Escrow account	35	-	53
Assets held for sale	<u>-</u>	<u>97</u>	<u>52</u>
	435	703	546
Current liabilities			
Bank overdrafts	(41)	(68)	(3)
Current portion of long-term loans	(31)	(2)	(31)
Prepayments on inventories	(2)	(2)	(2)
Work in progress	(82)	(153)	(88)
Trade payables	(144)	(200)	(191)
Income tax expense	(0)	1	(0)
Other liabilities	(170)	(231)	(195)
Provisions	(12)	(21)	(17)
Liabilities held for sale	<u>-</u>	<u>(48)</u>	<u>(51)</u>
	(482)	(724)	(578)
Current assets minus current liabilities	<u>(47)</u>	<u>(21)</u>	<u>(32)</u>
Capital employed	58	148	76
Non-current liabilities			
Loans	53	103	56
Derivatives	-	1	(0)
Deferred tax liability	0	(0)	1
Personnel expenses	4	4	4
Provisions	<u>2</u>	<u>4</u>	<u>4</u>
	59	112	65
Total equity			
Equity attributable to owners of the company	(1)	36	11
Non-controlling interest	<u>-</u>	<u>-</u>	<u>-</u>
	<u>(1)</u>	<u>36</u>	<u>11</u>
Finance	58	148	76
Solvency	0%	4%	2%

Summary consolidated statement of equity

x € 1 million

2015	Issued share capital	Share premium	Repurchased own Shares	Currency translation reserve	Reserves of associates	Hedging reserve	Other reserves	Profit for the period	Total equity
31 December 2014	20	119	(5)	-	33	(5)	(48)	(103)	11
Profit for the period								(15)	(15)
Net changes in hedging reserve, associates						-			-
Net changes in hedging reserve						3			3
Comprehensive income						3		(15)	(12)
Dividend paid									
Option scheme									
Repurchased own shares									
Transactions with shareholders									
Appropriation of 2014 result							(103)	103	-
Rights issue / other	-								
Change in nominal value									
15 June 2015	20	119	(5)	-	33	(2)	(151)	(15)	(1)

2014	Issued share capital	Share premium	Repurchased own Shares	Currency translation reserve	Reserves of associates	Hedging reserve	Other reserves	Profit for the period	Total equity
31 December 2013	60	52	(5)	-	36	(3)	(9)	(41)	90
Profit for the period								(51)	(51)
Net changes in hedging reserve, associates						-			-
Net changes in hedging reserve						(3)			(3)
Comprehensive income						(3)		(51)	(54)
Dividend paid									
Option scheme									
Repurchased own shares									
Transactions with shareholders									
Appropriation of 2013 result							(41)	41	-
Rights issue / other	-								
Change in nominal value									
15 June 2014	60	52	(5)	-	36	(6)	(50)	(51)	36

Consolidated statement of cash flows

x € 1 million

	first half year 2015	first half year 2014	2014	
Net cash - opening balance	120	30		29
Profit for the period	(15)	(51)	(103)	
Adjustments:				
Depreciation	5	7	15	
Amortization	(0)	(0)	1	
Impairment (in) tangible assets	(0)	4	7	
Finance expense	2	5	7	
Finance income	-	-	-	
Share-based payments	-	-	-	
Gain from disposal of fixed assets and subsidiaries	(1)	22	(76)	
Income tax expense	-	(0)	34	
Share in profits of associates	(0)	-	(3)	
Movements:				
Movement in inventories	1	(3)	26	
Movement in work in progress	(11)	76	66	
Movement in fair value investments	(0)	-	-	
Movement in other receivables	19	(117)	53	
Movement in provisions and employee benefits	(7)	(3)	(23)	
Change in other current liabilities	(83)	(17)	(31)	
Interest paid	(2)	(5)	(7)	
Interest paid on hedging instruments	-	-	-	
Interest received	-	-	-	
Income taxes paid	(0)	(0)	(2)	
PPP receivables			(43)	
Net cash from operating activities	(92)	(82)		(79)
Intangible assets				
investments	0	(1)	(2)	
income from disposals	0	-	1	
Property, plant and equipment				
investments	(2)	(5)	(12)	
income from disposals	2	3	13	
Financial assets				
investments	0	(11)	(3)	
income from disposals	0	2	-	
other fair value investments	(0)	-	-	
income from other receivables	0	-	-	
Disposals of associates and joint ventures	0	-	3	
Disposal of subsidiaries after deduction of disposed cash	-	-	-	
Sale of subsidiaries after deduction of disposed cash	7	29	111	
Net cash used in investing activities	7	17		111
Income from long-term loans drawn	(0)	13	48	
Repayment of long-term loans	(2)	(2)	(14)	
Handling charges paid on new loans	-	-	-	
Finance lease instalments paid	(1)	(1)	(2)	
Acquisition of non-controlling interest	-	-	-	
Dividend paid	(0)	-	-	
Proceeds from claim emission	(0)	-	27	
Net cash from financing activities	(3)	10		59
Effect of exchange rate fluctuations on cash held	-	0	-	
Net cash on balance	(88)	(55)		91
Net cash - closing balance	32	(25)		120

Net cash

<i>x € 1 million</i>	first half year 2015	first half year 2014	2014
Cash	35	43	70
Escrow account	38		53
Bank overdrafts	<u>(41)</u>	<u>(68)</u>	<u>(3)</u>
Net cash	32	(25)	120
Fully consolidated	4	(49)	87
Share in joint operations	<u>28</u>	<u>24</u>	<u>33</u>
Net cash	32	(25)	120

Net financing position

<i>x € 1 million</i>	first half year 2015	first half year 2014	2014
Net cash	32	(25)	120
Current portion of long-term loans	(31)	(2)	(31)
Long-term loans	<u>(53)</u>	<u>(103)</u>	<u>(56)</u>
	(52)	(130)	33

Notes to the half-year financial report**1. Segmentation****Revenue**

<i>x € 1 million</i>	first half year 2015	first half year 2014	2014
Infrastructure	81	186	458
Building & Development	283	263	611
Specialized Companies	61	97	190
Supplies	<u>43</u>	<u>74</u>	<u>151</u>
	468	620	1 410
Other	<u>(48)</u>	<u>(105)</u>	<u>(244)</u>
	420	515	1 166

Total revenue decreased by 18% from €515 million to €420 million. This decrease was caused particularly by the Infrastructure division as a result of the completion of major projects and the disposal of the offshore activities at the end of 2014. The decrease in Specialized Companies resulted from the slimming down and reduction of activities. In Supplies the decrease was the result of the disposals of Ballast Phoenix Ltd and the associate Bontrup. A rise was recorded in the Building & Development division, with contributions from both regional companies and major projects. The negative revenue in other activities concerns the elimination of internal revenue.

EBIT	Reported			Normalized		
	first half year 2015	first half year 2014	2014	first half year 2015	first half year 2014	2014
<i>x € 1 million</i>						
Infrastructure	(9)	(59)	(59)	(9)	(59)	(112)
Building & Development	2	(3)	(7)	1	1	(1)
Specialized Companies	1	1	5	1	1	5
Supplies	3	23	17	-	6	7
Other	(7)	(7)	(21)	(3)	(1)	(1)
	(10)	(45)	(65)	(10)	(52)	(102)
Write-down				-	(4)	(11)
Bookprofit				1	22	76
Exceptional gains				3	-	-
Restructuring costs				(4)	(11)	(28)
				(10)	(45)	(65)

The operating loss amounted to €10 million. Before restructuring costs and book profits, the operating loss amounted to €10 million. That is €35 million better than in the first half of 2014. The improvement was evident in both the Infrastructure and Building & Development divisions. The decrease in Supplies was due to the disposal of Ballast Phoenix Ltd and Bontrup. In addition to non-recurring income of €3.2 million (Ballast Phoenix Ltd earn-out), the operating results were impacted by restructuring costs of €4 million and a book profit of €1 million. The other activities result concerns holding costs.

Margin

	first half year 2015	first half year 2014	2014
Infrastructure	(11.1%)	(31.7%)	(12.9%)
Building & Development	0.7%	(1.1%)	(1.2%)
Specialized Companies	1.6%	1.0%	2.6%
Supplies	7.0%	31.1%	11.3%
	(2.4%)	(8.7%)	(5.6%)

The margin on a group basis was 2.4% negative. If restructuring costs and book profits are excluded, the margin remains negative at 1.7%. In the first half of 2014 it was 8.7% negative.

Profit for the period

<i>x € 1 million</i>	first half year 2015	first half year 2014	2014
EBIT	(10)	(45)	(65)
Net finance income and expense	(2)	(5)	(7)
Share in profits of associates	(3)		3
Profit before income tax	(15)	(50)	(69)
Income tax expense	-	(1)	(34)
Profit for the period	(15)	(51)	(103)

Compared to the first half of 2014, interest expenses decreased by €3 million to €2 million as a result of lower finance expenses due to the disposal of the PPP projects. The result from associates was

negative as a result of losses on the PI Zaanstad project in the first half of 2015. The tax charge was zero, €1 million lower than in the first half of 2014, as a result of the disposals of Ballast Phoenix Ltd and Bontrup.

Order book

<i>x € 1 million</i>	first half year 2015	first half year 2014	2014
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The order book decreased by €399 million compared to the first half of 2014 to €0.8 billion. The decrease occurred in all three divisions. The largest fall occurred in the Building & Development division as a result of high production in projects such as Erasmus and regional projects. Few projects were taken on in the past half-year. The joint venture Erasmus has received an additional contract of €41 million. The negative order book of other activities concerns the elimination of the PI Zaanstad) and SAA A9 Gaasperdammerweg (IXAS) PPP projects, which have not been included in the order book on a consolidated basis under the IFRS consolidation and control standards applied by Ballast Nedam.

2. Key events

Ballast Nedam had a loss-making first half-year with a negative operating result (EBIT) of €10 million, including €4 million of restructuring costs and €1 million book profit on the disposals of the interests in the Benelux Secondary PPP fund I B.V. and PI2 B.V.. The result also includes non-recurring income of €3.2 million in respect of an earn-out fee relating to the sale of Ballast Phoenix Ltd in 2014. A positive development is that the losses on the A15 Maasvlakte-Vaanplein and A2 Maastricht projects did not rise further in the first half of 2015 from the end-2014 level. The Erasmus project also made a positive contribution during the first half of the year. The negative operating result was caused by project losses on the Nobo Otrobanda Hospital project in Curaçao of €-1.4 million and the settlement of the OVT Breda claim amounting to €-1.5 million. Disappointing project results were recorded in the South and North-West areas of the Building & Development division. In the Division Infrastructure the result was adversely impacted by insufficient coverage of overheads due to lower revenue in the first half of the year. A positive development is that the Infrastructure division faced no further major setbacks in terms of project results. No major new losses occurred in the projects. The Specialized Companies & Supplies division performed as expected, despite capacity utilization problems in the concrete factories. Few major new projects were acquired in the domestic market during the past half-year. Revenue in the first half of 2015 decreased by 18% compared to the first half of 2014 to €420 million. The decrease in revenue was caused in particular by the Infrastructure and Specialized Companies & Supplies divisions. Solvency decreased to zero. The completion of the rights issue will lead to an improvement in solvency in the second half of 2015.

Compared to the first half of 2014, interest expenses decreased by €3 million to €2 million as a result of lower finance expenses due to the disposal of the PPP projects. The tax charge was zero (first half of 2014: €1 million). The net loss was €15 million.

Tangible and intangible fixed assets fell sharply compared to the first half of 2014 as a result of impairments in 2014 and a lower level of investment. Financial fixed assets decreased compared to the first half of 2014 due to disposals of the Pi2 B.V PPP project. The deferred tax asset was written off completely in 2014.

Current assets were €111 million lower than in the end of 2014 due to lower inventories and work in progress. Receivables were 7.6% lower than at the end of 2014. The lower balances were due the expiry and completion of projects. Current liabilities were also substantially lower than at the end of 2014, with a decrease of €96 million. Work in progress, creditors and other liabilities were lower as a result of payments and the completion of projects. Working capital improved overall compared to the first half of 2014 and full-year 2014 by €26 million and €15 million respectively.

The net financing position deteriorated by €85 million compared to the end of 2014. This was due to higher utilization of the credit facility for operating activities in the first half of 2015.

3. Continuity and liquidity of the company

Ballast Nedam recorded a net loss of €103 million (2013: €41 million) in 2014. The deterioration of the result during that year was particularly due to further cost overruns on the A15 Maasvlakte-Vaanplein and A2 Maastricht projects. The solvency rate at the end of 2014 consequently fell to 2%. In view of this negative result and an additional financing requirement, Ballast Nedam began discussions in early 2015 with its main financiers on the consequences and an adjustment to the financing for the short and long term. On 27 April 2015 these discussions resulted in an agreement in principle between Ballast Nedam and the banking syndicate, comprising ING Bank, Rabobank and the Royal Bank of Scotland on a refinancing of the company. The final financing documents were signed on 17 June 2015.

Main basis of continuity: a financed business plan

The financing requirement is based on a revised 2015-2016 business plan, which assumes a continuation of the current basis of the Building & Development and Specialized Companies & Supplies divisions. With regard to the Infrastructure division, Ballast Nedam has decided to actively scale back its interests in two existing large-scale infrastructure projects, as announced in the letters of intent of April 2015 for the A15 Maasvlakte-Vaanplein and A2 Maastricht projects. This will further reduce Ballast Nedam's risk profile.

- **A15 Maasvlakte-Vaanplein project:** economic and legal interest reduced from 40% to 10%. An agreement letter of intent has been concluded with Strukton and Strabag, partners in the A15 Maasvlakte-Vaanplein project, under which Ballast Nedam will reduce its share of the project on the implementation of the agreement from 40% to 10%. Strukton and Strabag are each increasing their share to 45%. This change will be effective in the second half of 2015. Ballast Nedam will pay €4 million to Strabag and €6 million to Strukton in 2016 as a risk premium. The impact of this transaction on the assets and results will be approximately €13 million positive in the second half of 2015. The share in any future claim proceeds, reduced by the decrease in the share from 40% to 10%, had not been recognized as at the balance sheet date.
- **A2 Maastricht project:** transfer of infrastructure part to Strukton; transfer of property development to Ballast Nedam. An agreement letter of intent has been concluded with Strukton, our partner in the A2 Maastricht project, for the takeover of Ballast Nedam's share in the infrastructure activities in the project. Strukton's share in the property development of the A2 Maastricht project will be transferred to Ballast Nedam. Ballast Nedam is paying €22 million to Strukton to acquire the infrastructure activities. This payment will be spread over the second half of 2015. Ballast Nedam will acquire the right to the land positions for the property development. On the completion of the tunnel, Ballast Nedam will pay approximately €40 million to Strukton, for which external financing will be sought. The impact of this transaction on the assets and results will be zero in the second half of 2015.

These two transactions have recently been finalized and are expected to be signed in the third quarter of 2015.

The Infrastructure division will focus on medium-sized, integrated infrastructure projects and smaller specialist projects in concrete and civil engineering, and industrial construction. Tendering will be carried out on a highly selective basis for both Dutch and international projects, with the aim of striking the right balance between risk, capacity and return. Close attention will be paid in particular to the risk profile in relation to the margin. As a result, the extent of the infrastructure activities will decrease, necessitating a capacity adjustment for the Infrastructure division.

Nature of the refinancing

The refinancing has the following components:

- Two bridge loans granted by Sanderink Investments B.V. and the banking syndicate totalling €20 million until completion of the planned rights issue in the second half of 2015;
- A subordinated bank loan of €10 million maturing on 31 March 2017;
- A subordinated bank loan of €43 million maturing on 31 March 2017;
- A revolving credit facility of €8.9 million expiring on 31 December 2015; and
- A committed guarantee facility of initially €261 million being phased out on the basis of a scaling back of major infrastructure projects, including the A2 Maastricht and A15 Maasvlakte-Vaanplein projects.

In addition to the refinancing by the banking syndicate, the following existing loans have been adjusted:

- An FGH mortgage loan of €28.6 million maturing on 31 December 2016 (extension)
- A Rabobank loan of €50 million maturing on 31 December 2016 (extension).

Financial covenants

The financing is subject to three financial covenants which will be measured quarterly from the third quarter of 2015: a guarantee capital floor, a net cash floor and an EBITDA floor.

- The guarantee capital floor: shareholders' equity plus the subordinated loans
- Net cash floor: own freely available liquid assets netted against the drawn credit facility
- EBITDA floor: EBITDA corrected for impairments, book profits/losses and restructuring costs.

Ballast Nedam had access to the existing credit facility of €38 million until the refinancing documentation was finally adopted on 17 June 2015. Part of this is the escrow account on which the €53 million proceeds of the sale of Ballast Nedam offshore at the end of 2014 are held. The funds on this account were available to Ballast Nedam conditionally for ongoing payments until the final adoption of the financing documentation on 17 June 2015. €28 million of this was used to repay the existing credit facility on 17 June 2015, with the remainder (€24.5 million) being placed in a blocked account as collateral for the guarantee facility. From that moment this blocked account will be presented as fixed asset.

Financial covenants

The financing is subject to three financial covenants which will be measured quarterly from the third quarter of 2015: a guarantee capital floor, a net cash floor and an EBITDA floor. The covenants are based on the revised business plan 2015-2016, including a €5 million headroom.

- The guarantee capital floor: shareholders' equity plus the subordinated loans
- Net cash floor: own freely available liquid assets netted against the drawn credit facility
- EBITDA floor: EBITDA corrected for impairments, book profits/losses and restructuring costs.

€20 million rights issue in second half of 2015

Ballast Nedam will conduct a rights issue in the second half of 2015 in which tradable rights will be offered to existing holders of depositary receipts to subscribe for depositary receipts for shares totalling €20 million. Agreement has been reached with Sanderink Investments B.V. whereby the latter will underwrite €10 million of the rights issue. Sanderink Investments B.V. granted a bridge loan for that amount in July 2015. In connection with the intended public offer on 22 July 2015 by RC

RÖNESANS İNŞAAT TAAHHÜT A.Ş. this rights issue will be detained until 31 December 2015 at the latest. In the event of completion and settlement of the Offer, RC RÖNESANS İNŞAAT TAAHHÜT A.Ş will make a capital contribution to Ballast Nedam N.V. of €30 million. This capital contribution will replace the planned €20 million rights issue and will be used to repay the bridge loans and improve the solvency.

Agreement has been reached with Sanderink Investments B.V. whereby the latter will underwrite €10 million of the rights issue. Sanderink Investments B.V. granted a bridge loan for that amount in July 2015. The bridge loan will be repaid from the net proceeds of the intended capital injection.

The remaining €10 million of the rights issue will be underwritten by the banking syndicate comprising ING Bank, Rabobank and the Royal Bank of Scotland. A bridge loan will also be granted for this purpose, to be repaid from the net proceeds of the rights issue. The rights issue must be accompanied by a prospectus approved by the Netherlands Authority for the Financial Markets (AFM). On 29 June 2015 the General Meeting of Shareholders approved this rights issue and an amendment to the articles of association reducing the par value of the shares to €0.01. The reduction of the par value from €1.00 to €0.01 is necessary in order to achieve maximum flexibility for the success of the rights issue. The rights issue and the subordinated loans affect the guarantee capital of Ballast Nedam in a positive way, and the solvency rate based on the guarantee capital is expected to improve at the end of 2015.

Additional measures and options

1. By 31 October December 2015, as a risk control measure for the future, the company's legal structure will be adapted to the management and reporting structure of the divisions. This will create increased flexibility for disposals and prepare Ballast Nedam better for any setbacks.
 - a. The companies operationally placed in the Specialized Companies & Supplies division will be legally removed transferred from the Infrastructure division to the Specialized Companies & Supplies division, the regional companies in the Building & Development division will be legally separated from the nationally operating company and Ballast Nedam ICT will be brought under the Building & Development division.
 - b. These changes will be implemented in the coming period and will entail changes to issued statements of joint and several liability (403 verklaringen) and the employment contracts of employees working for the business units concerned.
2. On 19 May 2015 Ballast Nedam announced that it was conducting exploratory discussions with several foreign parties on the possibility of a merger or acquisition of the company. There is no certainty with regard to the outcome of these discussions. Ballast Nedam always considers serious options in the interests of its shareholders and stakeholders.

Criteria and uncertainties

The half-year results are in line with the revised business plan 2015-2016. The implementation of the revised business plan, on which the agreed refinancing is based, is essential for the continuity of the company, but is subject to a range of uncertainties. On the one hand, these relate to operational sensitivities, such as i) the inherent uncertainty concerning the scope and time of project execution, including the time at which new projects are contracted, ii) the forecast results and margins cashflows of operating activities, and iii) the results of negotiations relating to additional work and claims. On the other hand, uncertainties exist with regard to the attitude of the main financiers in the event of setbacks. Should these uncertainties have negative consequences, there is a risk that any liquidity shortfalls occurring at that time may not be financed or that loans may still become payable.

Conclusion concerning continuity and liquidity

Ballast Nedam believes that on the basis of the measures taken, the adopted refinancing, the proposed transfer of the A2 Maastricht and A15 Maasvlakte-Vaanplein projects and the revised 2015-2016 business plan the company will be able to operate within the specified financing agreements and thus have sufficient resources available to meet its obligations at least until the end of 2016, while it is fully aware of the sensitivities and uncertainties set out above and the provisional nature of the agreements and the consequences should they turn out negatively. On the basis of the above actions,

plans and expectations, the 2015 half-year financial statements have been prepared in accordance with the continuity assumption.

The expected impact of the proposed bid by effectuation thereof is described in the subsequent events.

4. Disposals

The following disposals took place in the first half of 2015. On 1 April Ballast Nedam sold 75% of its interest in the SPC for the Pi2 B.V. PPP project to a subsidiary of HICL Infrastructure Company Limited for €11.5 million. On 27 March 2015 Ballast Nedam sold its 20% share in the Benelux Secondary PPP Fund I B.V. for approximately €4.5 million to its joint venture partner DG Infra Yield.

Compressed overview of desinvestments

x€ 1 million

Financial assets	3
Receivables	-
Other liabilities	-
Loans	3
Net assets and liabilities	6

x€ 1 million

Considerations received in cash	7
Disposed cash and cash equivalents	-
Net cash - inflow	7

5. Significant accounting policies

Ballast Nedam N.V. is established in Nieuwegein in the Netherlands. The half-year financial report of Ballast Nedam N.V. covers the first six periods of the 2015 financial year from 1 January 2015 to 14 June 2015 (2014: 1 January to 15 June). This report includes Ballast Nedam N.V., the head of the group and its subsidiaries, collectively referred to as Ballast Nedam, and Ballast Nedam's participation in associated companies and entities that are controlled jointly.

The consolidated financial statements of Ballast Nedam N.V. for the 2014 financial year are available through www.ballast-nedam.nl.

6. Statement of compliance

The half-year financial report has been prepared in conformity with International Financial Reporting Standard IAS 34 "Interim Financial Reporting" as adopted by the European Union (hereinafter: 'EU-IFRS'). It has not been audited. The half-year financial report does not contain all the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements for the 2014 financial year.

This half-year report was prepared and approved by the Board of Management on 21 July 2015. The auditor has issued a review opinion on this half-year report.

7. Policies applied in the preparation of the half-year financial report

The policies applied in the preparation of the half-year financial report are consistent with the policies described in the financial statements for the 2014 financial year. On the basis of the actions, plans and expectations stated in this report, the figures for the first half of 2015 have been prepared in accordance with the continuity assumption.

The Board of Management regularly uses segment information to take decisions on resource allocation and to assess results. The decisions on resource allocation and the assessment of results are based on earnings before interest and tax (EBIT) and capital employed.

8. New and amended standards issued by the IASB, endorsed by the European Union and applicable to the current financial year

IFRIC 21 'Interpretation for Levies' offers a guide to the administrative processing of levies of the government on entities operating in specific markets, such as a specific country, a specific region or a specific sector in a particular country. IFRIC 21 applies to all levies provided they do not fall within the scope of application of other standards (e.g. IAS 12 'Income taxes') and penalties or other sanctions for violations of the law. Levies are defined as an outflow of resources in which economic advantages can be imposed by governments on entities in accordance with the legislation. The scope of application of this interpretation is very broad and includes various obligations which are imposed by governments in accordance with legislation and not always described as levies. Therefore entities making payments to governments must determine carefully whether the payment falls within the scope of IFRIC 21. The interpretation must be applied with retroactive effect. For entities which apply EU-IFRS, this applies to annual periods commencing on or after 17 June 2014. This change has no material effect on the results for the first half year of 2015 or in the comparative (interim) figures. Improvements to IFRS 2011-2013 Cycle (published in December 2013)

The IASB has published the 2011-2013 cycle improvements to its standards and interpretations. These improvements relate to the following standards and subjects.

IFRS 3 Business Combinations – scope of exceptions for joint ventures:

- Joint agreements, and not only joint ventures, fall outside the scope of IFRS 3.
- This scope of exemption applies only to the bookkeeping in the financial statements of the joint arrangement itself.

- IFRS 13 Fair Value Measurement

- IAS 40 Investment Property - connection between IFRS 3 and IAS 40: The description of the supporting services in IAS 40 draws a distinction between investment property and property for own use (i.e. tangible fixed assets).

The improvements were approved by the EU on 18 December 2014. For entities which apply EU-IFRS, the improvements apply to annual periods commencing on or after 1 January 2015. The improvements have no significant impact on the half-year report of Ballast Nedam.

9. Seasonal patterns

Ballast Nedam has the usual seasonal pattern in the construction industry. This has an impact on the reported results, balance sheet and cash flows. In the first six periods of four weeks the revenue and operating results are historically lower in the first half of a year than in the second half (seven periods of four weeks). The working capital requirement and net debt are generally higher in the middle of the year than at the end of the year.

10. Related party transactions

The parties related to Ballast Nedam are the company's management (Board of Management and Supervisory Board), its subsidiaries, associates, joint ventures, Stichting Pensioenfonds Ballast Nedam and the directors and senior officers of these entities.

The main task of Stichting Pensioenfonds Ballast Nedam is to implement the pension scheme for the employees of Ballast Nedam. Stichting Pensioenfonds Ballast Nedam uses the services of employees of Ballast Nedam companies. The actual expenses are passed on.

Ballast Nedam buys and sells goods and services from and to various related parties in which Ballast Nedam holds an interest of 50% or less, or with natural persons and legal entities holding at least 10% of the Ballast Nedam shares. All these transactions are executed at arm's length, in a comparable manner as for transactions with third parties.

11. Segment information

An operating division is a component of Ballast Nedam that engages in business activities that may contribute substantially to revenues and expenses, including those related to transactions with other

components of the Group. For an overview of the division information shall be referred to the chapter 1 of the half-year report.

The Board of Management regularly uses division information to take decisions on resource allocation and to assess results.

The prices for transactions between divisions are determined on an objective, businesslike basis. The results, assets and liabilities of a segment comprise items that can be attributed to the division either directly or on a reasonable basis.

12. Fair value statement of financial instruments

Ballast Nedam uses derivative financial instruments to hedge exposure to currency, interest rate and market risks arising from operating, financing and investing activities. Ballast Nedam uses hedge accounting to hedge the interest rate risk on its PPP loans. During the first half of the year no significant change occurred in the fair value compared to the end of 2014. The hedges are tested for effectiveness every quarter. The interest rate risk on these loans is fully hedged. During the first half of the year the hedges remained effective, so this did not lead to material changes in the income statement of Ballast Nedam.

13. Estimates and judgements by management

In preparing the half-year figures, the management of Ballast Nedam has made estimates and judgements that affect the amounts recognized for assets, liabilities, revenue, costs and the associated notes on contingent and off-balance-sheet liabilities. Estimates and judgements are evaluated on a regular basis.

Project results

Work in progress comprises, besides the recognized costs and invoiced instalments for each project, also the interim realized gain or the recognized loss provision. The gain and loss are both based on an estimate of the ultimate profit for each project: the end of work forecast.

The uncertainty in this profit estimate increases in line with factors such as:

- An agreed contract form that entails more risks for the contractor, such as the design risk that contractors accept in design & construct contracts, plus, for a DBMO contract, the responsibility for maintenance and operation;
- A project that is still in an early design or implementation stage. When developing a preliminary design into a final design, substantial deviations from the preliminary design may arise. This may be because an initial solution turns out with hindsight to be unfeasible, or because the underlying conditions are better or worse than expected, or because the dialogue with stakeholders is far more complicated, and therefore more expensive, than foreseen. Countless risks may also arise in the implementation phase that are for the account of the contractor. These deviations may be positive or negative.
- The term of the contract being longer and hence the forecast for the ending of the work inherently involving more estimation uncertainties.
- Projects being subject to additional work and claim situations.

Goodwill

The recoverable amount is measured using future cash flow forecasts. The budgets of the cash generating units are used to estimate future cash flows for the next three years. The assumptions of these budgets are based partly on historical profits and external information sources. Cash flows after three years are extrapolated with expected growth rates.

Land positions

Land positions are acquired and held for future development purposes and are recognized at the lower of historical cost and recoverable amount. The recoverable amount is the higher of the current market value and the present value of the estimated future cash flows. The future cash flows are estimated using scenario and sensitivity analyses. The present value estimates are based on a discount rate of 9%.

Recognition of income tax

At the close of the financial year, Ballast Nedam makes an assessment of the tax position of all fiscal entities. This involves estimating the actual short-term tax charges and income, and the temporary differences between the accounting carrying amounts and tax base of assets and liabilities. A decision is taken on the reporting date as to whether unused tax losses and deferred tax assets due to temporary differences may be recognized. Ballast Nedam recognizes deferred tax assets if these are likely to be realized. If the actual anticipated taxable profits differ from the estimates, and depending on the tax strategies which Ballast Nedam may introduce, recognized deferred tax assets may not be realized, thus affecting the financial position and results of Ballast Nedam. The half-year figures show no grounds at this stage to recognize any new deductible losses. This is in accordance with the recognition in the 2014 financial statements.

Provisions

Provisions relating to actual liabilities are based on estimates and judgements as to whether the criteria for treatment as a liability have been met, including an estimate of the size of the actual liability. Actual liabilities are recognized if it is likely that a liability will arise and its size can be reasonably estimated. Provisions for warranties are recognized for the expected expenses necessary to resolve known complaints. If the actual outcome differs from our assumptions as to anticipated costs, the estimated provisions must be revised, and this could have an effect on the financial position and results of Ballast Nedam.

14. Events after the reporting date

On 17 June 2015 Ballast Nedam finally signed and formalized the refinancing agreed at the end of April.

At the General Meeting of Shareholders of 29 June 2015 the Supervisory Board reappointed Mr Peter van Zwieten as CFO and as a member of the Board of Management of Ballast Nedam N.V. for a term of four years up to the end of the 2019 General Meeting of Shareholders. Mr J. Bout was also reappointed as a member of the Supervisory Board up to the end of the 2016 financial year.

The General Meeting of Shareholders approved the proposal to reduce the par value of each share in the capital of Ballast Nedam N.V. from EUR 1.00 to a par value of EUR 0.01 per share, without repayment to shareholders.

The General Meeting of Shareholders also approved the proposed amendment to the articles of association allowing the consolidation of shares on the basis of 30 alternative methods and authorized the Board of Management, with the approval of the Supervisory Board, to determine which of these methods is required to implement the consolidation.

In addition to the annual instructions for the issuance of shares and the restriction or exclusion of the preferential right established by law and the articles of association, the General Meeting of Shareholders authorized the Board of Management, with the approval of the Supervisory Board, for a period of six months from 1 July 2015 to 31 December 2015, to issue ordinary shares, grant rights and exclude or restrict the preferential right established by law and the articles of association in order to implement the rights issue.

Ballast Nedam informed the board of the Ballast Nedam Administration Office (SAK) of its wish to convert the depositary receipts into shares as soon as possible after completion of the rights issue. The conversion will be implemented in consultation with Euroclear, Euronext and the affiliated institutions concerned. The General Meeting of Shareholders approved the proposed amendment to the articles of association to prepare for the conversion of the depositary receipts.

[On 22 July 2015 RC RÖNESANS İNŞAAT TAAHHÜT A.Ş. ("Renaissance Construction") and Ballast Nedam N.V. jointly announce that they have reached conditional agreement in connection with a public offer by Renaissance Construction for all of the issued and outstanding depositary receipts in respect of ordinary shares in the capital of Ballast Nedam (each a "Depositary Receipt") at an offer price of € 1,55] (cum dividend) in cash for each Depositary Receipt, subject to customary conditions (the "Offer"). The Offer price represents a premium of 29,2% to the undisturbed closing price of 18 May 2015.

Financing and rights issue

Renaissance Construction, Ballast Nedam N.V. and the relevant banks have entered into arrangements in respect of the continued availability of the financing and the separate bank loans as well as certain amendments to the existing terms and conditions, in each case in connection with the intended Offer. In connection with the Offer, the implementation of the rights issue that was previously announced at 29 April 2015 will be put on hold till at least 31 December 2015.

Upon or after completion and settlement of the Offer:

- Upon successful completion and settlement of the Offer, Renaissance Construction shall make a capital contribution to Ballast Nedam N.V. of €30 million, either in the form of a rights issue of EUR 20 million and a private placement of € 10 million at a market customary discount, or in the event that more than 95% is held by Renaissance Construction, in a form to be determined by Renaissance Construction at its own discretion; Renaissance Construction will make the Capital Contribution, which Ballast Nedam N.V. will apply in full prepayment towards the bridge loans and for strengthening its liquidity position;
- the subordinated bank loan of € 10 million will be repaid and cancelled in full;
- the rights issue announced on 29 April 2015 will not take place;
- the banking syndicate will accept a €10 million reduction of the subordinated bank loan of €43 million;
- Renaissance Construction will provide an on demand parent guarantee to the banking syndicate for 50% of the liabilities of Ballast Nedam N.V. under the subordinated bank loan of € 43 million as reduced by the haircut; and
- Ballast Nedam N.V. will be under an obligation to make repayments on the outstanding bank loans in a total amount of €10 million before 1 July 2016.

Nieuwegein, 21 July 2015

Board of Management,
E. van der Noordaa
P. van Zwieten

This publication is a translation of the official interim report, which was published in Dutch. In the event of discrepancies, the Dutch version will prevail.

Review report

To: the management board and supervisory board of Ballast Nedam N.V.

Introduction

We have reviewed the accompanying half year accounts as set out in the interim report 2015, of Ballast Nedam N.V., Nieuwegein, which comprises the statement of financial position as at 14 June 2015, the statement of income, the statements of comprehensive income, the condensed statement of changes in equity and statement of cash flows for the period 1 January 2015 to 14 June 2015 and the notes to the half year accounts, comprising a summary of the significant accounting policies and other explanatory information. Management is responsible for the preparation and presentation of these half year accounts in accordance with IAS 34, "Interim financial reporting" as adopted by the European Union. Our responsibility is to express a conclusion on these half year accounts based on our review.

Scope

We conducted our review in accordance with Dutch Law, including Standard 2410 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity'. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the Dutch auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying half year accounts for the period 1 January 2015 to 14 June 2015 are not prepared, in all material respects, in accordance with IAS 34 "Interim financial reporting", as adopted by the European Union.

Emphasis of uncertainty with respect to the going concern assumption

We draw attention to the disclosure on continuity and liquidity as described in the note "Continuity and liquidity of the company" of the half year accounts 2015, which describes the developments with respect to the company's continuity as a going concern and liquidity. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. Our conclusion is not qualified in respect of this matter.

Utrecht, 21 July 2015

Ernst & Young Accountants LLP

signed by W.H. Kerst

11.5 **Financial statements of the Company for 2014**



20 14

Creating
enduring
quality

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This publication is a translation of the official annual report, which was published in the Dutch language. In the event of discrepancies, the version in Dutch shall prevail.

This annual report can be read and downloaded on our website www.ballast-nedam.nl. Further information on this annual report can be obtained from the Communications & Investor Relations department of Ballast Nedam by telephoning (030) 285 47 33 or e-mailing pr@ballast-nedam.nl.

Report structure

In this annual report Ballast Nedam's reports comprehensively on its financial performance and its approach to corporate social responsibility.

In Chapter 1 *Profile of Ballast Nedam* on page 14 we set out our vision and mission and describe our core activities. You can read about the market in which we operate and about the structure of our organization. We also explain how we work on the basis of the five pillars underpinning our strategy.

In Chapter 2 *Strategy* on page 26, we explain our corporate strategy and you can read about our differentiated market approach. The SWOT analysis on page 28 was the basis for defining our strategic plan for the years 2015-2017. We provide details of our strategic plan and describe the outlook.

Chapter 3 *Strategic objectives and financial results* on page 34 sets out our strategic objectives for 2015. In this Chapter we give an account of the financial and non-financial results of our efforts to achieve our objectives in the 2014 financial year, explaining the difference between the qualitative and quantitative objectives and the results achieved. We also report in this Chapter on the segments' contributions to the strategic objectives.

In Chapter 4 *Risk and risk management in Ballast Nedam* on page 60 we describe how Ballast Nedam has organized its risk management and the risk control process and the focal points of our risk management in 2015. We also specify the risks which play a role in the environment in which Ballast Nedam operates and identify a number of specific risks to which Ballast Nedam encounters in actual or potential disputes with third parties.

Chapter 5 *Corporate social responsibility* on page 78 describes how we guarantee our CSR policy in the organization and how our increased strategic focus impacts the CSR policy and objectives for 2015. We report on the results we have achieved with regard to our CSR objectives, which form an integral part of our strategic objectives.

In Chapter 6 *Corporate governance* on page 110 we explain how the company is managed. The Supervisory Board reports in this Chapter on the supervision of the company, and accounts in the remuneration report for Ballast Nedam's remuneration policy.

Chapter 7 *Financial statements* on page 138 presents our financial reporting for 2014.

Chapter 8 *Other information* on page 212 provides additional information on Ballast Nedam and the production of this Annual Report.

Ten-year summary

x € 1 million	2014	2013	2012
Revenue and profit			
Revenue	1 166	1 230	1 296
the Netherlands	949	981	1 153
international	217	248	143
Order book	1 026	1 457	1 761
EBITDA	(42)	(8)	2
Impairment	(7)	(3)	(10)
Depreciation	(15)	(20)	(23)
EBITA	(64)	(31)	(31)
Amortization	(1)	(1)	-
EBIT	(65)	(32)	(31)
Profit before income tax	(69)	(38)	(38)
Profit for the period before amortization	(102)	(40)	(41)
Profit for the period	(103)	(41)	(41)
Investments			
Investments	17	26	70
Disposals	13	9	9
Net investments	4	17	61
Balance sheet data			
Non-current assets	108	204	245
Current assets	546	622	641
Assets	654	826	886
Current liabilities	(578)	(625)	(634)
Capital structure			
Capital employed	(50)	142	176
Shareholders' equity	11	90	131
Interest-bearing non-current liabilities	56	100	108
Net cash	120	29	76
Net financing position	33	(79)	(49)
Ratios			
EBIT / revenue	(6%)	(3%)	(2%)
Profit for the period / revenue	(9%)	(3%)	(3%)
Profit for the period / average shareholders' equity	(204%)	(37%)	(27%)
Shareholders' equity / assets	2%	11%	15%
Average number of employees			
	2 860	3 399	3 859
Shares			
Number of ordinary shares (x 1000)	19 668	10 000	10 000
Number of ordinary shares issued (x 1000)	19 335	9 668	9 668
Market capitalization at year-end	72	102	95
Dividend paid	-	-	5
Per average share in issue of € 1 nominal value			
Shareholders' equity	0.57	9.65	13.55
Dividend paid	-	-	0.47
Profit for the period	(5.33)	(4.22)	(4.24)

2011

2010

2009

2008

2007

2006

2005

1 382 1 359 1 384 1 426 1 270 1 310 1 206

1 252 1 275 1 272 1 348 1 157 1 206 1 105

130 84 112 78 113 104 101

1 950 1 841 1 818 1 667 1 438 1 093 1 064

47 45 42 67 63 63 58

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20 19 19 43 43 44 40

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19 18 17 42 42 42 38

12 11 8 31 38 38 28

10 8 8 25 28 46 22

9 7 6 24 27 44 20

80 104 102 64 37 67 32

6 12 6 22 7 12 67

74 92 96 42 30 55 (35)

286 420 352 274 242 253 211

655 664 682 730 656 541 636

941 1 084 1 034 1 004 898 794 847

(625) (598) (644) (660) (590) (555) (644)

229 425 279 252 256 177 74

171 161 162 168 172 158 124

121 285 197 126 97 36 54

87 61 111 92 52 62 129

(45) (231) (92) (41) (63) 23 68

1% 1% 1% 3% 3% 3% 3%

1% 1% 0% 2% 2% 3% 2%

5% 4% 4% 14% 16% 31% 18%

18% 15% 16% 17% 19% 20% 15%

3 929 3 841 3 947 3 941 3 838 3 701 3 721

10 000 10 000 10 000 10 000 10 000 10 000 10 000

9 668 9 700 9 702 9 870 9 900 9 924 9 847

129 140 147 137 280 328 327

4 3 12 14 13 10 -

17.66 16.58 16.62 17.05 17.31 15.98 12.54

0.36 0.31 1.24 1.38 1.34 1.02 -

0.93 0.73 0.62 2.46 2.75 4.44 2.05

The share and dividend proposal

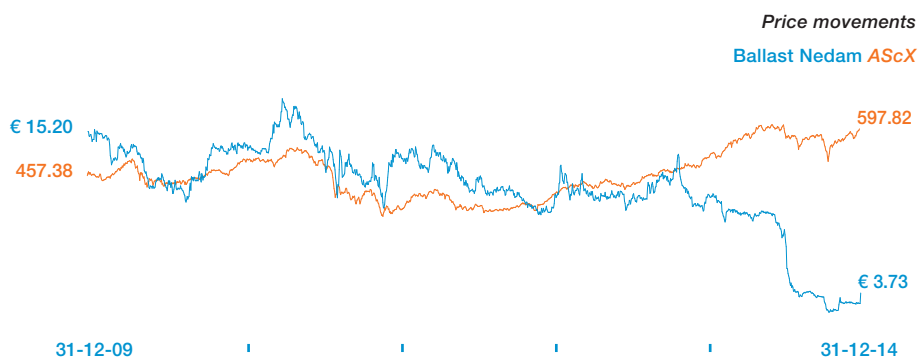
Shares and stock exchange listing

On 31 December 2014, Ballast Nedam had 19,667,500 issued shares and 19,335,000 outstanding shares. This increase of 9,667,500 shares is the result of the shares issued in 2014 (rights issue). At the end of 2014 we had 332,500 repurchased own shares and depositary receipts for shares. The 332,500 repurchased shares and depositary receipts for shares are needed to cover the liabilities arising from the current management option scheme.

The Ballast Nedam Administration Office issues depositary receipts for shares and administers the underlying shares. The depositary receipts are fully exchangeable. At the end of 2014, depositary receipts had been issued for 99.72% of the capital in issue. Ballast Nedam depositary receipts for shares are listed on Euronext Amsterdam. Ballast Nedam has been included in Euronext's Amsterdam Small Cap Index (AScX) since 2006. ABN AMRO Bank, ING Bank and Kempen & Co act as liquidity providers for Ballast Nedam shares.

Price movements

The Ballast Nedam share price quoted at the end of 2013 on Euronext was 10.50 euros (7.57 euros including the effect of the rights issue completed in 2014). The year 2014 ended at a price of 3.73 euros. The highest closing price of 10.78 euros (7.77 euros including the effect of the rights issue completed in 2014) was attained on 15 January 2014. The lowest closing price of 2.37 euros was quoted on 16 October 2014. The AScX, of which the Ballast Nedam share forms part, rose by 16% in 2014.



Trading volume

The liquidity of Ballast Nedam shares increased in 2014. An average of 27,816 shares were traded per trading day in 2014. This represents an increase compared to 2013, when the average was 7,939 shares.

Other information per average share in issue of 1 euro nominal value

	2014	2013	2012	2011	2010	2009	2008
Shareholders' equity	0.57	9.65	13.55	17.66	16.58	16.62	17.05
Dividend paid	0.00	0.00	0.47	0.36	0.31	1.24	1.38
Net profit	(5.33)	(4.22)	(4.24)	0.93	0.73	0.62	2.46

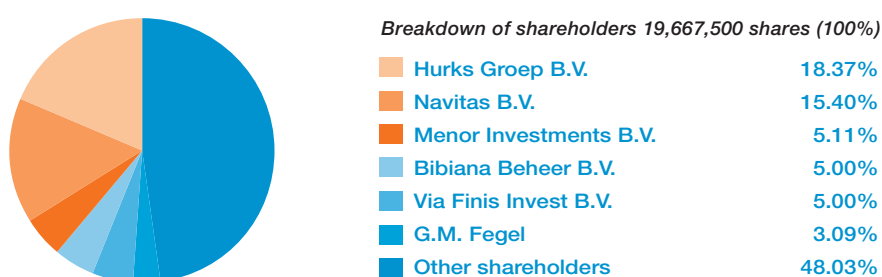
The shareholders' equity per average outstanding share amounted to 0.57 euros. The net profit per average outstanding share declined from (4.22) euros in 2013 to (5.33) euros.

No dividend

The dividend policy is to place 50% of the net profit for the period at the disposal of shareholders for distribution as dividend. It has been agreed with the banks that dividend on shares will be paid only if the leverage ratio is less than 2. A substantial loss was made in 2014, solvency deteriorated, and the leverage ratio was higher than 2. Difficult market conditions were also expected to continue in that year. For these reasons, the Board of Management, with the approval of the Supervisory Board, has decided in line with the dividend policy to refrain from paying a dividend for 2014.

Shareholders with an interest of 3% or more

As at 3 April 2015 the following organizations had reported to the Authority for the Financial Markets (AFM) that they held shares or depositary receipts for shares of Ballast Nedam representing an interest of 3% or more, pursuant to the Financial Supervision Act.



General Meeting of Shareholders

The Annual General Meeting of Shareholders of Ballast Nedam will be held on 29 June 2015 at the head office of Ballast Nedam, Ringwade 71 in Nieuwegein. The meeting commences at 2.00 p.m. Prior to the meeting, the Ballast Nedam Administration Office will hold a meeting of holders of depositary receipts for shares. The agendas for these meetings will be available to interested parties on request from the company, or can be downloaded from the Ballast Nedam website.

Financial calendar 2015

Publication of 2014 annual results	Thursday 30 April 2015
Registration date for 2015 Annual General Meeting of Shareholders	Monday 1 June 2015
First quarterly report 2015	Wednesday 13 May 2015
General Meeting of Shareholders	Monday 29 June 2015
Presentation of 2015 interim results	Wednesday 22 July 2015
Third quarterly report 2015	Friday 30 October 2015

Investor Relations

Investor Relations focuses on the interests of the shareholders and the permanent interest of the financial market in Ballast Nedam. Investor Relations aims to inform the focus groups transparently and with integrity about the Ballast Nedam strategy, Ballast Nedam's business model, our distinctive capabilities and the financial position of the company. We do this by providing all relevant information:

- In the Annual Report;
- In the presentation of annual and half-yearly figures;
- In the first and third quarterly reports and press releases;
- In presentations to existing and potential investors and analysts;
- On the website www.ballast-nedam.nl.

Foreword

The 2014 financial year was characterized by major losses on projects in the Infrastructure division. In particular, substantial additional cost overruns on the A15 Maasvlakte-Vaanplein PPP project and disappointing project results on the A2 Maastricht project had a major impact on the performances of the company as a whole. The Building & Development and Specialized Companies & Supplies divisions nevertheless showed operational improvements.

Having regard to the disappointing results and continuing cost overruns on the A15 Maasvlakte-Vaanplein PPP project, a coherent package of financial, strategic and operational measures was announced at the start of February 2014. In 2014, refinancing was carried out and our equity position was partially improved through a successful rights issue, although this was unfortunately offset by further disappointing results. Furthermore, in the past financial year, we successfully completed our announced disposal programme including the sale of our offshore activities, which represented a significant extension of the programme. Within the strategic focus, a differentiated market approach has been implemented for the three divisions, bringing the organizations of the Infrastructure and Building & Development divisions further into line.

Despite the implemented measures, there was a further fall in solvency at year-end 2014. In April 2015 Ballast Nedam presented the main points of a package of financial and strategic measures aimed at absorbing the consequences of the heavy project losses in the Infrastructure division. The scale of the announced financing is based on a continuation of the Building & Development and Specialized Companies & Supplies divisions and the Infrastructure division, in which Ballast Nedam is actively scaling back its interests in major infrastructure projects. The scale of the infrastructure activities will consequently decrease, making a capacity adjustment necessary in the Infrastructure division.

Ballast Nedam has signed letters of intent with Strukton Groep N.V. and Strabag SE, partners in the A2 Maastricht and A15 Maasvlakte-Vaanplein projects, under which we will reduce our share in these major infrastructure projects. The proposed transactions will be set out in detailed agreements which will be submitted to the stakeholders for approval. The Dutch Ministry of Public Works and Water Management (*Rijkswaterstaat*) has given an undertaking to cooperate.

In the A2 Maastricht project it is intended that Strukton will take over Ballast Nedam's share of the infrastructure activities and that Strukton's share in the property development of the project will be transferred to Ballast Nedam. In the A15 Maasvlakte-Vaanplein project Ballast Nedam will reduce its economic interest in the second half of 2015 from 40% to 10% and Strukton and Strabag will each increase their share to 45%. Once these transactions have been effected, Ballast Nedam's risk exposure to these projects will be reduced.



Ballast Nedam has reached outline agreement on a new financing arrangement and a rights issue of 20 million euros. The financing consists of two subordinated bank loans of 10 million euros and 43 million euros respectively, maturing on 31 March 2017, a revolving credit facility of 10 million euros expiring on 31 December 2015 and a committed guarantee facility. This guarantee facility initially of 265 million euros is being phased out on basis of the scaling back of large-scale infrastructure projects, including the A2 Maastricht and A15 Maasvlakte-Vaanplein projects. The 20 million euros rights issue will be underwritten by Strukton and the banking syndicate. They will each provide a bridge loan of 10 million euros, which will be repaid from the net proceeds of the planned rights issue. Ballast Nedam intends to complete the rights issue in the second half of 2015.

The implementation of these measures will also lead to a substantial improvement in the company's solvency and liquidity. Structurally profitable projects in the years ahead should also lead to a structural improvement in solvency. We are also pursuing cost savings, for which an improvement programme was launched in 2014, more selective tendering and an improvement in project management.

As well as implementing the measures referred to above, intensive work was carried out on the projects and key milestones were achieved, such as the laying of the Botlek Bridge decks. There were also a number of significant achievements during the year, such as the awarding of the contract for Thialf, the A9 Gaasperdammerweg, the N31 Traverse Harlingen and the awarding of the contract for the Zuiderpark Sports Campus. As a proportion to the total number of new home starts, the iQwoning® homes share increased to 28% in 2014. We expect this trend to continue. With the distinctive portfolio of modular products developed by Ballast Nedam, we are particularly well placed for the pick-up in the housing market.

Although much has been initiated, we are not there yet. In the longer term Ballast Nedam must operate in calmer waters. The projects must generate results and costs must be lowered. We are therefore focusing on projects in which we have the necessary capabilities and which match the size of our business. Financial control, cost savings, risk control and process improvements remain the top priorities and will require constant attention and awareness on the part of all of us. On behalf of the Board of Management, I would like to thank all our employees and all collaboration partners for the efforts and commitment they have demonstrated.

Erik van der Noordaa
CEO

MARGARETHA ZELLE AQUEDUCT, LEEUWARDEN

Precision job

On behalf of the Province of Friesland, Ballast Nedam is working on the new aqueduct for the intersection of the western approach road and the Harninxma canal. The new aqueduct comprises a dual carriageway and a cycle path. The project is being carried out by Ballast Nedam Infrastructure and built with struts and slabs supplied by Haitsma Beton. The struts are multifunctional because they operate as a retaining wall and as a substructure for the viaduct over the entrance to the aqueduct. The slabs are unique due to the complex moulding technique; the aqueduct is a diagonal intersection. They have been fitted as vision panels against the shell of the aqueduct. Struts and slabs were produced from high-strength concrete with polypropylene fibres. This addition reduces spattering and they are fire-resistant for 120 minutes. The elements are particularly heavy; the struts weigh between 62 and 70 tons and the slabs approximately 38 tons.



Profile of Ballast Nedam

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1.2	Strategic focus	16
1.3	Core activities	16
1.4	Operational organization structure	17
1.5	Overview of business brands	18
1.6	Stakeholders	20
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1

Profile of Ballast Nedam

1.1 Vision, mission and strategic pillars

Vision: working together for a better living environment, today and tomorrow

Ballast Nedam achieves enduring quality in the life cycle of development, construction, management/operation and the recycling of our living environment. By adopting an integrated approach to projects, we create solutions at the lowest possible life-cycle costs. Our solutions are appealing, future-proof and in harmony with the broader picture. We create them by means of collaboration and open innovation with our customers and partners. In that way we enhance people's wellbeing in their living environment.

Mission: creating enduring quality.

Ballast Nedam strives to be distinctive and deliver added value for customers in everything we do. This is manifested in practical solutions, our knowledge and experience and the innovative capacity of our people. We always act with safety and integrity. As a result, we create enduring quality. We work to ensure the continuity of Ballast Nedam and an increase in value for our shareholders.

Strategic pillars

Ballast Nedam operates on the basis of five strategic pillars. These are explained in greater detail below.

1. Life cycle thinking and acting

Ballast Nedam provides customers with optimum solutions throughout the life cycle, in harmony with the physical availability of space, financial feasibility, livability, the expected future situation, the surrounding community and stakeholders and sustainable material use. We develop, construct, manage and recycle.

Modular products and industrialization are important aspects of our business cases. Our supply and specialized companies deliver distinctive capability through innovation, cost leadership and purchasing strength. We create enduring quality throughout the life cycle of projects.

Creating enduring quality throughout the life cycle of projects



Life cycle thinking and acting

2. Our people, standards and values

Our people are the most important factor in our success, and with this in mind Ballast Nedam aims to provide a healthy, safe and motivating working environment for all employees. Our shared standards and values are set out in our code of conduct and play a central role.

We achieve most when we exchange ideas about solutions with our customers and partners. Our approach is critical and committed. We are good at translating complex needs and criteria into tangible, innovative solutions. Our attitude is one of getting to grips with the task and forging ahead. What drives us are entrepreneurship and innovation. Our trade-mark down to earth and forthright approach means we get things done. These are qualities we are happy to be held to account for.

3. Chain cooperation

Ballast Nedam creates real solutions within innovative forms of cooperation with a wide variety of partners. These solutions are better than those we could achieve separately. Not only do we aim for chain cooperation with our partners, but also enter into dialogue with non-government organizations (NGOs) and knowledge institutions.

4. Innovation

Innovation is deeply embedded in our organization. It is what we do every day. Our belief is that the best ideas are joint ideas! The point is to plough back innovations of proven practical value for our customers' benefit. Besides substantial upgrades we also innovate through stepwise improvement. We stimulate innovation in our employees on all levels and strive for open innovation with our stakeholders.

5. Being at the heart of the community

We perform our work at the heart of the community and are fully aware of the impact of our work on the environment. We control the impact of our projects through community relations management. Our social commitment is reflected in our community investment and social sponsorship.

1.2 Strategic focus

As part of Ballast Nedam's strategic focus, the Infrastructure, Building & Development and Specialized Companies & Supplies divisions maintain a differentiated market approach. Our strategic focus is on acquiring and implementing projects successfully both in the Netherlands and internationally: integrated projects in the areas of work of housing and mobility, and projects where we make a difference for the client with our specialist knowledge and skill. This further industrialization of the building process, involving the use of innovative modular concepts and standardization, enables Ballast Nedam to deliver enduring quality at the lowest possible life-cycle costs, both for its clients and for society as a whole.

Ballast Nedam's profile has consequently evolved in recent years from that of a major player in traditional markets to one of a knowledge-intensive project organization with a differentiated market approach.

Further details of Ballast Nedam's strategy can be found in Chapter 2 on page 26.

1.3 Core activities

Our core activities are in the housing and mobility areas of work. We focus on integrated projects and on innovative, industrial construction.

Areas of work

We fulfil customers' requirements in the *housing* and *mobility* areas of work:

- In our *housing* area of work we create quality of use and preserve value wherever people live, work and spend time. This encompasses the entire life cycle of a wide variety of buildings for the public, for business and for public authorities. We work on district and project development, urban restructuring in large, logistically complex projects and in renovation assignments.
- In the *mobility* area of work we seek to achieve accessibility while respecting livability and safety. We not only cater for maintenance and management, but also develop and implement built objects that facilitate goods and passenger transport by road, rail, air or water. Our efforts are directed towards minimizing environmental and traffic nuisance during the implementation of the works.

In all our activities our efforts are focused on energy-saving measures and we seek to strike the right balance between the conservation and use of natural resources, as an inseparable part of our living environment.

Integrated projects

Ballast Nedam focuses primarily on integrated projects in the Netherlands and, on a selective basis, outside the Netherlands. An integrated project is deemed to be a project in which:

- Ballast Nedam is responsible for at least three of the following activities in the life cycle of a project: conceptualization, development, implementation, maintenance and management/operation; and/or
- As part of a construction team Ballast Nedam oversees a coherent approach by multiple disciplines (such as construction technology, construction and installation technology) in a complex project with external parties.

Industrialization of the building process

By focusing on an innovative, more industrial construction method, Ballast Nedam has developed a distinctive portfolio of modular products. Under controlled conditions, this construction method provides not only increased efficiency and constant quality, but above all leads to gains in terms of sustainability. Ballast Nedam offers modular concepts for residential and non-residential construction, which can be used for new buildings and renovation. We also increasingly use prefabricated elements and a standardized approach in infrastructure projects to raise quality and reduce costs. The industrialization of the building process is an appropriate answer to our clients' life-cycle management approach and the changing social needs and requirements of end-customers.

1.4 Operational organization structure

Since 2014 Ballast Nedam has operated on the basis of three divisions, namely Building & Development, Infrastructure and Specialized Companies & Supplies. The Board of Management and the three Divisional directors jointly formed the Ballast Nedam Concern Council in 2014.



In our 2015 annual report we will report on our activities in the aforementioned three divisions. For 2014, however, we continue to report on the basis of the four-segment classification which we used until that time. Building & Development, Infrastructure, Specialized Companies and Supplies. As in the past, the Concessions and Management business units are included in this 2014 report under Infrastructure and Building & Development on a fifty-fifty basis. These companies are important for the PPP projects in the mobility and housing areas of work.

Details of the legal structure are given in Section 6.1 *Management and control structure*, on page 110.

1.5 Overview of business brands

Alongside the main Ballast Nedam operations, work is also performed by companies having their own brand name, as follows:

Building & Development



Bouwborg performs maintenance, renovation, service and restoration work as a national partner for housing associations and institutional investors.
www.bouwborg.nl



F.W. Onrust Vastgoedonderhoud has residential property maintenance, renovation and restoration operations in the greater Amsterdam region.
www.fwonrust.nl



Heddes Bouw & Ontwikkeling operates in the north of the Netherlands throughout the building industry.
www.heddes.nl



LAUDY Bouw & Ontwikkeling is based in the south of the Netherlands, where it serves the entire building industry.
www.laudybouw.nl



Zomers Bouwbedrijf has residential newbuild, renovation and maintenance operations in the north of the Netherlands.
www.zomersbouwbedrijf.nl

Specialized Companies & Supplies



Dibec provides various environmental, safety, dimensioning and materials technology services for large and small building projects alike.
www.dibec.nl



Bichterweerd of Belgium is one of the largest sand, gravel and stone chippings producers for the concrete industry, concrete batching plants and asphalt and concrete road building.
www.bichterweerd.be



Concrete Valley (50% Ballast Nedam) is a production facility for innovation-driven concrete producing businesses: WacoLingen, Microbeton and mBxbeton, whose products include culverts, light-weight balcony elements, and roof and façade elements.
www.concretevalley.nl



Feniks designs, builds, operates and manages installations for reprocessing waste power plant ash.
www.feniksrecycling.nl

Großkünk

Großkünk Rurkies GmbH in Germany supplies sand and gravel for use in the concrete product and ready-mix industry.

www.grosskunkel.de

H haitsma

Haitsma Beton specializes in the optimum design and production of prefabricated concrete elements, piles and barriers for bridges, viaducts, stadiums and multi-storey car parks.

www.haitsma.nl

H hoco beton

Hoco-beton supplies, develops and produces, either alone or with other market participants, advanced prefabricated concrete solutions for the entire spectrum of customers for concrete.

www.hoco-beton.nl



The iQwoning® is manufactured 85% in the iQwoning® plant, resulting in attractive benefits in terms of consistent high-quality, no waste, very short construction time, minimum environmental impact and excellent value for money. The iQwoning® easily meets the new EPC standard and is also suitable for very small-scale development or redevelopment.

www.iqwoning.nl



The Rademakers foundry supplies cast components to all sectors of industry where material economy and light weight are important.

www.rademakersgieterij.nl

Spanstaal

Spanstaal is a specialist in the design and application of prestressed systems, suspension cables, expansion joints and supporting bearings, casing tubes, bonded external reinforcement and jacking constructions.

www.spanstaal.nl



TBS SOEST supplies the civil engineering industry with drainage, water management and water level control products.

www.tbs.nl



Ursem Modulaire Bouwsystemen (41% Ballast Nedam) creates permanent buildings using modular concepts to house students and young people, and as hotel rooms and care-adapted home extensions.

www.ursem.nl



GEBR. VAN LEEUWEN HARMELEN BV.

Van Leeuwen Verankeringen en Funderingssystemen specializes in anchorage and foundations.

www.vanleeuwenbv.nl



Zand- en Grindhandel Verkaik V.O.F. sells and transports raw materials, such as sand, gravel and stone chippings, for concrete and civil engineering applications.

www.verkaik-vof.nl

1.6 Stakeholders

As a result of the wide diversity of companies within Ballast Nedam, we also have a wide variety of stakeholders. We distinguish 10 different types of stakeholder:

- 1 clients;
- 2 neighbours;
- 3 suppliers and subcontractors;
- 4 public authorities;
- 5 knowledge and educational institutions;
- 6 industry associations;
- 7 social organizations;
- 8 employees;
- 9 shareholders and investors;
- 10 banks and trade credit insurers.

Ballast Nedam's customer base mainly comprises Dutch public and semi-public clients. The diagram below shows an overview of the four main stakeholders (primary clients) with brief explanatory notes. The other types of stakeholder are shown in the diagram beneath it.

Clients

		Important clients and customers	Characteristics		
National	Public clients	Central government	<ul style="list-style-type: none"> - Larger role for PPP projects - Government's tight budget policy means companies involved must have strong balance sheets - Focus on sustainability in projects - Laws/regulations and stakeholders are important in projects 	75%	
		Municipalities			
		Provincial authorities			
		Water authorities			
	Semi-public clients	Housing associations	<ul style="list-style-type: none"> - Increasingly focused on renovation and maintenance - Larger role for PPP projects - Increasing importance of life-cycle management - Hospitals/care institutions adapted for other purposes 		
		Care institutions			
		Utility companies			
		Educational institutions			
	Private clients	Investors	<ul style="list-style-type: none"> - Private clients are cautious about investing in projects - Investors are a new type of client in the private sector - Focus on sustainability in transport 		25%
		Project developers			
Power companies					
Transport operators					
International	Construction and Infrastructure	West Africa	<ul style="list-style-type: none"> - Exporting construction and infrastructure knowledge and expertise - Various construction activities in the Caribbean area - Potential growth markets, including Turkey and Middle East 		
		Middle East			
		Caribbean Area			

Other types of stakeholder	Notes
Consumers	The consumer market for Ballast Nedam is restricted to the buyers of new and redeveloped homes. Customer-oriented development is one of our organization's core values. We routinely use this expertise in the development of newbuild homes and renovation projects.
The neighbours of our projects	We are aware of the impact of our projects on numerous parties with wide-ranging interests in the nearby communities. Ballast Nedam endeavours to provide neighbours with clear information and to minimize disruption.
Suppliers and subcontractors	Working closely in the chain of suppliers and subcontractors enables Ballast Nedam to provide its clients with optimum solutions. Working together gives us a better understanding of each other's processes, as we build a continuous learning organization and keep each other's specialized knowledge up to date. Suppliers and subcontractors sign up to our code of conduct for subcontractors and suppliers.
Public authorities	Municipalities, provincial authorities and central government have a powerful influence on how the various Ballast Nedam companies operate. They deal with regulations and the awarding of contracts, set priorities, act as regulators and are important clients in their own right. Central government is also an important driver of more integrated contracts in construction and infrastructure. We pursue constructive dialogue with these stakeholders, both within projects and through industry associations. Ballast Nedam also has representatives on various Dutch standards committees for regulations. The company also participates in various platforms where public and private parties come together.
Knowledge and educational institutions	Students at universities of applied sciences and research universities are potential employment candidates for Ballast Nedam. Our main focus is on the universities of applied sciences in the Netherlands. Various Ballast Nedam staff advise on the main policies of several educational institutions in the Netherlands, including HU University of Applied Sciences Utrecht, TU Delft and the University of Twente.
Industry associations	Ballast Nedam participates in a variety of national and international partnerships and industry associations.
Social organizations	Ballast Nedam engages in dialogue with social and non-governmental organizations (NGOs), such as in our partnerships with the Foundation for Climate Friendly Procurement and Business (CO ₂ performance ladder), the Forest Stewardship Council (FSC-controlled timber) and MVO Nederland (CSR network for the concrete industry and various CSR network meetings).
Our employees	See Section 5.6 <i>Good employment practice</i> from page 86.
Shareholders and investors	Ballast Nedam sets great store by the maintenance of good relations with its shareholders. Investor Relations aims to inform shareholders in a straightforward, fair and transparent way about the strategy of Ballast Nedam, the financial position and social aspects of the company. The Board of Management provides information for shareholders and investors. In discussions with shareholders, Ballast Nedam conducts an investor relations policy aimed at preventing the dissemination of price-sensitive information. The Board engages in regular dialogue through bilateral talks, roadshows, seminars, presentations of the yearly and half-yearly figures and the Annual General Meeting of Shareholders. Ballast Nedam also organizes a shareholders' excursion each autumn.
Banks and trade credit insurers	Banks and trade credit insurers make an important financial contribution to Ballast Nedam. There was frequent contact with these parties in the past year in connection with the refinancing operation.

1.7 Statement of the Board of Management

The 2014 Financial Statements (which are presented after page 138 below) give a true and fair view of the assets, liabilities, financial position and results of Ballast Nedam and the undertakings included in the consolidation and describes the principal risks facing Ballast Nedam. The Annual Report gives a true and fair view of the performance of the business during the financial year and the year-end position of Ballast Nedam and the undertakings included in the consolidation.



With the exception of a termination agreement concluded between a former member of the Board of Management and the company and the conclusion of agreements with major shareholders of the company in which they gave an unconditional commitment to participate in the rights issue (see also Section 3.1), no transactions took place in 2014 involving a conflict of interest on the part of supervisory directors, managing directors or natural or legal persons holding at least 10% of the Ballast Nedam shares. Best practice provisions II.3.2 to II.3.4 inclusive and III.6.4. of the Dutch Corporate Governance Code were complied with in these transactions. These are transactions which are of material significance for the company or the person in question.

ZUIDHORN BRIDGE HAITSMA BETON

The longest and heaviest beams

The new bridge over the Van Starckenborgh Canal in Zuidhorn has the longest and heaviest concrete beams ever produced. Haitsma Beton produced the enormous box beams (with a length of 68 metres and a weight of 240 tonnes) and also provided transport and assembly. The successful stripping of the formwork of the prefab elements was a promising start. Haitsma Beton supplied 15 HKP beams, 69 PA plates and peripheral elements for the triple-field bridge. The bridge foundations naturally included piles supplied by Haitsma Beton.



A.S.R. HEAD OFFICE, UTRECHT

Renovation while still in use

This renovation is a complex and integrated project, because we are carrying it out while the building remains in use. This requires good collaboration between a.s.r. and the consortium members Ballast Nedam and Kuijpers. By integrating the working processes in the chain, the construction consortium achieves the highest level of coordination for the client. The operating processes are carefully aligned with the operations of a.s.r.. As a result of the New Way of Working, the upgraded office will accommodate 2,800 workstations (for 4,000 FTEs). The first two phases and the underground meeting centre have now been delivered.



Strategy

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2

Strategy

2.1 Review of strategic measures in 2014

In this section we describe the strategic measures taken in 2014. The adjustment to the results made on 18 March 2015 prompted an adjustment to the strategy of the Infrastructure division. This change has been incorporated in the 2015-2017 Strategic Plan on page 29 and in the Outlook on page 31.

At the beginning of February 2014 Ballast Nedam announced a package of financial and operating measures. These included a programme of disposals and a refinancing operation supported by all 5%-plus shareholders and banks. The refinancing comprises a 30 million euros rights issue and new loans of 80 million euros maturing in 2017. The aim of this package of measures is to strengthen the balance sheet in order to create sufficient financial headroom for the accelerated implementation of the strategy focused on major integrated, complex projects.

Developing a differentiated market approach within the strategic focus

A differentiated market approach was developed for the three divisions within Ballast Nedam's aforementioned strategic focus in the 2014 financial year. This market approach was developed in response to the disappointing results in the first half of the year and the additional cost overruns on the A15 Maasvlakte-Vaanplein PPP project. Disappointing results were also recorded on projects in the Infrastructure division, including the A2 Maastricht project, which is being implemented by the Avenue2 consortium.

Our definition of integrated projects and our pursuit of industrialization of the construction process are cross-divisional elements of our strategy. The specific characteristics of integrated projects differ greatly among the areas of work, however. We therefore define them in greater detail for each division. In our differentiated market approach we classify these projects in each division on the basis of scale in the case of the Infrastructure division and complexity in the case of the Building & Development division. The complexity translates among other things into city-centre construction, renovation or transformation of property while it is in use

and the renovation of property subject to particular quality demands, such as hospitals. The added value of our knowledge and skill lies precisely in process control in this type of complex project, in multi-disciplinary collaboration with external parties.

See also the 2015-2017 Strategic Plan section on page 29.

Restraint with regard to major contractual risks

In preparing the implementation of its strategy, Ballast Nedam has brought its ambitions closer into line with our capacity and scale. That meant greater restraint when taking on major contractual risks, having regard to our risk profile and the company's more limited financial possibilities.

In the infrastructure market the number of integrated or PPP projects has increased and projects themselves have grown larger. In the construction market the relative share of integrated or PPP projects in real estate is lower; the scale of real estate projects is usually smaller. Ballast Nedam will continue to tender on a highly selective and focused basis. In the Infrastructure division in particular we exercise restraint when taking on major contractual risks. We pay particularly close attention to the risk profile in relation to the margin.

Chapter 4 *Risk and risk management* on page 60 provides further information on the management measures when incurring risky liabilities.

A9 GAASPERDAMMERWEG

Better accessibility

On behalf of Rijkswaterstaat IXAS ZUID-OOST is working on the widening of the A9 between the Holendrecht and Diemen junctions (Gaasperdammerweg). The A9 is being widened to five lanes in each direction plus a reversible lane. The additional lanes will improve the traffic flow, and thereby improve the accessibility of the northern parts of the Randstad region. Approximately 3 km of the A9 Gaasperdammerweg will be in a tunnel. That will make the air cleaner and there will be less noise. The roof of the tunnel will support a large park interconnecting the districts of south-east Amsterdam.

Completion of the disposal programme announced in 2014

During the reporting year we completed the programme of disposals announced in 2014. Various business units were sold, including the activities of Ballast Nedam Offshore. The sale of these offshore activities represented a significant extension of the original programme. The completion of the programme marked Ballast Nedam's departure from three of its four niche markets in 2014, these being in secondary raw materials, alternative fuels and offshore wind turbines. The scale of activities in the fourth niche market, industrial construction, is not sufficiently proportionate to Ballast Nedam's core activities to continue to qualify as a niche market.

Meeting clients' requirements in the housing and mobility areas of work

We have also redefined the areas of work on which Ballast Nedam focuses. Housing and mobility still form part of our core activities. The emerging areas of energy and nature, however, were mainly associated with the niche activities which have now been disposed of, so it is no longer appropriate to consider energy and nature to be areas of work.

Integrated projects nevertheless increasingly involve a wide range of issues related to our energy supply and nature conservation, as an inseparable part of our living environment. These are integrated projects in both the housing and mobility fields. Hence, although energy and natural resources are no longer separate working areas, our work on these projects continues to be focused on energy conservation and the balance between conservation and use of natural resources.

2.2 SWOT analysis 2014

We have used the SWOT analysis below to determine our Strategic Plan for the years 2015-2017.

Strengths	Weaknesses
<ul style="list-style-type: none">- Extensive experience of and expertise in integrated projects- Knowledge, experience and production facilities in modular and industrial concepts- Strong results in large-scale building projects and various companies in the S&S division- Ballast Nedam Engineering, the consulting and engineering firm of Ballast Nedam Infrastructure	<ul style="list-style-type: none">- Low solvency and its impact on areas such as financing, tenders, personnel retention and recruitment and investments- Poor results: insufficient control of operating processes and excessively high costs- Loss of reputation due to compliance violations, cost overruns and financial position
Opportunities	Threats
<ul style="list-style-type: none">- The flow of PPP construction projects remains constant and there is increasing demand for a multidisciplinary approach- Small-scale infrastructure projects are not attractive to foreign operators- The Dutch housing market is picking up; modular concepts can be rolled out rapidly, including in neighbouring countries	<ul style="list-style-type: none">- Growing scale of infrastructure projects is attracting foreign operators- Contract terms in PPP projects: financial risks are disproportionate to the margins on the projects- Fierce competition in regional construction and infrastructure results in very low margins- Delayed or lower-than-expected compensation for ongoing claims

2.3 Strategic Plan for 2015 - 2017

The three components of our 2015-2017 Strategic Plan are set out below. These are the three building blocks of Ballast Nedam's strategy framework. The explanatory note concerning the three building blocks is followed by a schematic representation of this framework.

First building block: strategic focus

Ballast Nedam focuses on the housing and mobility areas of work. Within these areas Ballast Nedam's strategic focus is on acquiring and implementing integrated projects in the Netherlands and abroad. We also work on projects where our specialist knowledge and expertise make a real difference for clients.

Ballast Nedam directs its strategic focus towards:

- a differentiated approach to the market, based on three divisions:
 - in the Netherlands, the Infrastructure division will focus exclusively on smaller, integrated infrastructure projects in concrete construction, road-building, civil engineering, and industrial construction. Tendering will be carried out on a highly selective and targeted basis for both Dutch and international projects, paying close attention in particular to the risk profile in relation to the margin;
 - primarily in the Netherlands, but also abroad, the Building & Development division focuses on the successful acquisition and implementation of complex, integrated projects and projects in which we can make a difference for the client with our specialist knowledge and skills in non-residential construction, modular house-building, renovation, large-scale maintenance and restoration;
 - the Specialized Companies & Supplies division supplies products and services whose distinctive features help deliver a clear competitive edge within Ballast Nedam's strategic focus. This division also operates on a market basis and thereby also contributes to the profitability of the Group through the third-party market. The division has a specific focus on strengthening and expanding modular and industrial concepts;
- expansion of the position in and the development of industrialized construction processes through the use of innovative modular concepts and standardization;
- increased life-cycle thinking and acting by means of an expansion of activities in the field of management, renovation and maintenance.

Second building block: continuous improvement in project management

Ballast Nedam is a knowledge-intensive project organization with a differentiated market approach. At project level we pursue continuous improvement in project management, maintaining quality, flexibility and reliability for the client and/or end-user. Project management and financial control are essential in this regard in order to achieve positive results in projects. We see safe working as an integral part of our activities.

In order to reduce the overall cost level and increase margins, the Infrastructure division in particular devotes additional attention on the one hand to optimization of risk management and project planning and on the other hand to improved contract management. We critically assess the tenders we select and particularly the margins. The right balance must be struck between risks and return. Tighter financial control provides a clearer insight into performances and the effects of our efforts. This makes Ballast Nedam an organization which proactively anticipates developments in the environment and the market and indicates how we can improve our own activities and processes on an ongoing basis.

Third building block: improving the financial position

The new 2015 financing arrangement in particular will enable Ballast Nedam to improve its financial position. The financing consists of two components:

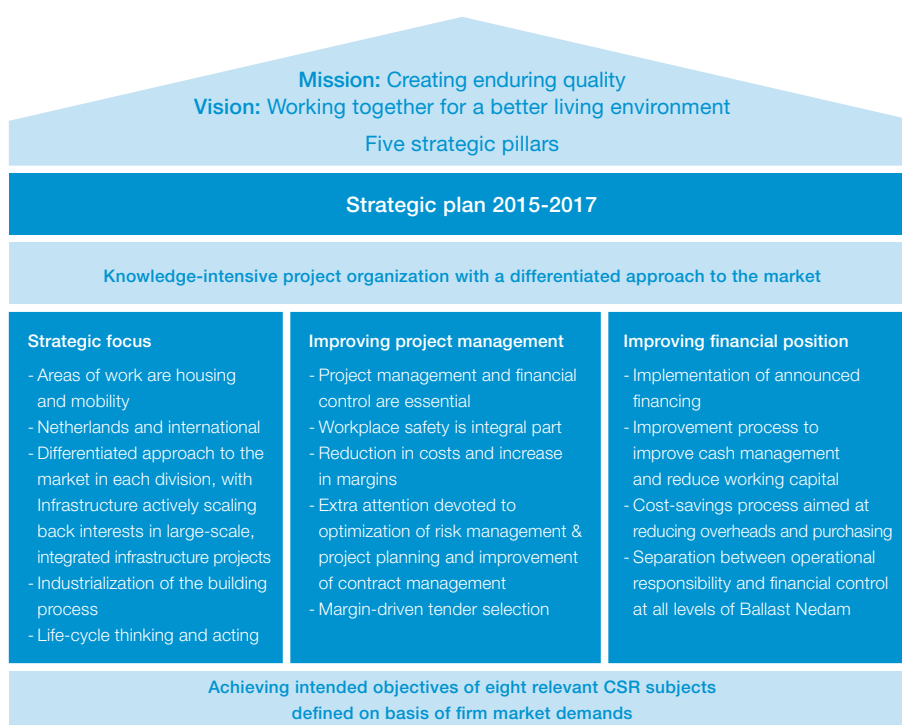
- The granting of financing comprising a subordinated bank loan of 10 million euros maturing on 31 March 2017, a subordinated bank loan of 43 million euros maturing on 31 March 2017, a revolving credit facility of 10 million euros expiring on 31 December 2015 and a committed guarantee facility initially of 265 million euros which will be reduced in line with the scaling back of large-scale infrastructure projects, including the A2 Maastricht and A15 Maasvlakte-Vaanplein projects.
- Outline agreement on a rights issue with existing holders of depositary receipts being offered tradable rights to subscribe for depositary receipts for shares totalling 20 million euros. Strukton has agreed to underwrite 10 million euros of the rights issue and will grant a bridge loan for that amount, which will be repaid from the proceeds of the proposed rights issue. The remaining 10 million euros of the rights issue will be underwritten by the banking syndicate comprising ING Bank, Rabobank, and Royal Bank of Scotland. A bridge loan will also be granted for this purpose and will be repaid from the proceeds of the rights issue.

The *50+25 improvement programme* was launched in the first half of 2014.

The aim of this programme is to improve cash management, limit working capital and save costs on overheads and purchasing. Our aim is to reduce working capital by 50 million euros and save 25 million euros of costs by the end of 2016. We have also separated operational responsibility from financial control at all levels of Ballast Nedam, with a view to further professionalization. We are also intensifying the support and supervision of the financial pillar.

The strategy framework of Ballast Nedam

Here we set out the components of the Ballast Nedam strategy and illustrate their connections within the strategy framework.



2.4 Outlook

Market conditions are still unfavourable and are expected to remain challenging. With the housebuilding sector as the only beacon of light, Ballast Nedam cannot yet see the market staging a recovery in 2015. The focus on the differentiated market approach and selective tendering, coupled with close attention to improvements in project management and cost savings, should result in the longer term in a better earning capacity for our company and reduced exposure to major risks.

Ballast Nedam will actively scale back its interests in large-scale infrastructure projects, including the A15 Maasvlakte-Vaanplein and A2 Maastricht projects. This will reduce Ballast Nedam's risk profile even further. In the Netherlands, the Infrastructure division will focus exclusively on smaller, integrated infrastructure projects in concrete construction, road-building, civil engineering and industrial construction. Tendering will be carried out on a highly selective and targeted basis for both Dutch and international projects, paying close attention in particular to the risk profile in relation to the margin. As a result, the extent of the infrastructure activities will decrease, necessitating an adjustment in capacity for the Infrastructure division.

With the distinctive portfolio of modular products which Ballast Nedam has developed, we are particularly well placed for the upturn in the housing market. Our extensive experience and knowledge of complex, integrated construction projects, in which we occupy a distinctive position through our process control in multidisciplinary collaboration with external operators, is also well aligned with the constant flow of PPP projects.

The direction taken by Specialized Companies & Supplies in 2014 has paid off and will be continued in 2015. The upturn in the housing market is expected to make a positive contribution to this. The implementation of the announced package of financial and strategic measures will also lead to a substantial improvement in solvency.



ZUIDERPARK SPORTS CAMPUS, THE HAGUE

Carbon-neutral building

The Zuiderpark Sports Campus, an initiative of The Hague city council and the Hague University of Applied Sciences is a meeting place for sport, education and movement. The first pile was driven into the ground on 26 March 2015 by Rabin Baldewsingh, Alderman of Sport for The Hague city council. In the Zuiderpark there will be a new sports complex of over 30,000 m² of floor space, mostly comprising local authority sport halls, the new accommodation for the HALO and sports management courses of the Hague University of Applied Sciences and an annex for sports training courses of the Mondriaan regional training centre. The principle behind the new complex is to create a carbon-neutral building. Ballast Nedam is providing the architectural part and Kuijpers is responsible for the installation work.

A15 MAASVLAKTE-VAANPLEIN, BOTLEK BRIDGE ROTTERDAM

One of the biggest lift bridges in Europe

The new Botlek Bridge is the highest-profile part of the A15 Maasvlakte-Vaanplein widening project. The deck of the bridge is as big as a football pitch. It is therefore a particular feat of logistics and execution. The vertical clearance of the new Botlek Bridge is higher, so it will have to be opened less frequently. Shipping traffic can also pass under the bridge in both directions simultaneously. The number of lanes in each direction is also being increased from one to two. The bridge will therefore help improve the flow of traffic on both road and water. In addition to the new bridge the Botlek Tunnel will remain available for road traffic. The A15 Maasvlakte-Vaanplein project is being built by the A-Lanes consortium, comprising Ballast Nedam, John Laing, Strabag and Strukton.



Strategic objectives and results

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3

Strategic objectives and results

This Chapter details the results achieved by Ballast Nedam in 2014 with regard to the strategic objectives defined in 2013. We then turn attention to the Group's 2014 financial results and the results at division level.

3.1 Results achieved in 2014 on strategic objectives set for 2014

Due to disappointing results and constant cost overruns on the A15 Maasvlakte-Vaanplein PPP project, a coherent package of financial, strategic and operational measures was initiated in the first half of 2014. For the sake of consistency, we report on the progress of these measures and state the connection with the five strategic objectives which we formulated in the 2013 annual report.

Financial measures: improving the liquidity position and solvency

In 2014 we took a number of financial measures aimed at improving the financial structure of Ballast Nedam. A refinancing operation was carried out.

Our equity position was partially improved, but the improvement was negated by further disappointing results. The disposal programme was successfully completed. Further details are provided below.

Refinancing in 2014: successfully completed

In February 2014, a refinancing operation was carried out with the support of all 5%-plus shareholders and banks. This 110 million euros refinancing consists of new committed loans totalling 80 million euros maturing in 2017 and a bridging facility of 30 million euros, which was repaid from the proceeds of the 30 million euros rights issue. The loans totalling 80 million euros partly replace the existing, previously uncommitted, facility of 60 million euros. The refinancing agreement specified that income from any disposals of businesses made in the period up to 2017 would be used in part to repay the loans. In June 2014 an agreement in principle was signed with the banks including a 12-month deferment for the repayment of loans from the proceeds of the disposals.

The deferment applied to a maximum of 15 million euros. As a result of the disposal of the offshore activities, this part of the agreement ceased to apply. The covenants relating to the refinancing were determined in the third quarter of 2014.

Improvement in equity position: partially achieved

In July 2014, Ballast Nedam strengthened its balance sheet with a successful rights issue of 30 million euros of depositary receipts for shares with tradable rights. The 5%-plus shareholders, Hurks Group B.V., Navitas B.V., Delta Lloyd Levensverzekering N.V., Delta Lloyd Deelnemingen Fonds N.V., Bibiana Beheer B.V., Via Finis Invest B.V. and Menor Investments B.V., had committed unconditionally to a participation of approximately 69% in the rights issue. The remaining amount of the rights issue is guaranteed by means of a 'volume underwriting commitment' subject to customary conditions by ING and Rabobank, acting as joint global coordinators and joint bookrunners. The net proceeds of the rights issue of 27 million euros were used to reduce the company's debt burden, strengthen our financial position and increase our financial flexibility.

Disposal programme: successfully completed

At the end of 2013 we began the programme of disposals of businesses which did not contribute to the strategic focus. This programme was successfully rolled out in 2014 and extended in December 2014 with the sale of Ballast Nedam Offshore's activities. The disposal programme represents a total book profit of 76 million euros for Ballast Nedam and was completed in 2014.

The programme comprised the following disposals:

- Ballast Phoenix Ltd was sold to H2 Equity Partners (H2) for 38 million euros (100%, including 3.5 million euros earn-out). This generates a book profit of 22 million euros for Ballast Nedam. Ballast Phoenix Ltd is the subsidiary of Recycling Maatschappij Feniks B.V. operating in the UK market.
- Ballast Nedam's 30% interest in Beheermaatschappij Fr. Bontrup B.V. was sold for a sum close to its book value to the owner of the remaining 70% of the shares in the family business F. Bontrup Holding B.V.
- The alternative fuel businesses CNG Net B.V., LNG24 B.V. and CNG Net Realisatie en Onderhoud B.V. were sold to funds managed by Bencis Capital Partners B.V. ('Bencis') for approximately 26.5 million euros, generating a book profit of 3 million euros for Ballast Nedam.
- The sale of Ballast Nedam Offshore's activities to Van Oord represented an expansion of the disposal programme. The transaction consists of the sale of assets of Ballast Nedam Offshore, the staff of the EPCI services (EPCI: Engineering, Procurement, Construction and Installation), the Svanen heavy lift vessel and the Westermeerwind project (which is still in progress). The transaction generated a book profit of approximately 53 million euros.

For *strategic objective 2* in the 2013 annual report, to 'strengthen the financial position through a rights issue and sales of business units', we refer to the above report on progress with regard to financial measures.

With regard to strategic objective 5, to 'achieve a solvency of at least 20 by year-end 2016', our solvency at the end of 2014 fell to approximately 1.7% (compared to 11% at the end of 2013), despite the above measures. This means a structural improvement in solvency is necessary. This requires a strengthening of shareholders' equity and structurally profitable projects in the years ahead. In addition, we are pursuing cost savings, for which the 50+25 improvement programme was initiated in 2014.

The aim of this programme is to reduce our working capital by 50 million euros and save 25 million euros of costs, coupled with more selective tendering and improved project management.

Strategic measures: implementation of the differentiated market approach within the strategic focus

Within Ballast Nedam's strategic focus, a differentiated market approach has been developed for the three divisions.

The characteristics of integrated projects differ widely depending on the area of work; these have therefore been defined in greater detail in each division. In the differentiated market approach we classify these projects in each division on the basis of *scale* in the case of the Infrastructure division and *complexity* in the case of the Building & Development division. The strategy also includes cross-divisional elements. These are the definition of integrated projects and our pursuit of industrialization of the construction process. Further information on the strategy can be found in Chapter 2 *Strategy* on page 26.

Strategic objective 1 in the 2013 annual report stated: 'to focus strategy by acquiring more major, integrated complex projects, applying the life cycle management approach by expanding management and maintenance operations, and adjusting the portfolio through disposals.'

Integrated projects

Ballast Nedam will be more restrained when taking on major contractual risks, having regard to our risk profile and the company's more limited financial possibilities. We will therefore tender on a very targeted and selective basis for large, integrated projects. Ballast Nedam also won the design & construct contract for the N31 Traverse Harlingen project, worth approximately 84 million euros, in 2014.

The proportion of integrated projects in the order book at the end of 2014 fell slightly to 55%, compared to 68% at the end of 2013. The A9 Gaasperdammerweg PPP project was not included in the order book due to the application of IFRS rules.

Life cycle thinking and acting

Life cycle thinking and acting still has a central place in our strategy. This is reflected both in the activities in the field of maintenance and management, and in the focus on modular construction. The following contracts were added to the ongoing maintenance and management activities in 2014:

- A maintenance contract with Heijmans for the new Meander Medisch Centrum hospital in Amersfoort for preventive and corrective maintenance. The overall framework contract began on 1 February 2014 and has a minimum term of three years.
- A contract for underwater inspections and maintenance of the Butendiek Offshore wind farm from OWP Butendiek GmbH & Co KG. This is a subsidiary of the German developer and wind farm operator wpd AG. The contract began on 1 January 2015 and has an initial term of five years.
- A two-year extension of the contract with the provincial authority of North Brabant for maintenance of the highway network. The contract comprises the maintenance of approximately 550 km of provincial highways and the associated segregated or integrated cycle paths.

Modular building

We maintained full efforts to pursue strategic objective 2 in the 2013 annual report, 'to develop and extend modular products':

- We delivered the third prototype home in the development phase for houses in the Stroomversnelling ('Fast-track') project. This is an innovation deal between six housing associations and four large construction companies for the sustainable renovation of 111,000 rented homes. The purpose of these prototype homes is to enable Ballast Nedam, in collaboration with URSEM Modulaire Bouwsystemen (41% owned by Ballast Nedam), to test this approach.
- URSEM, in collaboration with Heddes Bouw & Ontwikkeling, also built 233 modular student residences on the Uilenstede campus in Amstelveen in a tower of 11 and five storeys. The first residence was installed in January 2014 and the building entered service at the beginning of the 2014-2015 academic year. The building is aesthetically identical to the traditionally built structure on the site, both inside and out. As a result of modular production, however, it was built faster and to a higher technical standard.
- In addition, Ballast Nedam produced a total of 99 iQwoning® homes in 2014; around 27 of these are being delivered in the first months of 2015. The percentage of iQwoning® homes as a proportion of the total number of homes started in 2014 thereby increased to 28% (compared to 13% in 2013). Fewer homes were started in 2014 than in 2013.
- The first project with energy-neutral iQwoning® homes was delivered in Eindhoven and the new 6.30-metre series entered production in 2014.
- It is also notable that the iQwoning® was recently selected as the most economically advantageous tender in an invitation to tender focusing specifically on concept homes for a demolition and rebuilding project. More information on the iQwoning® can be found on the Innovative housing concept theme page on page 48.
- Finally, Haitsma Beton supplied 667 modular 3D prefabricated cells for the Zaanstad Penitentiary. The prefabricated cells are complete units in which the facilities have already been installed. The units are delivered in shell form to the site. 24 cells are being installed per week across the various building streams on the site. The final delivery was due by the end of February 2015. The completion phase of the new penitentiary is now under way. Construction began in May 2014 and the institution will enter service in mid-2016.

Former State Secretary Teeven for Security and Justice visited the Zaanstad Penitentiary construction site on 19 November and installed a prefabricated cell himself. The State Secretary described the Zaanstad Penitentiary as 'an institution being equipped with the latest IT for more efficient operation. The means of tendering and the construction and operating methods make Zaanstad Penitentiary relatively cheap'.



ZAAANSTAD PENITENTIARY

Built partly with modular prefab cells

Ballast Nedam is building the Zaanstad Penitentiary in collaboration with Imtech Building Services. The penitentiary is future proof, can be used on a multifunctional basis and is suitable for multi-person cells. The new Zaanstad Penitentiary is being built partly using modular prefabricated cells. This innovative, more industrial building method in clean room conditions meets the requirements of the Judicial Establishments Service for a secure, efficient prison.



Operational measures: running according to plan

The operational measures have run according to plan and mainly comprise the restructuring of the Building & Development division and organizational changes in the Infrastructure division. The aim is to align the divisions with the differentiated market approach within the strategic focus. The Specialized Companies & Supplies clusters were also merged into a single division.

- Restructuring of the Building & Development division: The transition of the Building & Development division was completed in the first half of the year. The division has been reorganized as three nationally operating business units: 1) Special Projects; 2) Concessions & Development; and 3) Management. The regional business has been divided into two areas. These comprise Heddes Bouw & Ontwikkeling (North/West of the Netherlands), LAUDY Bouw & Ontwikkeling (South of the Netherlands) and the nationally operating maintenance and renovation company Bouwborg.
- Organizational change in the Infrastructure division: For the organizational change to an Infrastructure division, the nationally integrated infrastructure business was divided into four market segments: 1) integrated infrastructure projects (NL); 2) smaller (specialist) concrete, water and industrial construction projects (NL); 3) international specialist projects; and 4) roadbuilding. This organizational change was completed in the second half of the year.
- The reorganizations and process improvements carried out in the Specialized Companies & Supplies division in 2013 contributed positively to the operating profit in 2014. The merger of the Specialized Companies & Supplies clusters to form a Specialized Companies & Supplies division was carried out during the year. The operational control was thereby further integrated in accordance with the strategic focus and the policy was aligned accordingly. With effect from the 2015 financial year, the results of the Specialized Companies & Supplies division will also be reported on an integrated basis.

Strategic CSR objectives

The 2013 annual report also includes strategic objective 5 with regard to 'achieving the CSR objectives'. The results for the eight CSR subjects can be found in Chapter 5 *Corporate Social Responsibility* on page 78.

We take a proper approach in our CSR policy, although we believe the number of accidents and injuries is too high. A Safety Core Team has therefore been instructed to implement a new safety policy.

The tighter strategy will also impact the CSR policy for 2015. Ballast Nedam will focus more on firm requirements to be able to perform better in the CSR areas of relevance to our market.

3.2 Financial results

Operating profit

EBIT

x € 1 million	2014	2013
Infrastructure	(59)	4
Building & Development	(7)	(11)
Specialized Companies	5	(19)
Supplies	17	6
	(44)	(20)
Other	(21)	(12)
Total	(65)	(32)

Ballast Nedam had another difficult year, with a dramatic operating loss of 65 million euros. This loss included 28 million euros of restructuring and reorganization costs, impairment charges on land positions, assets and goodwill, and 76 million euros of book profits on disposals. The sharpest deterioration can be seen in the Infrastructure segment. The operating losses were caused by cost overruns on the A15 Maasvlakte-Vaanplein, Avenue2 and Breda public transport terminal projects and a number of infrastructure projects. The Specialized Companies & Supplies division made a positive contribution to the operating profit. Additionally, several large construction projects in the Building & Development division also had a positive effect on the result. The 'Other' result consisted mainly of holding company costs.

The order book at year-end 2014 amounted to 1,026 million euros. This order book does not include the order book totalling 229 million euros for the Zaanstad Penitentiary (Pi2) and SAA A9 Gaasperdammerweg (IXAS) PPP projects. This is due to strict application of the IFRS 11 rule for consolidation. These two projects are therefore recognized in accordance with the equity method. The 2013 figures have been aligned with the change of accounting policy.

The net loss for the period was 103 million euros (compared to a loss of 41 million euros in 2013).

Revenue

x € 1 million	2014	2013
Infrastructure	458	546
Building & Development	611	528
Specialized Companies	190	260
Supplies	151	181
	1 410	1 515
Other	(244)	(285)
Total	1 166	1 230

Revenue decreased by 9% from 1,230 million euros to 1,166 million euros due to the declines in the Infrastructure and Specialized Companies & Supplies segments.

Margin

x € 1 million	2014	2013
Infrastructure	(12.9%)	0.7%
Building & Development	(1.2%)	(2.2%)
Specialized Companies	2.6%	(7.3%)
Supplies	11.3%	3.3%
Total	(5.6%)	(2.6%)

The overall margin decreased from minus 2.6% to minus 5.6%. Disregarding the write-downs and reorganization expenses, the margin declined from minus 1.4% in 2013 to minus 9.7%.

Profit for the period

x € 1 million	2014	2013
EBIT	(65)	(32)
Net finance income and expense	(7)	(7)
Result from associated companies	3	1
Profit before income tax	(69)	(38)
Income tax expense	(34)	(3)
Profit for the period	(103)	(41)

The net finance income and expense amounted to 7 million euros, remaining at the same level as in 2013. Taxes excluding impairments of deferred tax assets fell from 3 million euros in 2013 to 2 million euros due to lower positive results outside the tax group and disposals of foreign activities. In 2014, the deferred tax assets were written down by 32 million euros due to the disappearance of the temporary tax/commercial accounting differences following the sale of the Svanen heavy lift vessel (18 million euros) and the previously recognized unused tax losses (13 million euros) based on adjusted business plans. This results in a net loss for the period of 103 million euros, a deterioration of 62 million euros compared to 2013.

Order book

x € 1 million	2014	2013
Infrastructure	559	596
Building & Development	625	691
Specialized Companies	49	113
Supplies	61	52
	1 294	1 452
Other	(268)	5
Total	1 026	1 457

The order book contracted by 317 million euros to 1,026 million euros, excluding Pi2 and IXAS. The decrease in the Infrastructure division was mainly caused by the disposal of the offshore activities. The completion of large projects in the Infrastructure and Building & Development divisions was another contributing factor. In the Specialized Companies & Supplies division, the decrease was the result of disposals in Supplies and reorganizations in Specialized Companies.

Assets and cash flows

Ballast Nedam's shareholders' equity decreased by 79 million euros to 11 million euros. Despite the 30 million euros rights issue successfully completed in July 2014, shareholders' equity decreased due to the net loss of 103 million euros. The loss led to a fall in solvency from 11% at year-end 2013 to around 1.7% at year-end 2014.

The total cash flow for 2014 was 91 million euros positive, compared to a negative cash flow for 2013 of 47 million euros.

The cash flow from operating activities deteriorated by 45 million euros in 2013 to a negative operating cash flow of 79 million euros for 2014. In spite of an improvement in work in progress, receivables and inventories, the operating cash flow deteriorated due to the rise in PPP receivables for the Zaanstad Penitentiary project and the ending of the reorganization provisions.

The cash flow from investing activities amounted to 111 million euros positive compared to 9 million euros negative for 2013. This consisted of 17 million euros of investments and 111 million euros of disposals. Investments included 12 million euros of property, plant and equipment, 2 million euros of intangible assets and 3 million euros of financial assets. The 12 million euros net investment in property, plant and equipment was lower than the 15 million euros of depreciation.

Most of the positive cash flow from financing activities of 59 million euros consisted of the 48 million euros of drawings under PPP loans, 14 million euros of repaid long-term loans, and a rights issue with net proceeds of 27 million euros.

Assets and liabilities

Total assets declined by 172 million euros to 654 million euros. This was due to lower investments and the disposal of Ballast Phoenix Ltd., Bontrup B.V., CNG Net B.V. and the offshore activities. The working capital requirement improved by 29 million euros as a result of lower current assets. Capital employed improved by 125 million euros to 76 million euros.

The unconditional capital contribution commitments with regard to the PPPs was 21 million euros at the reporting date, compared to 9 million euros at year-end 2013. This increase is due to the acquisition of the A9-Gaasperdammerweg project.

Financing position

x € 1 million	2014	2013
Cash and cash equivalents	123	51
Bank overdrafts	(3)	(22)
Net cash	120	29
Recourse loans	(82)	(90)
Financing position	38	(61)
Non-recourse loans	(5)	(18)
Financing position including non-recourse	33	(79)

Ballast Nedam's financing position improved by 99 million euros, from 61 million euros of debt at year-end 2013 to a positive position of 38 million euros. The financing position including the non-recourse loans declined by 112 million euros, from a debt position of 79 million euros at year-end 2013 to 33 million euros. Net cash rose by 72 million euros to 123 million euros. The cash includes approximately 53 million euros in a blocked account which is not freely available. This is an escrow account. The money entails the proceeds of the sale of the offshore activities and will be used mainly to repay loans, as part of the planned refinancing. We expect to see a further decrease in these prepayments and greater use made of the working capital facilities during the year. At year-end, these facilities were unutilized. The normal pattern is for a larger capital requirement to arise during the year.

Loans

x € 1 million	2014	2013
PPP loans		3
Land bank financing	34	40
Business loans	49	51
Finance leases	2	5
Other loans	2	9
	87	108
Recourse	82	90
Non-recourse	5	18
	87	108
Current loans	31	8
Non-current loans	56	100
Financing position including non-recourse	87	108

Strengthening equity and refinancing

In July 2014, Ballast Nedam strengthened its balance sheet with a successful rights issue of 30 million euros of depositary receipts for shares with tradable rights. The net proceeds of the rights issue of 27 million euros were used to reduce the company's debt burden, strengthen our financial position and enhance our financial flexibility.

In February 2014, a refinancing operation was carried out with the support of all 5%-plus shareholders and banks. This 110 million euros refinancing consists of new committed loans totalling 80 million euros maturing in 2017 and a bridging facility of 30 million euros, which was repaid from the proceeds of the 30 million euros rights issue. The loans totalling 80 million euros partly replace the existing, previously uncommitted, facility of 60 million euros.

The refinancing agreement specified that income from any disposals of businesses made in the period up to 2017 would be used in part to repay the loans. In June 2014 an agreement in principle was signed with the banks including a 12-month deferment for the repayment of loans from the proceeds of the disposals. The deferment applied to a maximum of 15 million euros. As a result of the disposal of the offshore activities, this part of the agreement ceased to apply. The covenants relating to the refinancing were determined in the third quarter of 2014.

The large business loan of 49 million euros matures in April 2017. The fixed interest rate is 5.4% and the loan is secured by mortgages on a number of properties in use by Ballast Nedam. The purpose of the other large loan of 29 million euros is mainly to finance several land positions in a separate company. This loan matures in October 2015 and the interest rate is Euribor plus a margin of 2%. Mortgages have been taken out as security for these land positions. There are no financial covenants in the conditions of the long-term recourse loans.

The other long-term loans of 58 million euros consist of 49 million euros of PPP loans, for which the interest rate is fixed by means of derivatives. There is no possibility of recourse against Ballast Nedam for 54 million euros of the 136 million euros of long-term loans.

3.2.1 Infrastructure division

x € 1 million	2014	2013
Revenue	458	546
EBIT	(59)	4
Margin	(12.9%)	0.7%
Order book	559	596
Assets	116	247

EBIT and revenue

The Infrastructure segment recorded a dramatic loss of 59 million euros compared to a profit of 4 million euros in 2013, on a 16% decrease in revenue. This decrease in revenue was due in particular to lower revenue from industrial construction and road-building. By far the greatest impact on this negative operating profit was caused by the significant additional cost overruns on the A15 Maasvlakte-Vaanplein project, carried out by the A-Lanes A15 consortium, and disappointing project results in the Infrastructure division, including the A2 Maastricht project, carried out by the Avenue2 consortium.

For the A-Lanes A15 consortium, total cost overruns on the design and construction activities were ascertained to be 318 million euros. Ballast Nedam officially has a 33.33% participation in the construction consortium. However, based on the agreed working arrangements, Ballast Nedam's effective share in the project is 40%. This means that of the cumulative amount of 318 million euros in cost overruns, Ballast Nedam has to recognize a loss of 127 million euros at year-end 2014. Disappointing results for the A2 Maastricht project (26 million euros) and a number of infrastructure projects also had negative consequences. The offshore activities and the foreign activities made positive contributions to the 2014 result. The result also includes a book profit of 53 million euros from the sale of the offshore activities.

The total assets of the Infrastructure division decreased compared to 2013. At year-end 2014, they amounted to 116 million euros due to a decrease in working capital and the sale of offshore activities.

Market and order book

Infrastructure projects in the Dutch market are growing in size and thus becoming more limited in number. They are also taking place in more rapid succession. These large-scale projects are characterized by high risk profiles and large capacity utilization. Foreign players are entering this market of increasingly larger infrastructure projects. As far as management and maintenance are concerned, government bodies continue to invest in the existing areas. In 2014, the order book contracted by 37 million euros to 559 million euros due to the sale of the offshore activities and the progress made on a number of major multiyear projects.

Integrated projects

In the second half of 2014, the Infrastructure division won the tenders for the A9 Gaasperdammerweg and the N31 Traverse Harlingen projects.

The A9 Gaasperdammerweg public-private partnership (PPP) project includes the design, construction, management and maintenance, and financing of the existing and new infrastructure of the A9 between Diemen and Holendrecht.

The work commissioned by the Dutch Ministry of Public Works and Water Management (Rijkswaterstaat) has a nominal project scope of approximately 700 million euros in total, including twenty years of management and maintenance once the new infrastructure is made available. Ballast Nedam, Fluor, and Heijmans are jointly participating in the construction and operation phase with a share of one third each.

The design and construction contract for the N31 Traverse Harlingen project involves the dualling of a section of the N31 over a length of approximately 3km, the building of an aqueduct in the Van Harinxma canal and the construction of five viaducts for the intersection with the railway line and the underlying road network. The contract is worth approximately 84 million euros.

International projects

In 2014, Ballast Nedam delivered the Carolina bridge over the Suriname River. The design and construction of this bridge had a contract value of approximately 19 million euros. This work was commissioned by the Ministry of Public Works in Suriname.

A request for arbitration was submitted to the International Court of Arbitration (ICC) by Ballast Nedam against its client, Staatsolie Maatschappij Suriname, regarding a claim of almost US\$50 million. More information on this can be found in Section 4.5 *Specific risks* on page 73.

In the autumn of 2014, work started on the construction of the new Nobo Otrobanda hospital in Curaçao. The contract is worth over 108 million euros (US\$ 135.6 million).

In addition, we are still working on a tender for water purification in Kpong, Ghana, with a contract value of 70 million euros, for which the financial close is expected to be reached in 2015. The contractual construction period is 24 months. Work is expected to



UILENSTEDE CAMPUS, EAST AMSTELVEEN – URSEM MODULAIRE BOUWSYSTEMEN / HAITSMA BETON

Vertical modular construction

The campus provides affordable accommodation for students and work is currently under way on a large scale. A total of around 700 flats are being built. Turnkey, modular student homes are stacked on top of each other to create an 11-storey high-rise building. This has never been seen before in the Netherlands.

The use of the Ursem3D® building system allows much faster and cheaper building while maintaining the same quality. Haitsma Beton is supplying the prefabricated concrete floors with various facilities for the project. Although the construction method is different, the new flats look on the inside and out precisely like the other new buildings on the campus.



start during the second half of 2015. The largest component of the work is the delivery and installation of a 54 km-long GRP transport pipe. The remaining activities are the construction (expansion) of a water purification system with a capacity of 30,000 m³ per day and the laying of a 10 km transport pipe to the industrial park in Tema.

Smaller (specialized) concrete, road-building, civil engineering and industrial construction projects

The Katwijk coastal works project was delivered in 2014. This integrated project combines the much-needed strengthening of seaward defences at Katwijk with more underground parking spaces and a dune and recreational area. The engineering and construction (E&C) contract had a value of approximately 38 million euros. The project was carried out by the Ballast Nedam & Rohde Nielsen consortium.

The new energy-neutral Johan Friso navigation lock in Stavoren was delivered and was officially opened by King Willem-Alexander. The lock has been expanded with a new lock chamber that has the appearance of a natural berth. The new lock is part of the Frisian Lakes project.

The Margaretha Zelle aqueduct in the Van Harinxma canal in Leeuwarden was also delivered, and is already being used by traffic. The last weather-sensitive work is being carried out on the aqueduct in the spring of 2015. The aqueduct is part of the construction of the Western Approach Road to keep Leeuwarden accessible in the future.

The renovation of the sheet piling in the Amsterdam-Rhine Canal was carried out in 2014 and is expected to be completed in 2015. This involves renovation of 23 km of sheet piling on the Amsterdam and Wijk bij Duurstede section. The design and construction contract is worth more than 30 million euros. The project is being carried out by the Ballast Nedam & De Klerk consortium.

Schiphol Nederland B.V. and Ballast Nedam signed an agreement on 17 December 2014 for the construction of a new P3 Car Park at Schiphol. This is also a design and construction contract. It was awarded on a MEAT (most economically advantageous tender) basis. The car park will be built at the front near the entrance to the P3 long-term car park. It is part of Schiphol's plan to expand its parking capacity and increase comfort for car park users. There will be an additional 2,600 parking spaces over six floors. Construction will start on 1 July 2015 and the car park is due to enter service in 2016.

Offshore niche market

The installation of the eighty foundations for the Butendiek German offshore wind turbine project made good progress in 2014. This project is scheduled for completion in mid-2015. The financial close of the Westerveerwind contract was achieved in the third quarter of 2014 for the design, delivery and installation in 2015 of the foundations for 48 wind turbines for a wind farm in the Northeast Polder. However, Ballast Nedam moved out of the offshore niche market in December 2014 due to the necessary expansion of the disposal programme. The activities of Ballast Nedam Offshore were sold to Van Oord. The Westerveerwind project is therefore no longer included in the order book.

Action plans for 2014

Financial, strategic and operational measures were announced and implemented in 2014 (see the related reporting in Section 3.3 *Strategic objectives*, page 57). The previously announced action plans at division level for 2014 have been included and the priorities with regard to the action plans have been adjusted.



3.2.2 Building & Development division

x € 1 million	2014	2013
Revenue	611	528
EBIT	(7)	(11)
Margin	(1.2%)	(2.2%)
Order book	625	691
Assets	332	275

EBIT and revenue

The Building & Development division incurred an operating loss of 7 million euros in 2014 on a 16% increase in revenue. The results are in line with the business plan and were negatively affected by one-off restructuring costs, impairment of the land bank, and the book profit on the sale of CNG Net B.V.. Disregarding these one-off cost/income items, the operating loss was 1 million euros, which is an operational improvement of 83%. The result is also affected by a loss of approximately 12 million euros on the Breda public transport terminal. Several large construction projects made positive contributions to the operating profit. In the fourth quarter, the Building & Development division sold CNG Net and LNG24, ending its activities in the niche market for alternative fuels.

The assets of the Building & Development division amounted to 332 million euros and are 57 million euros higher than at year-end 2014.

Market and order book

The housing market is slowly picking up. According to CBS/EIB forecasts (CBS: Statistics Netherlands; EIB: Economic Institute for the Construction Industry), the production of newbuild homes in particular will see a significant increase in 2015 and 2016. In anticipation of this, we have positive expectations regarding demand for the modular iQwoning®, which offers an attractive proposition. There is also a notable increase in demand from housing associations for the renovation of rented housing.

For the next few years, the prospects for the housing market are favourable due to the low production of new housing in recent years and demographic developments. The office market will take longer to recover, in view of the current number of vacant properties and the 'New Way of Working'. Most of the opportunities for non-residential construction can be found in renovations and redesignations. This will benefit companies such as Concrete Valley with its façade systems and URSEM Modulaire Bouwsystemen with modular products such as prefabricated bathrooms. We are noticing a growing trend towards making existing property more energy efficient.

The order book contracted by 10% in 2014 to 625 million euros. In the past year there were fewer projects in the market and no large, complex projects were taken on. In March, however, Ballast Nedam was awarded the contract for renovation work on the Thialf stadium in Heerenveen. Ballast Nedam was also awarded the contract for the renovation of the Grand Hotel Krasnapolsky on Dam Square in Amsterdam in the first quarter of the year. In addition, good progress was made on the complex, integrated projects.

Innovative housing concept

The iQwoning® is available in two series with widths of 5.40 and 6.30 metres and in six different versions: Compact, Rental Rooms, Lifetime, Practical, Space and Semi-Detached. Carefree living comfort is guaranteed thanks to a wide range of options and a maintenance package for 15 years or longer.



5.40 R | Newbuild for extension

Bay windows and side entrances, varied roofs
16 homes | Sale: ≥ € 234,500
Ballast Nedam in Hazerswoude



5.40 R | Newbuild for neighbourhood development

Energy-neutral
74 homes | Rent: around € 680
Woonbedrijf Eindhoven in Eindhoven



5.40 R | Newbuild for extension

Complete, luxury design
48 homes | Rent: € 850 - € 1,000
Syntrus Achmea REF in Barendrecht

5.40 R | Newbuild in
5.40 C | own development

Starter homes

10 homes | Sale: € 189,500 - € 230,000
Ballast Nedam in Beusichem



All versions comfortably meet the requirements of the 2015 Building Code with the new EPC standard and can also be made energy-neutral. The industrial production method delivers attractive benefits: consistent high quality, no waste, very short building time, minimum disruption to the surrounding area and excellent value for money. www.iqwoning.nl



5.40 R | Collective Private
Commissioning

Individual façades
7 homes | Sale: € 185,000 - € 210,000
Private individuals in Dordrecht



5.40 R | Demolition and newbuild for
6.30 L | neighbourhood improvement

MEAT tender for turnkey concept homes
61 homes | Rent: around € 700
Woningstichting Buitenlust in Oegstgeest

5.40 R | Pilot project on energy-
neutral building and renting

Energy-neutral, performance monitoring
8 homes | Rent: around € 700
Vivare in Rheden



The order book does not yet include the construction of the new Zuiderpark Sports Campus, for which Ballast Nedam and Kuijpers were officially awarded the contract by the City of The Hague and The Hague University of Applied Sciences in December 2014. The total value of the contract amounts to approximately 47 million euros. The existing Zuiderpark sports facilities will be expanded with the addition of a sports complex with a gross floor area (GFA) of more than 30,000 m². The complex includes a professional sports hall with stands to accommodate around 3,500 spectators, two recreational sport halls, a hall for beach volleyball and beach soccer, a gymnastics hall, a dance room, a dojo for martial arts, fitness rooms, lecture rooms, and project and research rooms with all the necessary amenities and facilities. The main principle behind the new complex is to create a Carbon-neutral building. Construction of the Zuiderpark Sports Campus will start in April 2015 and is due to be completed in August 2016.

An agreement has been reached with the City of Rotterdam with regard to the Hart van Zuid PPP project. The development of the Hart van Zuid area involves a total investment of approximately 330 million euros over a period of twenty years. The financial close is expected to be reached by the start of 2015. This project has not yet been included in the order book.

In May 2014, a construction and operation agreement was also signed with the City of Amsterdam for the Food Center Amsterdam, signalling the start of the integrated development of this area. This means we have started on the transformation of the current 23-hectare site to a modern Food Center covering approximately 100,000 m² of industrial land, the construction of around 1,600 homes, and the restoration of the Central Market Hall, which is a national heritage site. The new Food Center Amsterdam is a 25-year area concession, in which the VolkerWessels Vastgoed and Ballast Nedam consortium is in charge of the pace and programme. This project has not yet been included in the order book.

Complex, integrated projects

At the beginning of May 2014, the Pi2 consortium started work on the Zaanstad Penitentiary PPP project. The consortium is a partnership between Ballast Nedam (65%) and Royal Imtech (35%). This PPP project comprises design, construction, maintenance, financing and facility management and has a term of 25 years from the date of delivery. The project has a nominal value of approximately 300 million euros. Ballast Nedam is the sole shareholder in this PPP project.

Modular building

The Buitenlust housing foundation in Oegstgeest has awarded Ballast Nedam and the architectural firm VanWilsumVanLoon a contract to demolish seventy homes and build 61 new iQwoning[®] homes in the Buitenlust district. The invitation to tender specifically focused on prototype housing for a demolition and new build project. The Buitenlust housing foundation is 'renewing' all 211 rented homes in the district during the period from 2011 to 2016. Most will be renovated to retain the special character of this district during the extensive restructuring. The Buitenlust housing foundation has opted for conceptual building in order to limit the duration and impact of disruption on the area and to achieve a high quality result. The demolition of the seventy houses and the construction and completion of the 61 iQwoning[®] homes are scheduled for 2015.

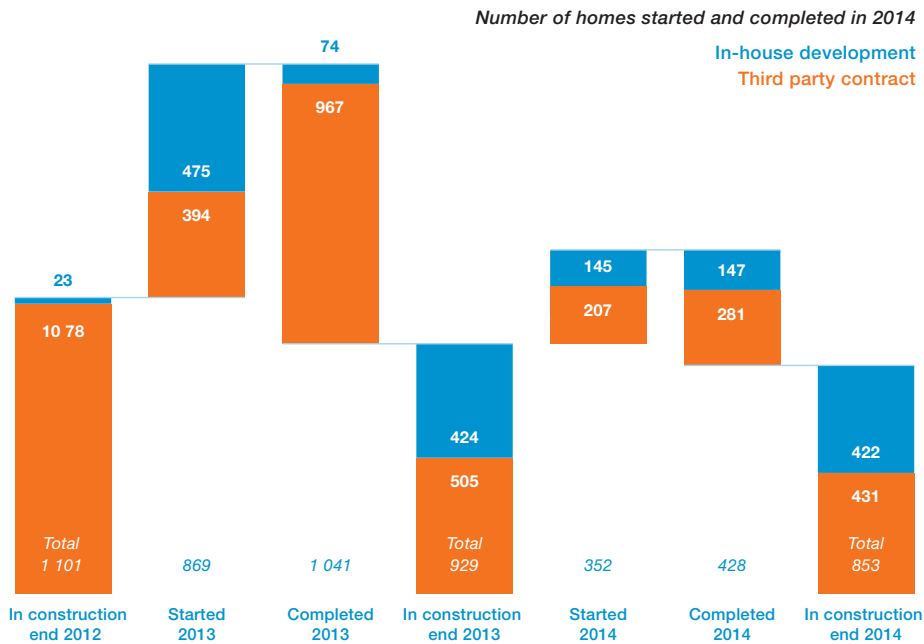


Ballast Nedam and Syntrus Achmea Real Estate & Finance have signed a turnkey agreement for the construction of 48 iQwoning® homes in the Vrouwenpolder-Lagewei district in Barendrecht. The 48 iQwoning® homes are luxuriously furnished and fully equipped, and beautifully designed by the architectural firm VanWilsumVanLoon, which has also been commissioned by the municipality to create the urban development plan. The homes in the project will be ready for occupation in May 2015. In the next phase, Ballast Nedam will also develop 26 owner-occupied houses in the cheaper sector in the district. More information on the iQwoning® can be found on the *Innovative housing concept* theme page on page 48.

The third prototype home has been completed as part of the Stroomversnelling (Fast-track) project. Stroomversnelling is an innovation deal between six housing associations and four large construction companies for the sustainable renovation of 111,000 rented homes. In line with its Strategic Plan, Ballast Nedam is providing innovative modular building methods and systems for the project. The ultimate aim is to renovate a home in one day with minimum disruption for the occupants and their environment. The purpose of these prototype homes is to enable Ballast Nedam, in collaboration with URSEM Modulaire Bouwsystemen (41% owned by Ballast Nedam), to test and develop this approach, which will eventually lead to a profitable business case for the housing associations.

Housebuilding activities: property development exposure and land positions

The number of homes started and under construction decreased in 2014 by 517 to 352. The number of homes delivered decreased in 2014 by 59% to 428. As a result, the number of homes under construction decreased by 76 homes to 853. The homes being developed in-house mainly consist of student homes in Leiden (396 of the 424). Homes under construction for third parties include the following larger-scale housing projects: 104 homes in Loevepark in Oosterhout, 157 homes in Tugelaweg in Amsterdam, and 90 homes in Sassembourg in Sassenheim.



Property development exposure

x € 1 million	2014	2013
Land positions	130	142
Unsold stock under construction	4	5
Unsold stock delivered	7	10
Total on balance	141	157
Liabilities to complete projects under construction	-	3
Liabilities to acquire land positions	35	44
Total liabilities off-balance	35	47
Exposure property development	176	204

The total property development exposure, which consists of investments in land positions, investments in unsold stock, and the related future liabilities, decreased in 2014 by 29 million euros to 175 million euros. The aim is to reduce the amount of capital invested in property in the next few years. This will be difficult to achieve, however, given the current market conditions and the existing purchase commitments totalling 35 million euros. Of these commitments, 20 million euros will fall between 2015 and 2017 and 15 million euros during and after 2018.

In 2014, the total investment in unsold stock, both delivered and under construction, decreased by 8 million euros to 10 million euros. The book value of the delivered and unsold stock amounts to 7 million euros and mainly consists of the Kloosterkwartier project (6.5 million euros). The number of unsold delivered homes at year-end 2014 fell slightly to 15, compared to 27 at year-end 2013.

The unconditional purchase commitments decreased by 12 million euros compared to year-end 2013 as a result of the land purchase due to the start of a housing project.

In 2014, Ballast Nedam was commissioned by the Dutch Province of Jesuit Priests to build the 'Hofgebouw' in the Brakkenstein monastery garden in Nijmegen. The heart of the Brakkenstein monastery garden will be formed by the newly constructed Hofgebouw, which consists of four different types of flats and care apartments (98 in total), shared spaces for community services, and a two-storey underground car park with around 140 parking spaces. The Hofgebouw will have six storeys above ground. The architectural firm Diederendirrix has designed the building so that it fits in with the ambiance of the surrounding area. The project has a contract value of approximately 20 million euros and is due for completion in mid-2016.

Land positions

x € 1 million	2014	2013
1-January	142	152
Net investment	(8)	(9)
Write-down	(4)	(1)
31-December	130	142
Cumulative write-down	43	40

The land positions decreased by 12 million euros to 130 million euros, mainly as a result of the sale of a number of smaller land positions. The write-downs in 2014 amounted to 4 million euros.

Action plans for 2014

Financial, strategic and operational measures were announced and implemented in 2014 (see the related reporting in Section 3.3 *Strategic objectives*, page 57). The previously announced action plans at division level for 2014 have been included and the priorities with regard to the action plans have been adjusted.

3.2.3 Specialized Companies & Supplies division

The results of the specialized and supply companies were positively affected in 2014 by the well-filled order book at the prefabricated concrete companies and the results of the policy pursued in recent years regarding cost savings and innovations. In addition, several disposals were carried out, and the division discontinued a number of loss-making products and activities such as the closure of the Omnia concrete factory in Coevorden and the loss-making activities of IPM in Leerdam.

P3 CAR PARK AT SCHIPHOL

Predictable and effective

Schiphol Nederland B.V. commissioned Ballast Nedam to build a new P3 Car Park at Schiphol. This design & construct contract was awarded on a MEAT (most economically advantageous tender) basis. This new car park will be on the P3 car park site (Schiphol Noord, alongside the A4). Passengers will be able to park their car quickly (P3 at the front) and under cover for a long stay. The car park will have five levels and space for 2,600 cars. It has been designed by Zwarts & Jansma Architects. The plans are geared towards predictable implementation with effective environmental management. Preparatory work started in December 2014 and the car park is expected to enter service in 2016.



The reorganizations and process improvements have equipped the Specialized Companies & Supplies division to meet the challenges in the market. The level of costs in the businesses has been cut sharply and innovative and commercial capability has been strengthened on various fronts. The management is committed to implementing these improvements on a continuous basis.

In accordance with the Strategic Plan, the Specialized Companies & Supplies division focuses on supplying products and services whose distinctiveness contributes to a demonstrable competitive edge within Ballast Nedam's strategic focus.

Specialized Companies

x € 1 million	2014	2013
Revenue	190	260
EBIT	5	(19)
Margin	2.6%	(7.3%)
Order book	49	113
Assets	69	115

EBIT and revenue

The huge turnaround in the Specialized Companies is starting to be reflected in the figures. Whereas we still had several business units incurring heavy losses in 2013, we can now see the effect of the substantial reorganizations made in five specialized companies as well as the merger of a number of business units. We ended 2014 with a positive result of 5 million euros compared to the negative result of 19 million euros in 2013.

Revenue in 2014 decreased by 70 million euros to 190 million euros as a consequence of a reduction in activities.

The assets of Specialized Companies amounted to 69 million euros, 46 million euros less than in 2013. This is due to a sharp focus on working capital reductions and a decrease in activities.

Market and order book

Low price levels in the markets will continue to pose a challenge in the short term. The indicators for recovery in the medium term generally paint a slightly more positive picture.

In 2014, the order book decreased by 64 million euros to 49 million euros. This is attributable to the capacity reduction in a number of specialized companies and the reduction in market volume driven by the infrastructure and construction markets. In addition to the Ballast Nedam projects, the specialized companies will continue to focus on the development of a third party market.

Action plans for 2014

Financial, strategic and operational measures were announced and implemented in 2014 (see the related reporting in Section 3.3 *Strategic objectives*, page 57). The previously announced action plans at division level for 2014 have been included and the priorities with regard to the action plans have been adjusted.

Supplies

x € 1 million	2014	2013
Revenue	151	181
EBIT	17	6
Margin	11.3%	3.3%
Order book	61	52
Assets	135	178

EBIT and revenue

The revenue of Supplies decreased by 30 million euros to 151 million euros. This is mainly due to less revenue in primary raw materials due to the closure of the Omnia concrete factory, the disposal of Phoenix Ltd and the disposal of the 30% interest in Bontrup Beheer B.V.. Supplies achieved an operating profit of 17 million euros, compared to 6 million euros in 2013. The book profit of the sale of Phoenix Ltd. amounted to 22 million euros. During the past six months we also sold a minority interest in the Helmond asphalt plant. Disregarding the book profits, asset write-downs and the reorganization costs of Omnia, Supplies recorded a profit of 7 million euros.

With the exception of Omnia, the prefab companies achieved break-even. Production finally ceased at Omnia in June following the announcement made at the start of April of the closure of Omnia Plaatvloer B.V. in Coevorden. The closure was prompted by continued losses and a lack of long-term prospects.

The assets of Supplies amounted to 135 million euros and are therefore 43 million euros lower than in 2013.

Market and order book

The margins in the prefab market remain under pressure, particularly for standard products. However, the differentiated approach to the market and the focus on innovative, high-quality products from the prefab factories are contributing to a good quality order intake. The raw materials market for sand and gravel also remained under pressure in 2014. In terms of volume, the markets were reasonable, thanks in part to the mild winter, but prices remained low. Overall, the supply companies are faced with a highly competitive market.

The order book increased in 2014 by 9 million euros to 61 million euros, as several projects were incorporated in the order book for this division, such as the A9 Gaasperdammerweg, the N31 Traverse Harlingen and the Thialf stadium in Heerenveen. In addition to the Ballast Nedam projects, the supply companies will continue to focus on the development of a third-party market, such as in Belgium and Germany.



Niche market for secondary raw materials

On the secondary raw materials niche market, Feniks Recycling achieved a good result. There was considerable demand for waste incineration ash in 2014. Ballast Nedam left the niche market for secondary raw materials in 2014 when it sold Phoenix Ltd.

AMSTEL CAMPUS, AMSTERDAM

Inner-city logistical puzzle

Amsterdam University of Applied Sciences is building a new, unique learning and working environment: the Amstel campus. The whole campus will be completed in mid-2018. The Amstel Campus includes the Wibauthuis, which is next to the Muller-Lulofshuis completed in 2013, and the Wibaut student residence. What makes this project so special is the construction site on Wibautstraat, the main thoroughfare to the heart of Amsterdam. This urban project on a small plot posed a logistical puzzle. All work, the delivery and removal of materials was tightly coordinated to limit nuisance to nearby residents and minimise traffic. The project was delivered on schedule on 27 November 2014.



Action plans for 2014

Financial, strategic and operational measures were announced and implemented in 2014 (see the related reporting in Section 3.3 *Strategic objectives*, page 57). The previously announced action plans at division level for 2014 have been included and the priorities with regard to the action plans have been adjusted.

3.3 Strategic objectives for 2015

On the basis of our 2015-2017 Strategic Plan (see page 29) we have formulated the strategic objectives below.

Strategic focus

- We will strengthen our position in integrated projects:
 - KPI: the share of integrated projects in the order book at the end of 2015 should be equal to or greater than 60% (2014: 55%)
- We will strengthen our position in, and develop, modular building.
 - KPI: the percentage of iQwoning® homes should be increased as a proportion of the total number of homes started in 2015.

Continuous improvement in project management

- We will bring about an improvement in project control:
 - KPI: Improvement in margin to a level of 2-4% in the medium term

Improvement in the financial position

- With the 50+25 improvement programme we will save costs and cut working capital
 - KPI: minimum 12.5 million euros of costs saved in 2015
 - KPI: working capital cut by 25 million euros in 2015

With the programme we aim to reduce the working capital by 50 million euros by the end of 2016 and to have saved 25 million euros of costs.

- Ballast Nedam aims to improve its solvency
 - KPI: improvement in solvency to a level of 15% or more in the medium term

Achievement of CSR objectives

These objectives can be found in Chapter 5 *Corporate social responsibility* on page 78.

A2 MAASTRICHT – EUROPAPLEIN JULY 2014

Structural work on dual tunnel completed

The construction of the A2 tunnel in Maastricht started in the autumn of 2011 at Europaplein, to the south of John F. Kennedysingel. Here we are building the southern entrances and exits of the A2 tunnel. The tunnel excavation pit comprises 30 sections, each with a length of 24 metres. That means the Europaplein excavation pit is 720 metres long. The concrete structure has now been completed and preparatory work has started for the installation of the technical equipment in the tunnel.

The project is being built by Avenue2, a consortium of Ballast Nedam and Strukton.



Risk and risk management

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4

Risk and risk management in Ballast Nedam

To create enduring quality, Ballast Nedam must stay alert to market opportunities and the associated risks. The aim of our risk control is to achieve an acceptable risk level in line with our risk appetite.

In this chapter we explain how risk management and the risk control process are organized within Ballast Nedam, and what are focus is for risk management in 2015. We also detail the specific risks arising in the environment in which Ballast Nedam operates. Finally, we consider a number of specific risks to which Ballast Nedam is exposed as a result of actual or potential disputes with third parties.

4.1 Outline of risk management

4.1.1 Principles

Ballast Nedam's risk management is based on the following three principles.

- 1 The aim of risk management is to keep the risks which the organization incurs through its activities in line with its risk appetite.
- 2 Risk management is an integral part of all business activities and runs through the entire project life cycle.
- 3 The Ballast Nedam Board of Management has ultimate responsibility for the way in which Ballast Nedam deals with risks. Ballast Nedam manages its operations within a structure comprising three divisions based on products and processes. The divisional directors apply the holding company's risk management policy to the business units in their own division. The divisional directors oversee compliance with the policy within the specified limits.

4.1.2 Risk philosophy

The aim of Ballast Nedam's risk management policy is to ensure that Ballast Nedam only takes responsible business risks and the probability of these risks materializing – and any consequences – must not jeopardize business continuity. For example, we have set a low risk appetite for the Safety, Compliance and Financial risk areas.

Ballast Nedam considers the management of risks to be a core competence, which is firmly embedded in the various projects we implement. Both within individual projects and across all projects as a whole we apply methodologies that are commonly used in the Construction and Infrastructure sector. That also makes it possible to communicate on risk management with parties in the chain.

4.2 Internal control of risks

Below we explain the structure of risk management within Ballast Nedam on the basis of the 'Four Lines of Defence' model.

4.2.1 First line: our people, operating processes and decision-making committees

A bottom-up approach to risk control

The project managers are responsible for managing the risks related to projects. They identify, analyse, prioritize and control these risks. The design of the risk management depends greatly on the size and risk profile of the specific project. In complex works, for example, in some cases hundreds of wide-ranging risks are recorded in a relational database and monitored in each phase of the project. The risks in a simple project, by contrast, are controlled with a checklist. Ballast Nedam applies the 'fit for purpose' principle in its project risk management.

The business unit managements periodically identify the risks in their unit. We then discuss these with the divisional directors. The Concern Council, on which the divisional directors and the Board of Management are jointly represented, discusses the results.

The attitude and behaviour of our employees and contractors are very important in the control of risks. We seek to ensure fair behaviour on the part of all those who are involved in our project and fall within our responsibility. We do that through our HR policy and our policy with regard to subcontractors and suppliers (see also Section 5.8 *Compliance and integrity* on page 94).

Ballast Nedam implemented specific improvement initiatives in this area in 2014.

These are:

1. The updated internal code of conduct under the name of BeN wijzer;
2. The updated internal training on project risk management.

In some cases the expertise required for a project is not available within Ballast Nedam. For such projects we then collaborate with a partner having specialist knowledge. That occurs in all phases: in the tender, implementation and management phase. In such a case we assign the risks for each area of expertise to the party best able to control them.

Use of support instruments

To maintain appropriate control of risks Ballast Nedam uses various systems and instruments geared to the specific requirements of operating companies and projects:

- Progress in the field of finance, operation and risk control is guaranteed by periodic management reports drawn up in accordance with the reporting and accounting instructions issued by the holding company.
- From the project level the divisions and associated business units monitor the liquidity requirements weekly through a central cash management system.
- The divisions and their business units also use a central financial system.

Involvement of the Contract Committee

Risky liabilities, investments and disposals are always submitted to the Contract Committee for approval. Risky liabilities include tenders for internationally complex and/or extensive contracts. Before the offer is submitted, it is discussed with the Board of Management during the mandatory Contract Committee meeting. Partly as a result of experiences in recent major projects, more time is now devoted to assessing whether the project fits in with the revised strategic focus, and to assess which project-related risks are involved and how they can be mitigated. The Board of Management's assessment covers matters such as the return risk ratio, the capital requirement and political aspects. The Board also considers the advance payment scheme.

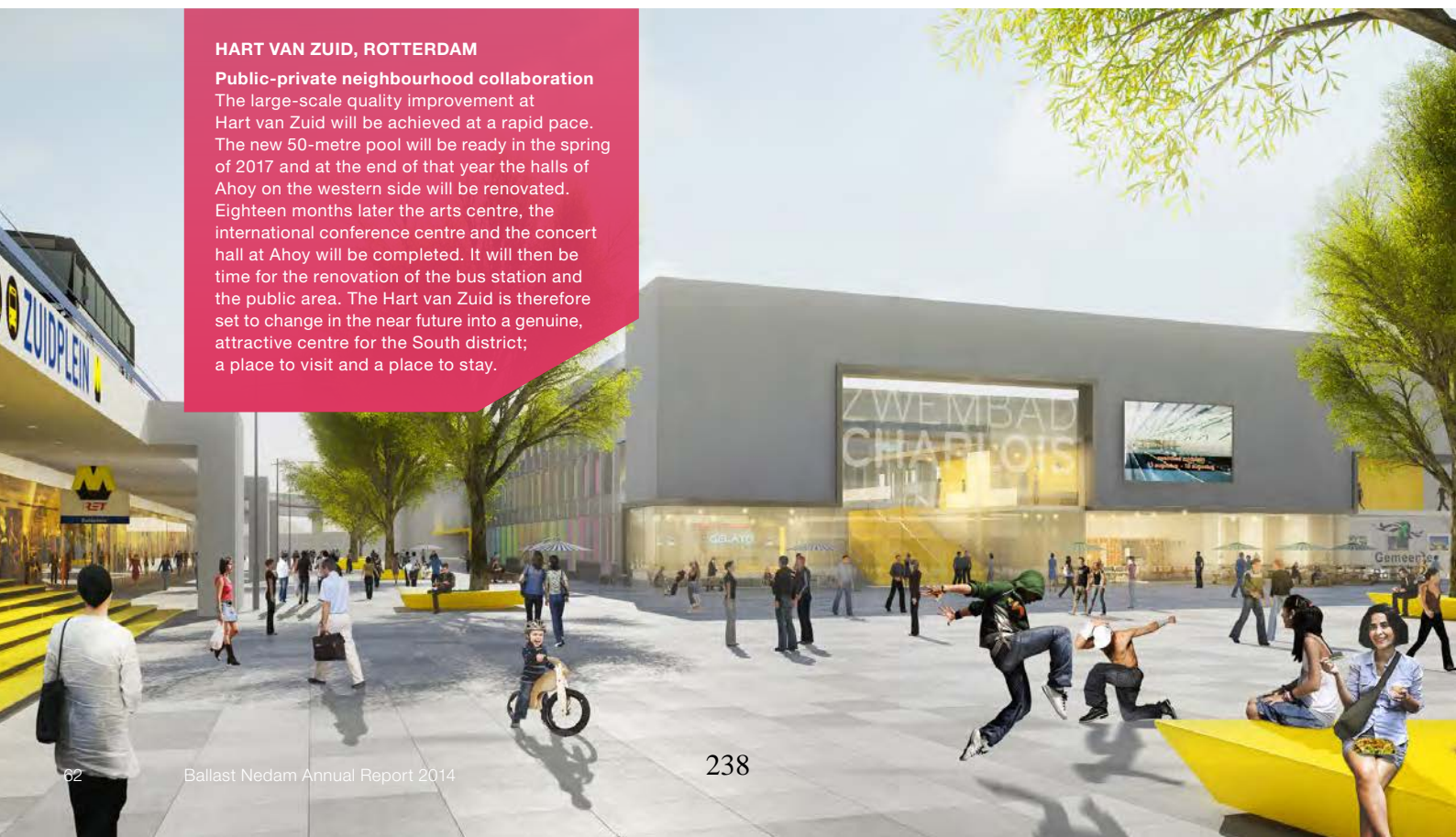
Involvement of the Tender Committee

All risky liabilities are assessed by a Tender Committee in the division. After approval by the Tender Committee, the major risky liabilities are submitted to the Contract Committee for approval. The Tender Committee regulations in the divisions have the same thrust as the Contract Committee regulations, supplemented where necessary with specific information concerning the market in which the division operates.

HART VAN ZUID, ROTTERDAM

Public-private neighbourhood collaboration

The large-scale quality improvement at Hart van Zuid will be achieved at a rapid pace. The new 50-metre pool will be ready in the spring of 2017 and at the end of that year the halls of Ahoy on the western side will be renovated. Eighteen months later the arts centre, the international conference centre and the concert hall at Ahoy will be completed. It will then be time for the renovation of the bus station and the public area. The Hart van Zuid is therefore set to change in the near future into a genuine, attractive centre for the South district; a place to visit and a place to stay.



4.2.2 Second line: supporting functions

Lawyers and contract managers

In order to maintain appropriate control of the contractual risks, specialist contract managers are deployed in the divisions on some of the projects, in both the tender and implementation phases. We also focus specifically on the competences of contract managers and devote attention to knowledge sharing based on lessons drawn from the recent past. The Legal department focuses on matters relating to the holding company.

Insurance

Insurance is responsible for arranging and managing insurance policies for Ballast Nedam and its businesses in line with the insurance policy agreed by the Board of Management. In the first place this involves the arrangement and management of more general insurances which afford financial protection for the company in the event of claims and losses. Second, Insurance promotes the insurance interests of Ballast Nedam in the implementation of projects, in both the tender and implementation phases. Third, Insurance ensures that the arranged insurances offer the intended financial protection. Finally, this department has a responsibility in the field of prevention: within the various divisions it promotes awareness of the benefit and necessity of insurances.

Compliance officer

Ballast Nedam requires its employees, but also its suppliers and subcontractors, to behave with integrity. Ballast Nedam operates a zero tolerance policy for compliance with its code of conduct, in which the compliance officer plays a central role. The compliance officer conducts an enquiry whenever possible violations are reported. If violations are found to have occurred, immediate measures are taken. In order to guarantee the organization's integrity we continually evaluate the compliance policy and tighten it where necessary. Further details can be found in Section 5.8 *Compliance and integrity* on page 94.

Safety

A major risk in the implementation of projects is the safety risk. Ballast Nedam's safety policy is aimed at creating a proactive safety culture. This safety policy is set out in a safety plan. Section 5.7 *Safety* on page 92 sets out the measures which Ballast Nedam takes to achieve and maintain a high level of safety awareness among our employees and subcontractors.

An important part of the control of safety risks is Dibec, a practically oriented knowledge organization with specialists in the field of the environment, safety, materials science and surveying. This unit develops safety plans and conducts safety audits.

ICT risks

Major ICT risks concern the continuity of the ICT infrastructure and ICT information systems. Examples include viruses and attacks with large volumes of data. Disruption of the authorization policy also represents a considerable risk. Ballast Nedam is aware of these risks. All business units make heavy use of ICT infrastructure and ICT information systems built on tried-and-tested technologies, in which we achieve as much uniformity as possible across the business units to prevent disruption. To guarantee continuity of business operations, the information systems accessible through this infrastructure are constantly improved and updated by means of a DTAP (Development, Testing, Acceptance, Production) approach. Our ICT infrastructure is based on a wide range of services, modern communication technology and advanced virtualization techniques for data storage and processing. This enables us to continuously achieve and monitor the required capacity, availability and sustainability.

We have taken various measures to control the ICT risks. For example, we use:

- The Code for Information Security (an international standard for information security in organizations);
- Authentication for access to the network;
- Firewall technology for access from the Internet;
- External audits to identify deficiencies;
- Specific access portals requiring a combination of username and password;
- Management software for mobile hardware to erase devices remotely.

4.2.3 Third line: monitoring

The risk manager

As stated previously, the project manager is responsible for identifying, analysing, prioritizing and controlling the risks in the acquisition phase and in the implementation of the work. In the acquisition phase, the risks are also discussed in the Tender Committee and Contract Committee, depending on the nature and size of the project. To support the project manager in this task, risk managers are appointed within Ballast Nedam's projects; this role is performed on a part- or full-time basis, depending on the complexity of the project. The risk manager facilitates the risk-management process, contributes to risk awareness and monitors the project for changes in the risk profile. This officer is also responsible for updating the risk file and reports on the status of the risks through the project manager in the periodic project reporting. The group of risk managers is referred to as the 'risk community' within Ballast Nedam.

Business control and treasury

Operational responsibility and financial control have also been separated at all levels within Ballast Nedam. This is consistent with our aim of further professionalization. Payments by Ballast Nedam are made and monitored centrally by the treasury function. The division and the associated business units also provide a weekly liquidity forecast at project level, which is assessed by the treasury function.

Ballast Nedam has developed a new format for financial reporting over the past year, which has recently been implemented. The new structure makes it easier to monitor the achievement of strategic and financial objectives. The format also improves the predictability of costs and income. The risks are also covered extensively in the reporting both at project level and across the organization.

The Business Control department compares and evaluates the risks in the quarterly and other reports of the various divisions.

Since this enables us to improve the quality of the information, we can steer a more effective course and make any necessary adjustments. This new reporting method makes Ballast Nedam an organization which more actively anticipates developments in the market in general environment, and provides an insight into how we can improve our work and processes.

4.2.4 Fourth line: assessment by the Board of Management and the Supervisory Board

Board of Management

Ballast Nedam conducts a policy on corporate governance. This policy requires among other things that Ballast Nedam is well equipped to account for the implementation of its policy to all stakeholders, including shareholders, employees, customers, suppliers and society as a whole. A detailed description of the corporate governance policy can be found in Chapter 6 *Corporate Governance* on page 110.

With regard to risk control, the Board of Management has both a control and assessment function. An important information source is the periodic management reporting, which surveys the current risks and opportunities for projects in the divisions and business units, and the status of the control measures. The Board of Management discusses the risks with the division managements. The division managements conduct similar discussions with the management teams of the business units. In addition, complex projects of a particular size or a particular risk level are always discussed with the Board of Management in the Contract Committee before an offer is submitted.

The Supervisory Board and the Audit Committee

Ballast Nedam's risk profile and the internal risk management and control systems are discussed at meetings with the Supervisory Board and the Audit Committee. The Audit Committee meets with the Board of Management and the external auditor at least five times a year. At these meetings they discuss the financial state of affairs and the findings together with the company's internal audits and risk management. The activities are covered in Section 6.2 *Report of the Supervisory Board* on page 118.

4.3 Evaluation

4.3.1 Activities in 2014

The 2013 risk management policy and approach was further developed in 2014. Experiences in the recent past at project level also highlighted points for improvement.

The activities carried out included the following:

- The risk management policy was further specified.
- The management reporting in the risk management field was further developed and standardized, with the risks at division level being consolidated.
- The majority of Ballast Nedam's divisions and business units were the subject of a business risk session in which the principal risks were identified and the effectiveness of their control was evaluated. This evaluation has provided the divisions with a basis for further improvements.
- An updated risk management course was introduced and partly rolled out to increase risk awareness among employees.
- The 'risk community' was examined, revealing a need for further qualitative and quantitative reinforcement.
- The lawyers and contract managers were positioned in the divisions so as to increase their involvement in the projects.
- Operational responsibility was clearly separated from financial control at all levels within Ballast Nedam.
- From the project level the divisions and the associated business units monitor the liquidity requirement weekly using a central cash management system.

4.3.2 Focus in 2015

Several large projects progressed with difficulty in 2014, and it is not inconceivable that the financial impact of known risks will turn out differently than is currently assumed. That applies particularly to the A15 Maasvlakte-Vaanplein and A2 Maastricht projects. The possibility of projects generating negative results is an inherent risk in a project organization such as Ballast Nedam. Our objective is to mitigate risks and thereby reduce the number of projects with negative results and limit their impact. Since Ballast Nedam sees risk management as an integral part of its business, we regularly assess potential improvements. The discipline and enforcement of the aforementioned risk measures must be improved on all fronts across all departments. This will in any event lead to a number of additional activities in 2015:

- On the strategic level, the Board of Management will periodically review the risk appetite.
- On the tactical level, risk sessions will be organized again in each division and business unit. The risk-return assessment made in the Contract Committee will also be described more explicitly and reported on in a more structured way.
- On the operational level the risk management will be strengthened and optimised on the basis of recent experience. The level of the 'risk community' will be raised in both qualitative and quantitative terms.

4.3.3 Assessment of risk management and control systems

On the basis of the above, the Board of Management declares that the risk management and control systems have in general worked correctly. Additional efforts having to be made particularly with regard to the control of major infrastructure projects.

With regard to the financial reporting risks, the internal risk management and control systems provide a reasonable degree of assurance that the financial reporting presented in the 2014 financial statements is free of material misstatement.

It should be noted that no 100% guarantee of the proper operation of risk management and control systems can be given. Project assessments are based on estimates and depend, among other things, on the results of negotiations and discussions on the financial settlement of projects (contract variations, penalties and claims, delivery time and quality of the work). It may subsequently emerge that the results of the negotiations do not correspond to the estimates made. Hence Ballast Nedam cannot guarantee that material errors, as well as fraud or violations of legal provisions, will not arise in the future.

The further improvement and supervision of the internal risk management and control systems remains a priority for the Board of Management. This subject is therefore discussed regularly with the Audit Committee and the Supervisory Board.

BÈTA CAMPUS FWN, LEIDEN

Vibration-free and BREEAM Very Good status

Ballast Nedam is building the new Bèta Campus FWN (Faculty of Mathematics and Physics) in Leiden in collaboration with Heijmans. The new building will have approximately 45,000m² of space, including laboratories, lecture halls and offices for scientific research and an underground car park. As a leader in the development of nanotechnology, the faculty sets very high standards for the limiting of vibration in the new building. Part of the laboratory has been designed to a standard never previously achieved in a Dutch university. Reuse of materials, recycling and efficient site organization are central in both the design process and execution. The aim is to deliver a sustainable building with a BREEAM Very Good rating. This certification is unique for a utility building with a laboratory function. The project is expected to be delivered in the second half of 2015.



4.4 Relevant risks

Ballast Nedam identifies risks in the following areas:

- strategic risks;
- financial risks;
- operating risks;
- compliance risks

These four risk categories were examined during the risk sessions in most of the constituent parts of the organization. The results of these sessions were used as input for this section, which summarizes the main risks involved in each category and the way in which Ballast Nedam controls them.

4.4.1 Risks related to our strategy

Most relevant risks in relation to our strategy arise from the economic circumstances in the sector and loss of reputation resulting from a negative image.

Economic conditions in the market

Ballast Nedam is heavily dependent on the Dutch market and, within that market, particularly on public and semi-public clients.

The annual analysis by the Economic Institute for the Construction Industry (EIB) shows that the budget for highway, water and rail projects is 2% higher in 2015. This increase applies particularly to water projects. The highway budget is lower as a result of the earlier government cuts. In the Infrastructure division revenue shows a decrease in the short term and there is strong competitive pressure as a result of overcapacity in the market. That reduces the probability of winning projects and puts margins under pressure. Opportunities exist partly because foreign operators have a need to collaborate with Dutch players in infrastructure projects.

The EIB also reports strong growth in the housebuilding order book in the recent period. It estimates growth in building output at 4% for the year ahead and at 7% in the case of housebuilding. Its estimate of growth in non-residential construction is 2.5% for the year ahead. We are seeing clients, including in the public sector, increasingly opting for integrated forms of contract in which design, construction, financing, maintenance and management are the responsibility of a single supplier. Projects are also becoming more complex: the quantity and the diversity of knowledge and technologies required for projects are increasing. An example is the use of ICT in projects, stricter sustainability requirements, customized projects at keen prices and building in urban areas with a large number of stakeholders and logistical challenges. Finally, there is more demand for modular products. These developments match our strengths. In order to promote loyalty among our clients, we will distinguish ourselves in terms of our quality and innovative strength.

With the cautious revival in the market and the associated rise in costs, Ballast Nedam runs the risk of an exponential rise in project costs. We control this risk by establishing our liabilities at an early stage and agreeing price compensation where possible.



As already stated, the current market is generally characterized by low prices, putting margins under heavy pressure. To control this, each business unit monitors the developments in its market. Business units with larger projects and a specific focus will do this nationwide. Units such as highway construction and housebuilding operate regionally in order to respond effectively to specific customer requirements.

Loss of reputation

Ballast Nedam attracted negative press coverage on a number of occasions in 2014. In many cases the reports concerned the company's financial situation, developments in this area and cost overruns on the A15 Maasvlakte-Vaanplein project. Ballast Nedam also featured in the news with regard to compliance issues on a number of occasions: these concerned a matter which the company dealt with some time ago and ongoing investigations by the Social Affairs and Employment Inspectorate into the Avenue2 and A15 Maasvlakte-Vaanplein projects.

Ballast Nedam applies a zero tolerance policy with regard to integrity and is very active in enforcing this policy in the various divisions. Further information on the way in which we have organized compliance with our code of conduct and related policy documents can be found in Section 5.8 *Compliance and Integrity* on page 94.

The media also devoted a great deal of attention to disposals, including the sale of the alternative fuels and offshore businesses.

There was positive news coverage of the projects which we acquired in 2014, including the A9 Gaasperdammerweg, the N31 Traverse Harlingen and Zuiderpark Sports Campus projects. The iQwoning® modular living concept also received positive news coverage on a number of occasions, including information on the concept itself and on the announcement of its construction in various projects.

4.4.2 Financial risks

This section provides more information on our focal points with regard to the financial situation, particularly the limited solvency and liquidity position, and the financial control of projects.

Ballast Nedam identifies various financial risk factors with regard to currency, credit and liquidity. These risks are not uncommon in the industry. Ballast Nedam uses financial instruments, including derivatives, in its normal business operations. The policy is aimed at creating and maintaining the best possible financial conditions for Ballast Nedam's operating activities.

The objectives and policy with regard to risk management in the use of financial instruments and, to the extent significant, in the assessment of assets, liabilities, financial position and results, are explained in greater detail in Section 7.9 *Notes to the income statement*, from page 185.

Solvency

Having regard to the current solvency rate of approximately 1.7%, shareholders' equity must be strengthened in order to continue business operations. The main risks with such low solvency are: 1) inability to fulfil prequalification requirements in tenders; 2) more difficult financing of projects; 3) failing to obtain cover from credit insurers, which is already happening; 4) lack of confidence on the part of existing and future clients and suppliers, 5) heavy dependence on house banks.

The guaranteed equity will be strengthened in the first place by means of the announced 20 million euros rights issue in 2015 and the granting of two subordinated bank loans of 10 million euros and 43 million euros respectively maturing on 31 March 2017.

Liquidity

The very low solvency and the losses incurred over the past three years have weakened Ballast Nedam's liquidity position. The announced refinancing in 2015 strengthens the liquidity position. Possible risks with regard to liquidity are greater difficulty in obtaining prefinancing, more difficulty in obtaining supplier credit and possible effects of seasonal influences. In order to control these risks, 1.) the divisions and associated business units monitor the liquidity requirement weekly using a central cash management system, 2.) payments by Ballast Nedam are made and monitored centrally, 3.) we are improving working capital by means of the working capital savings programme implemented in 2014.

Financial control of projects

Positive results from projects and cost savings are preconditions for Ballast Nedam's continued existence. Improvements in project management and financial control are therefore top priorities. Many factors affect the quality and project costs in the implementation of complex projects. These factors are assessed in the tendering phase and the resulting costs are included in the tender. Nevertheless, there is a risk that the actual costs of certain projects will differ from the budgeted costs.

To minimize this risk, the division management assesses the composition of the team with regard to its subject knowledge and competences. The Engineering Business Unit or external parties also assess the constituent parts of the tender during the tendering process. Finally, the Contract Committee conducts a critical assessment of the tender, drawing on experience in previous projects.

4.4.3 Operating risks

Ballast Nedam's operating risks are closely related to the implementation of the primary process, i.e. our projects in the tendering phase, the implementation phase and the management phase. Ballast Nedam is focusing its activities for the forthcoming period on projects in which we can distinguish ourselves and which fit in with the size of Ballast Nedam. We see operating risks in three areas: our employees, knowledge management and safety.



CENTRAL SECURITY; OVERLAY OF E & F PIERS AND EF AREA AT SCHIPHOL

Secure, flexible and nuisance-free execution

The construction of the central security filter for transfer passengers is part of the multi-year rebuilding and renovation programme at Schiphol. The project involves an overlay on the E and F piers, the extension of the piers by 16 metres and the extension of the terminal between these piers. The construction work is entirely within the operational part of the airport. The airport is continuing to operate as normal during these works. The emphasis is therefore on secure, flexible and nuisance-free execution, so that operations can continue without disruption. Schiphol's operating process and the construction process is being kept strictly separate. Passengers will be aware of the building work, but nuisance is being kept to a minimum.

Employees

2014 was a turbulent year for Ballast Nedam. That led to voluntary and involuntary departures of employees at all levels, partly as a result of disposals (including the sale of CNG Net and the offshore businesses). There were also a number of departures – in some cases unwelcome – from the wider workforce. In some departments this led to departures of personnel from key positions within Ballast Nedam. More details of the control measures taken in this area can be found in Section 5.6.4 *Outlook and objectives for 2015* on page 91.

Knowledge management

Within Ballast Nedam there is a risk that the new knowledge we acquire in the implementation and management phase will not be incorporated in subsequent, comparable tenders. To remedy this situation we use the performance measurement system in the realization and management phases; this is used to transfer the knowledge gained in these phases to the tendering phase. As part of this initiative a programme is currently operating to record deviations in complex projects in a uniform way.

Safety

Safety is a risk category which receives a great deal of attention within Ballast Nedam, including at Board of Management level. Our people are our capital and an asset we conserve with great care. Ballast Nedam has therefore taken many measures to ensure appropriate control of safety risks. One of the possible side-effects is that employees may place too much trust in the inspection procedures, for example, and are less alert to possible risks that can still arise. To counter this effect, safety training is provided to maintain a high level of safety awareness. Managers are also trained specifically on how to deal with their example-setting role. Further details of the control measures for safety in the chain can be found in Section 5.7 *Safety* on page 92.

Compliance

Ballast Nedam integrates compliance into all aspects of its business activities. Fair, compliant behaviour is guaranteed as far as possible by giving employees clear guidelines, by providing an accessible compliance organization with supporting process and reporting systems and appointing a Chief Compliance Officer, who focuses among other things on the control of possible compliance risks. Ballast Nedam demands integrity and compliance on the part of its employees, but also on the part of its suppliers and subcontractors. Ballast Nedam identifies compliance risks in the following three areas: chain responsibility, working in consortia and doing business abroad.

Chain responsibility

Existing and forthcoming legislation points to an increase in liability and chain responsibility. This development could cause Ballast Nedam, through its own actions or otherwise, to be confronted with claims and/or violations, possibly harming the reputation of our company. In 2015 we will therefore endeavour to prevent and control these risks. One of the control measures will be the commissioning of an external party to audit projects, possibly on a random basis, to investigate whether our subcontractors and suppliers are complying with legislation and regulations. By means of these periodic audits, Ballast Nedam aims to gain input for specific control measures. We are fully aware of the limited extent to which this risk can be controlled.

Working in consortia

Major integrated projects are often implemented on a consortium basis, with the result that different operating systems and cultures come together in the same workplace. It is important to note that this is a complicating factor in the maintenance and implementation of the compliance policy which Ballast Nedam applies and that further harmonization is required in the partnerships. Attention was devoted to this aspect in 2015.

Doing business abroad

Like the Netherlands, each country has its own culture, standards, values and manners. Every country has its own opportunities and risks. When we are considering starting activities abroad, we consider the compliance risks pertaining to that country. On the basis of that assessment, we can equip employees appropriately with training and additional support from the compliance organization. Another outcome of the assessment may be that we decide not to start these activities.

4.5 Specific risks

Ballast Nedam has become involved in various discussions and proceedings, including with regard to payment for additional work, errors in execution or delays in projects. In this section we provide brief details of some of the main proceedings and the associated risks in each division.

Building & Development division

Blauwestad

The Groningen provincial authority brought legal action in 2012 against Ballast Nedam and its partner for damages of 17 million euros in respect of the Blauwestad development project in Groningen. In December 2014 the district court in Groningen dismissed the provincial authority's claim for damages. The Groningen provincial authority is not appealing the judgement.

Breda public transport terminal

A number of disputes arose between Bouwcombinatie OV-Terminal Breda v.o.f. and its client ProRail concerning matters such as work delays, design responsibility and the interpretation of the contract and some of its provisions. A total of seven files were involved. At the beginning of April 2015 the parties reached an agreement – contingent on approval by the ministry – whereby ProRail would pay the construction consortium 12.5 million euros (including the interim sum of 5.9 million euros already paid). The parties are now waiting for this approval, after which the terms will be set out in a settlement agreement.

Infrastructure division

Anna van Buerenplein Car Park (pAnnaB) / Babylon Den Haag BV (Babylon)

The construction consortium pAnnaB received a judgement from the district court in The Hague at the end of 2013 according to which it is liable for damage amounting to around 13 million euros set in separate damage assessment proceedings. In parallel with these proceedings pAnnaB appealed against this judgement. pAnnaB has notified its professional indemnity insurer of the Babylon claims.

N329

The construction consortium Pro N329 v.o.f. has lodged a claim for over 8 million euros against its client the municipality of Oss regarding settlement. Ballast Nedam has notified its professional indemnity insurer of the claim.

North-South Line, Amsterdam

In 2003 Ballast Nedam brought action against its then joint venture partner Max Bögl for breach of contract in the tendering stage of three underground stations on the North-South Line. In proceedings on the merits in 2013 the District Court of Amsterdam gave final judgment setting the amount of the loss at over 9 million euros, including interest and costs. Max Bögl has appealed the damages. The appeal court found in favour of Ballast Nedam and ordered Max Bögl to pay this sum to Ballast Nedam. Max Bögl has lodged an appeal in cassation at the Supreme Court.



NOBO OTROBANDA HOSPITAL

Exporting acquired knowledge and experience

Ballast Nedam is building the Nobo Otrobanda Hospital in Curaçao. The new hospital will replace the current hospital. After an international tender, Ballast Nedam was selected in mid-2012 on the basis of the most economically advantageous tender. In the project Ballast Nedam is working with its local partner in Curaçao, OeverZaaijer-Lyongo architects, EGM architects and the technical installations consultant Valstar Simonis. The hospital will have 300 beds and approximately 40,000 m² of space. There will also be an underground car park for 535 cars.

Suriname refinery expansion project

A request for arbitration was submitted to the International Court of Arbitration (ICC) by Ballast Nedam against its client, Staatsolie Maatschappij Suriname, regarding a claim of almost US\$50 million. The claim arose in 2012 following delays and disruption to the refinery expansion project, for which Ballast Nedam is holding the client liable. The work comprise the delivery and installation of steel piles and civil engineering for the expansion of the Tout Lui Faut oil refinery in Paramaribo and was successfully completed in November 2013. The parties have entered into discussions with a view to an amicable settlement, but no agreement has yet been forthcoming. For this reason Ballast Nedam has decided to submit a formal request for ICC arbitration in accordance with the contract.

A15 Maasvlakte-Vaanplein (MaVa)

Ballast Nedam has a 40% interest in the A-Lanes Consortium for the A15 Maasvlakte-Vaanplein project. Ballast Nedam has taken a total loss of approximately 127 million euros on this project and is having to prefinance this loss pending the outcome of the contractually agreed dispute resolution procedure. As long as the situation remains unclear with regard to the settlement of the claims submitted by A-Lanes A15, Ballast Nedam cannot make any statements about the precise level of the loss after the settlement of the claims.

If Ballast Nedam's economic interest decreases from 40% to 10% as a result of the letters of intent signed with Strukton and Stabag, the risk profile will decrease. The risks of cost overruns and the possible share of lower-than-expected proceeds from the claims have thus decreased considerably for Ballast Nedam.

Bridge at Ewijk

The Versterken Bruggen consortium (Ballast Nedam/Strukton) is collaborating on the renovation of the bridge at Ewijk. The consortium has become involved in various disputes with Rijkswaterstaat. The major points concern the extent of the design responsibility and the claim for an extension to the term and associated time-related costs resulting from additional works on the saddle beams and on the replacement of guys.

Butendiek

In the Butendiek project there is an ongoing dispute with the steel supplier EEW concerning various claims. Ballast Nedam is claiming damages for delays due to the late delivery of monopiles and transition pieces and is therefore withholding part of the payments. EEW is claiming additional work and exercising its right of retention in respect of as-built documents. Ballast Nedam disputes the legitimacy of the additional work. The parties have reached an interim agreement on the release of the as-built documents and the resolution of the remaining points. However, with regard to a final settlement the parties' positions remain far apart and arbitration will be necessary.

Specialized Companies & Supplies

Nedereindse Plas

The Court of Arbitration for the Building Industry ruled against Ballast Nedam in 2012 in a dispute with the municipality of Utrecht regarding the Nedereindse Plas project. Ballast Nedam designed and implemented a foil construction for this project. Ballast Nedam has endeavoured to comply with the judgement of the court of arbitration. The municipality has not given its approval and in August 2013 instituted execution proceedings at the Court of Arbitration. Consultations then began, with the parties investigating the possibility of arriving at a practical solution with guidance from an independent firm of engineers.

Cattenbroek sand excavation lake

A difference of view has emerged between the municipality of Woerden and Ballast Van Oord regarding the completion of work on the banks of the former Cattenbroek sand excavation lake. Ballast Van Oord contends that its work is completed. The municipality believes it has incurred losses, but has failed to substantiate the scale of such losses. The municipality suspended the consultations and summoned Ballast Van Oord for damages arising from encroaching beyond the shoreline of the sand extraction lake. The court dismissed the municipality's claim. The municipality has now appealed the judgement.

UILENSTEDE CAMPUS, EAST AMSTELVEEN – URSEM MODULAIRE BOUWSYSTEMEN / HAITSMA BETON

Vertical modular construction

The campus provides affordable accommodation for students and work is currently under way on a large scale. A total of around 700 flats are being built. Turnkey, modular student homes are stacked on top of each other to create an 11-storey high-rise building. This has never been seen before in the Netherlands. The use of the Ursem3D® building system allows much faster and cheaper building while maintaining the same quality.

Haitsma Beton is supplying the prefabricated concrete floors with various facilities for the project. Although the construction method is different, the new flats look on the inside and out precisely like the other new buildings on the campus.



Corporate social responsibility

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Corporate social responsibility

5.1 Position of CSR in the organization

Ballast Nedam's sharper strategic focus is reflected in the CSR policy for 2015. Ballast Nedam will focus more on the firm requirements to improve its performance in CSR matters of relevance to our market. We will bring the various CSR objectives closer to the business and associate them more with the projects. The urgency of these market demands will then be recognized more fully and ultimately conveyed to the place at which they are most relevant.

Ballast Nedam implements its CSR policy on a company-wide basis. We focus on a clear organizational structure, the establishment and maintenance of an efficient management information system, and specific, relevant actions which have a positive impact on our organization, our stakeholders and the environment.

This means among other things:

- The directors, including divisional directors, are responsible for all CSR issues within their business unit.
- The policy of eight key performance indicators (KPIs) and six formulated objectives has been implemented throughout the organization. Section 5.3 *CSR objectives and results* on page 80 provides an overview of the KPIs and objectives.
- The CSR results are taken into consideration in the remuneration of the directors, including divisional directors. The target letter to management states that KPIs for non-financial matters must account for one-third.
- Core teams have been appointed for various CSR subjects to support the organization/directors in achieving the objectives.
- The chairman of a core team submits proposals to the Board of Management/ Concern Council, for example with regard to policy amendments, KPIs, objectives, tools, actions and analyses. The various core team members have been appointed from the three divisions, thereby assigning the commitment and decisiveness to the right place.

- The assurance results are measured at division and company level and consolidated at holding company level. The eight KPIs and the six objectives form an integral part of the quarterly reporting, making CSR more firmly embedded in our operations.

Assessment framework

Ballast Nedam endorses the guidelines of the Organization for Economic Cooperation and Development (OECD) and the International Labour Organization (ILO). Ballast Nedam also applies the following covenants, codes of conduct and certificates:

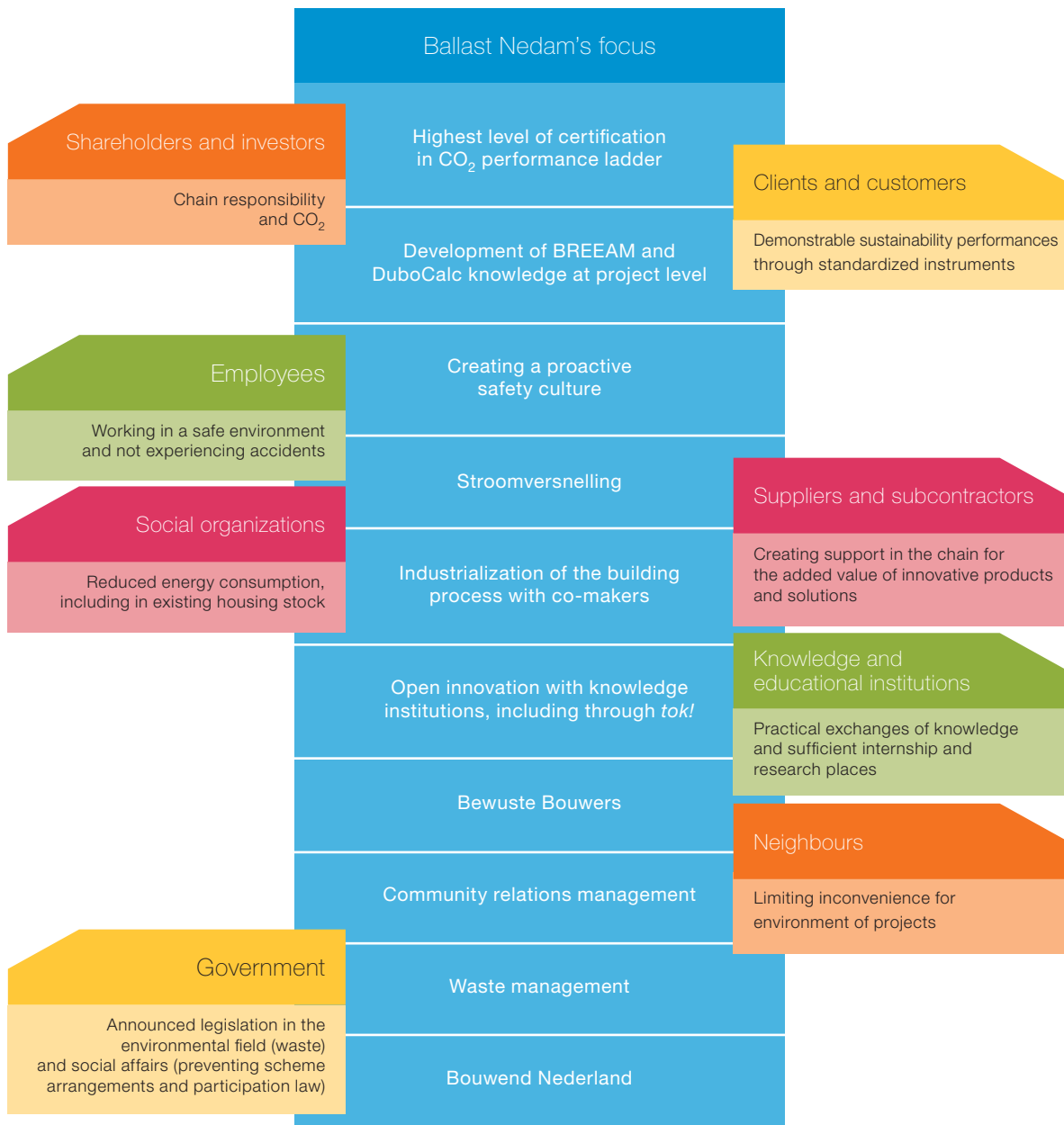
- Guiding Principles in the Construction Industry (Bouwend Nederland, the Dutch Construction and Infrastructure Federation): promoting professional collaboration and chain responsibility in the construction sector;
- Bewuste Bouwers: helps builders to be good neighbours and professionalize the management of the environment;
- FSC Construction and Timber covenant: focused on the use of sustainably certified timber in the chain timber and combating imports of illegal timber (European Timber Regulation). Ballast Nedam has an FSC certificate.
- Structural Safety Code of Conduct (NEPROM, the Netherlands Association of Property Developers and Investors); obligations and recommendations relating to the organization of the right processes for structural safety;
- NEPROM code of conduct: values, standards and rules which NEPROM members must comply with in their operations;
- Flora & Fauna code of conduct (NEPROM / Bouwend Nederland): fulfils the general duty of care under Section 2 of the Flora and Fauna Act and rules governing the handling of varieties that are subject to a tighter protection regime;
- Green Deal for Sustainable Concrete (MVO Nederland): working for a 100% sustainable concrete chain in 2050;
- 'Safety in Construction' governance code: clients and contractors work together to improve the safety culture in their own organizations;
- The CO₂ performance ladder (SKAO, the Foundation for Climate Friendly Procurement and Business) certifies the reduction of CO₂ and is used in civil engineering tenders to determine a notional discount on the tender price;
- GRI G3.1 (Global Reporting Initiative): Ballast Nedam applies this reporting system for integrated sustainability reporting, but focuses primarily on the requirements that are relevant to our activities. It has therefore decided to dispense with certification. The CO₂ footprint has been verified by the external auditor EY;
- ISO 14001: standard applied for the establishment and certification of environmental management systems.

Ballast Nedam is represented in the covenants, exchanges information with the administrators of the certificates and conducts dialogue in the following structured contexts:

- Stroomversnelling;
- The sounding board group of the SKAO foundation;
- The Policy Advisory Committee on Sustainability (BAC) and the Study Group on Work involving Bitumen (VBW) of Bouwend Nederland.

5.2 Materiality

In line with the company's amended focus, the stakeholder dialogue took place with the range of available instruments in 2014. We distinguish trends and benchmarks, consultation in structured contexts, obligations under covenants and certificates, and new legal obligations. The results play a part in setting our CSR priorities for 2015 and are shown in the table below.



5.3 CSR objectives and results

Below is a summary of the CSR objectives we set in 2013, the results achieved with these in 2014 and the objectives for 2015.

CSR subject	Intended goal	KPI 2015	Objective for 2014	Result in 2014	Objective for 2015
Energy, CO ₂ and air quality	Energy efficiency and use of sustainable energy	CO ₂ (scope 1&2) Dutch revenue	18% reduction compared to 2008	18% reduction	20% reduction compared to 2008
Waste & recycling and Materials	Reducing material consumption and increasing separation percentage	Number of ongoing projects and/or plants with waste management plan	40	34	40
Good employment practice	A healthy, safe and motivating working environment for all employees	Percentage of sickness absence	4.5%	4.35%	4.5%
Safety	We aspire to an injury-free Ballast Nedam	Injury frequency	6.5	7.1	6.5
Integrity	We comply with all applicable rules, legislation and ethical standards and operate a zero tolerance policy	Compliance reports dealt with within 48 hours. Appropriate measures may be taken after investigation (2014: number of violations)	No objective	5	100%
Innovation	Offering customer added value as result of improved processes, products and business models	Number of innovations, including in sustainability	3	5	3
Community relations management	In projects we must provide comfort and clarity and not cause nuisance	Number of ongoing projects reported to Bewuste Bouwers at year-end	40	41	40
Community investment	In our activities we contribute to the training and employment of young and socially disadvantaged people	Number of Social Return projects	No objective	38	No objective

5.4 Energy and CO₂

We carefully examine the energy requirement in the entire life cycle in the development of any new products, buildings or areas: from development and construction to management and maintenance.

Policy

Ballast Nedam's energy policy is focused on making our business operations more energy-efficient and sustainable in the years ahead. Choices made in the built environment also have a major impact on the wider environment. Not only during construction, but for decades thereafter. That insight spurs us to design sustainably through the entire life cycle of a project.

Our objective for 2020 is a CO₂ reduction of at least 30% relative to the reference year 2008, as a proportion of revenues from our Dutch businesses.

Objectives and results

In 2014 Ballast Nedam achieved an 18% reduction in CO₂ relative to the reference year 2008.

Overview of CO ₂ emission reduction (*)	2008	2013	2014
CO ₂ footprint (Dutch activities in tonnes)	70,901	39,908	40,908 (**)
Revenue from Dutch activities (millions of euros)	1,349	1,020	949
CO ₂ emissions (tonnes) per million of revenue in euros	52.57	39.13	43.11
Percentage relative to reference year	100%	74%	82%
Reduction relative to reference year		25.6%	18.0%

(*) Adjusted for comparison purposes. From 1 January 2014 the consolidation method changed in accordance with IFRS 11. Companies less than 50% owned are not included in the CO₂ footprint. The CO₂ figures for 2008 and 2013 are also shown for comparison purposes under IFRS 11. The effect for 2013 is that 10,335 tonnes from minority interests are no longer included.

(**) Included in the EY assurance.

CO₂ footprint measurement system

In its footprint Ballast Nedam reports the emissions in Scope 1 (natural gas, petrol, CNG, cokes, diesel, LPG, kerosene, propane and business travel) and Scope 2 (electricity, terrestrial heat and business use of private cars) of the Dutch operations. We use the IFRS demarcation criteria, with participating interests of 50% or over and consortia being proportionally included in the footprint. If any monthly consumption figures are not known, estimates are made at the year-end based on the revenue trend. We calculate the CO₂ emissions on the basis of the conversion factors in SKAO performance ladder 2.2. This performance ladder does not give any conversion factors for CNG and green gas for mobility. We have therefore determined these factors by calculating the average of the CO₂ emissions according to a natural gas calculation made by SKAO and a natural gas calculation made by DEFRA in the UK. During the year assurance services were provided for the CO₂ footprint for the fourth time with regard to this matter. The independent assurance report of EY can be found in Section 8.6 on page 230.

There are two reasons for the reduction in the footprint (Scope 1 and Scope 2):

- 1 We implemented energy-saving measures;
- 2 Energy-intensive projects and/or businesses had lower production.

Ballast Nedam's main consumption of energy occurs in commuting, transport, the use of construction plant and equipment, factory production and on construction sites. 37% of our energy consumption is in the form of diesel and petrol, 43% natural gas and the remaining 20% electricity. We have promoted the consumption of green electricity by means of guarantee-of-origin certificates for wind power from the Netherlands. Ballast Nedam has also introduced green gas certificates for road vehicles.

BREDA PUBLIC TRANSPORT TERMINAL BUS STATION

Inner-city complexity

Breda station is being completely rebuilt by Ballast Nedam and Hurks to provide an entirely new transport hub for rail, bus, car, cycle and pedestrians, while the station and railway service continue to operate. It is the point that connects the north and south of the city. It is also an important hub for rail traffic. The dynamics in an urban location like this mean a solution-oriented approach. All supplies and removal of equipment and materials take place by rail, for example.

Ballast Nedam's CO₂ footprint contains the CO₂ emissions generated by energy consumption. This is therefore shown here under Energy. This CO₂ footprint comprised the following components in 2014.

	Office	Building-site	Factory	Mobility	Total
Scope 1	1,260	8,400	10,185	11,450	31,296
Natural gas	1,260	182	2,694		4,136
Diesel		8,139	1,892	5,892	15,923
Petrol				2,074	2,074
Cokes			5,483		5,483
CNG				3,485	3,484
Other fossil fuels		79	116		196
Scope 2	1,617	2,143	3,988	1,864	9,612
Electricity	1,602	2,143	3,988		7,733
District heating	15				15
Business use of private cars				1,864	1,864
Scope 1 and 2	2,877	10,544	14,173	13,314	40,908

In 2014, Ballast Nedam achieved the 18% CO₂ reduction objective relative to 2008, as a proportion of revenue from Dutch operations.

We have taken the following measures to reduce energy consumption:

- Mobility: the principle that as many cars as possible run on CNG is basically maintained. According to the Lowest Life Cycle Costing (LLCC) principles other fuels may also be chosen. Currently more than half of the vehicle fleet comprises CNG cars.
- In order to reduce the diesel consumption in projects, we introduced two new pallet burners in 2013. A generating set with a battery pack was used for the first time in the A15 Maasvlakte-Vaanplein project. Around 1,400 litres of diesel was saved over approximately 1,200 hours of operation. Compared to a traditional generating set, that represents a CO₂ reduction of approximately 75%. On the basis of this considerable saving, two battery packs were built in 2014 and will be deployed in 2015.
- Ballast Nedam Bouw & Ontwikkeling Speciale Projecten uses construction heat plans to save energy. These plans lead to measures to increase the efficiency of heat-drying of buildings to limit weather impacts during construction where possible.

CO₂ in the chain

Ballast Nedam uses the CO₂ performance ladder, an instrument which helps companies to reduce CO₂ emissions. We accordingly encourage our trading partners to take measures to demonstrably reduce their relative CO₂ emissions. We are aware that this ambition represents a major challenge in view of the current overriding importance of the most economical price. Each year we ask our suppliers to provide a CO₂ footprint. We thereby fulfil the objective set down in the standards of the CO₂ performance ladder.

5.5 Waste, recycling and materials

Ballast Nedam takes a whole-life-cycle view of waste, which means we look upon waste as the result of design, purchasing and implementation choices.

Policy

Our policy is directed towards eliminating waste and limiting material consumption. In that way we also avoid unnecessary environmental and other costs

We adopt a dual approach:

- Quantitative: we reduce the quantity of waste structurally at the source by improving material productivity; we prevent waste by improving processes and innovating.
- Qualitative: we reduce the adverse effects of waste. This means we avoid resource depletion by using renewable and/or secondary materials. We combat pollution by using degradable and/or reusable materials and optimizing waste management procedures where possible.

Objectives and results

At the beginning of 2013 we introduced Ballast Nedam waste management plans. On the basis of a fixed format, the project team can draw up a detailed waste management plan for the implementation phase of a project. The format comprises seven stages, in which the whole chain is closely involved and the contribution of suppliers, subcontractors and waste processors is included at an early stage. That leads to the creation of a joint waste management plan that is tailored to the project. At the end of 2013 there were 26 in use; in 2014, waste management plans were in use at 35 ongoing projects.

Projects awarded on the most economically advantageous tender criterion, based on the CO₂ performance ladder

The Ballast Nedam & De Klerk consortium is renovating approximately 23 kilometres of sheet piling in the Amsterdam-Rhine Canal on behalf of Rijkswaterstaat. The project is currently being implemented, with the bulk of work being carried out from water. We are using a number of diesel-powered vessels. We achieve the most effective saving of CO₂ by means of well-conceived planning of the sections of work. That enables us to limit diesel consumption by vessels as far as possible.

The N31 Traverse Harlingen project involves the dualling of a section of the N31 over a length of approximately 3km, the building of an aqueduct in the Van Harinxma canal and the construction of five viaducts for the intersection with the railway line and the underlying road network. Ballast Nedam has adopted an integrated approach to this project, with the disciplines involved in the chain working closely together to limit the consumption of materials and hence CO₂ emissions as far as possible. The design includes high-quality prefabricated concrete elements. This choice of industrial production also contributes to rapid construction and helps limit the environmental impact. The ground transport has been optimized to reduce gas oil consumption and CO₂ emissions. A sustainability coach has also been appointed to the project to increase awareness.



We collected 26,327 tonnes of waste through waste and recycling companies in 2014 and recycled it as follows:

Waste material	Weight x 1,000 kg	Used as
Hardcore	9,157	Crushed demolition waste
Construction and demolition waste	6,725	New materials/energy
Asphalt	2,763	New asphalt
Timber	1,566	Timber products/energy
Industrial waste	739	Energy
Paper and board	229	Paper/board
Household chemicals	61	Sundry products
Roofing waste	61	Mineral products
Other non-hazardous waste*	5,026	Sundry products
Total for 2014	26,327	

* This category mainly comprises core sand and furnace slag from our iron foundry and green waste from management activities. All waste flows in this category are collected and recycled separately.

Waste and materials in the chain

A lot of waste arises because products are not supplied precisely to size or because materials are used only once. We therefore engage in a dialogue with suppliers or subcontractors concerning packaging materials which have a major impact, to assess whether the project could be conducted differently. This leads, for example, to agreements with suppliers on the recovery, reduction or changing of packaging materials. Another initiative is that materials are used more effectively in the design phase, so that fewer residual products remain.

With regard to materials, we focus on increased sustainability in the use of timber, concrete and asphalt, due to the relatively high environmental impact which these materials have. We collaborate within the chain by participating in the FSC Construction and Timber covenant, the Green Deal for Sustainable Concrete and the Study Group on Work involving Bitumen.

5.6 Good employment practice

2014 was an eventful and uncertain year. We implemented a package of measures on the strategic, operational and financial level and initiated various improvement programmes. These measures and programmes had far-reaching personal consequences for particular groups of employees: the disposals of various supply and specialist companies also meant the departure of the associated personnel. Another change was the restructuring of regional construction companies to form an integrated construction business; this involved compulsory redundancies.

A consequence was that the work had to be done with fewer people and often in a different way than previously. We also integrated the operational management in 2014, replacing six clusters with three divisions: Infrastructure, Building & Development, and Specialized Companies & Supplies. For employees this led to changes of department, location and/or duties. The circumstances in 2014 required constant commitment, flexibility and determination on the part of our employees, who also had to contend with a rationalization of fringe benefits.

5.6.1 Focal points of human resources (HR)

As a result of the major changes in the organization referred to above, the focus was on the contribution of the P&O department in two areas:

- ensuring optimum maintenance of all employment rights and duties of employees in sold business units, on which we worked with the purchaser;
- our efforts to implement the necessary reorganizations carefully and effectively, with respect for the employees who were directly or indirectly affected.

The redundancy scheme came into force for employees who were to be made redundant. The aim of the redundancy scheme was to help employees find a new job as quickly as possible. In combination with support and guidance from our mobility office, we can conclude that in 2014, as in 2013, this arrangement was successful. The majority have returned to work within a reasonable time.

Number of employees based abroad and in the Netherlands

As at 31 December 2013	Male	Female	Total
Abroad	107	7	114
The Netherlands	2,620	359	2,979
Total	2,727	366	3,093

As at 31 December 2014

Abroad	18	6	24
The Netherlands	2,185	286	2,471
Total	2,203	292	2,495

Number of departing employees in 2014 by age group, divided on basis of reason for departure, as at 31 December 2014

Age	Male natural turnover	Female natural turnover	Male own request	Female own request	Male employer's request	Female employer's request	Total departures
< 20							0
20-24	7			1			8
25-29	7	3	16	6	16		48
30-34	7		28		23	12	72
35-39	8	2	37	2	30	8	87
40-44	13	3	20	5	45	11	95
45-49	5	2	17	3	43	12	83
50-54	3		7	2	43	3	56
55-59	4		7	1	51	3	66
=> 60	32	2	1		51		89
Total	86	12	133	20	304	49	604

5.6.2 Employee representation

Ballast Nedam has various works councils: the central works council, group works councils and company works councils. Each of these groups has been presented with one or more opinion requests as a result of the many reorganizations.

The principal responsibility of the works councils was to weigh up carefully the business interests and the consequences for the personnel and ensure that the opinion process went smoothly. Good communication proved possible in 2014 and there was trust between the management and members of the works council, which is essential to ensure a positive outcome. The proposed changes in employment conditions, mostly aimed at savings, required wisdom on the part of the works councils in order to produce a well-founded decision.

5.6.3 Employees are central

Our people are the most important factor in our success, in order to achieve greater stability and improved project results. The top priorities such as cost savings, risk control and process improvements must be driven by our employees. The success of this depends on their commitment, expertise and enthusiasm in the work they perform. Our organization as a whole has the task of deploying the strengths of our people in an optimum way to achieve the organization's results.

New employees

The intake of new personnel appears at first sight to be at odds with the outflow of personnel in 2014. However, due to the wide diversity of business units and the different markets in which Ballast Nedam operates, vacancies arose in various areas. These were filled internally as far as possible.

In particular we devoted time and energy to job market communication and recruitment of interns and first-time employees. Ballast Nedam prefers to source external personnel at the bottom of the career ladder, in order to create subsequent upward pressure: training and development programmes are available for first-time employees, enabling them to gain the necessary skills and core values. This principle means that we must continue to recruit interns (our potential future employees) and first-time employees in economically less favourable times. Our intention is to retain them for the organization over the long term, so they can occupy key positions in the organization in the future. That also enables us to anticipate the inevitable time when the demand for personnel greatly exceed supply. By drawing as fully as possible from the career progress of our own personnel, we can avoid recruitment problems in the longer term.

Number of trainees/interns/apprentices on an annual basis in 2014

	Male	Female	BN total
(Technical) trainees (higher vocational/university)	40	1	41
Financial trainees (higher vocational/university)	9	0	9
Interns	192	26	218
Apprenticeship system (internship/day release)	30	1	31

Further reduction in sickness absence

In 2014 absenteeism decreased for the third successive year, to 4.35%.

This positive result led to a substantial reduction in the costs of sickness absence. However, Ballast Nedam still exceeds the average rate of sickness absence in the Netherlands (3.9% in 2013) and in the construction industry (3.8% in 2013).

We introduced the internal management model in 2013. This model is intended to contribute to a lower rate of absenteeism. In the internal management model responsibility for supervising sick employees passes to the manager, who is supported by the absence coordinator or the physician from the occupational health and safety service. This approach reflects our conviction that the manager shares responsibility with the employees for their deployment, development and well-being. For this we must create a working environment that equips them to do so as well as possible. The new DAX Fourvision personnel information system provides support in this regard because it is equipped with Employee Self Service (ESS) functionality which fits in well with this objective. Managers can process sickness and recovery reports themselves and manage and implement measures aimed at the reintegration of employees absent due to long-term sickness.

We wish to reduce absenteeism further in 2015. The objective for 2015 is an absenteeism rate not exceeding 4.25%. Our main strategy is one of prevention.

Absenteeism trends

2007	2008	2009	2010	2011	2012	2013	2014
5.70%	5.00%	5.00%	4.78%	5.01%	4.81%	4.48%	4.35%

Career and development possibilities

Employees were offered career possibilities on a limited and selective basis in 2014. This led to promotions in all parts of the organization. To the extent that the limited training budgets allowed, we also provided training and development for employees.

Number of unique participants in one or more training courses on annual basis in 2014

Number of participants	Average number of employees	Percentage receiving training
1,303	2,495	52%

Flexibilization of the workforce

The current trend is towards the flexibilization of the workforce. Ballast Nedam is investigating the extent to which the permanent core of employees can be reduced and supplemented with personnel employed on the basis of more flexible relationships (freelancers, seconded and agency personnel). The boundary between permanent and flexible personnel is fading steadily. The increasing strategic importance of temporary personnel requires sound HR management of our flexible workforce. By focusing our HR policy additionally on this category of employees, we can aim for appropriate intake, advancement and outflow of personnel, both quantitatively and qualitatively.

Our desire to manage the flexible workforce better is also due in part to the internationalization of the labour market. In the near future we will increasingly recruit foreign talent on a flexible basis. Key reasons for this are the shortage of personnel in the domestic labour market and the employment motivation of foreign talent.

The first steps have now been taken to introduce and manage the flexible workforce in our DAX Fourvision personnel information system.

Number of employees by contract type

As at 31 December 2013	Male	Female	Total
Fixed-term	128	25	153
Permanent	2,492	334	2,826
BN total	2,620	359	2,979
<i>% employees with permanent contract</i>	<i>95%</i>	<i>93%</i>	<i>95%</i>

As at 31 December 2014	Male	Female	Total
Fixed-term	98	15	113
Permanent	2,087	271	2,358
BN total	2,185	286	2,471
<i>% employees with permanent contract</i>	<i>96%</i>	<i>95%</i>	<i>95%</i>

5.6.4 Outlook and objectives for 2015

Investing in our people

Our people are the most important factor in our success, and with this in mind Ballast Nedam aims to provide a healthy, safe and motivating working environment for all employees. We will continuously invest in our people and support them in their changing role in a dynamic environment. After all the organizational changes and updated business objectives, our people need clarity with regard to their (often new) role in the organization and the way in which they can make the best possible contribution to the recovery of Ballast Nedam.

Particular attention will be focused on our key positions. With a view to business success and continuity, we must continuously offer key officers an attractive working environment. A sound succession plan must be in place to support career progress among this group and deal with any outflow of personnel, including undesirable departures.

Developments in the labour market

We anticipate various labour market developments which will impact us directly. The ageing of the population is causing structural tightness in the labour market, which means technical talent in particular is becoming scarcer. The labour market will also change as a result of flexibilization. Finally, another development is that older employees will continue to work longer because of a rise in the state pension age and the retirement age. It is necessary to ensure that this category of employees also remains readily employable in the organization.

Updated HR policy

With our HR policy we aim to chart a course for our managers and employees, so that everyone can make the best possible contribution. In view of the changes inside and outside our organization, we have refocused on our HR policy and formulated an updated HR policy for the next three to five years. This has been tailored to our enhanced business objectives and is expressed in five key themes:

- strategic personnel planning;
- leadership development;
- intake;
- career management and development;
- vitality.



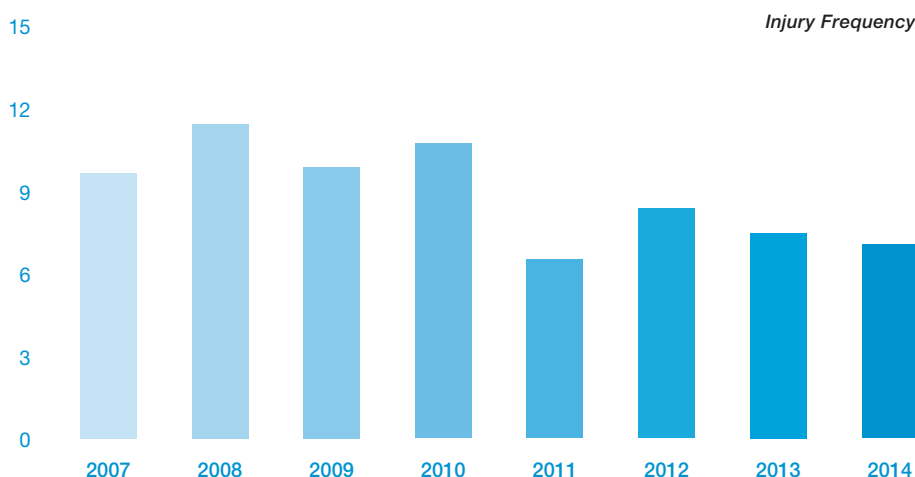
5.7 Safety

We want to ensure that safe working is a permanent part of our activities. Our permanent and hired staff and the subcontractors' personnel must be able to work safely, so that everyone can return home safe and sound at the end of the day. We therefore aspire to an injury-free Ballast Nedam. Everyone who works on our projects must therefore be continuously aware of the safety risks. The principle for all of us is *I'll work safely or not at all!*

Policy

Safety is one of Ballast Nedam's core values and we devote a great deal of attention to it. Nevertheless we encounter too many unsafe situations, accidents and injuries each year. That is not acceptable. Ballast Nedam's safety policy for 2015-2017 is to create a *proactive safety culture* with increased attention paid to the role of the management.

Injury frequency (IF) per million hours worked



Objectives and results in 2014

The injury frequency (IF) for 2014 is 7.1, which represents a slight decrease from 7.4 in 2013. The IF figure is based on the number of accidents leading to absence among employees and hired staff in relation to the number of hours worked.

The underlying figures show an increase in the duration of injury. That means accidents occurring cause serious injury with fundamental consequences for the victims, their family and colleagues on the construction site. That is also reflected in an increase in the number of safety alerts concerning serious accidents. Moreover, we have seen a disproportionate increase in the number of accidents among subcontractors relative to the number of hours worked.

In October, a subcontractor's employee was fatally injured whilst working on one of our projects. When the concrete for a column was being poured, the scaffolding collapsed, causing two employees to fall. One of the victims suffered two broken ankles. The other was taken in critical condition to hospital, where he died.

In 2015, we will focus particularly on continuous dialogue regarding safety, while maintaining the objective of an IF of less than 6.5.

SOS app: easily accessible alerts

Ballast Nedam has developed the SOS (Signaleren Onveilige Situaties) app, which enables users to report unsafe situations in construction projects. When sending reports, they can refer to a specific project, a GPS location or a Ballast Nedam office. The app can also be used to take a photograph of the unsafe situation. A particular feature of the app is that the person sending the report can track its progress through to resolution. The reporting of unsafe situations enables accidents to be avoided and gives us greater visibility and knowledge of improvement points at Ballast Nedam's sites. In that way we can develop structural solutions and make workplaces safer.

The SOS app has now been downloaded 524 times and was used to file 78 reports in the fourth quarter of 2014. That is in addition to the possibility of reporting to managers in writing or orally or during Toolbox meetings. Agency personnel and subcontractors can also use the SOS app.

Safety alerts: learning from incidents

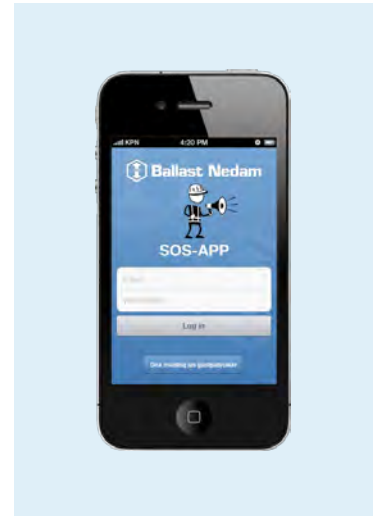
We investigate all accidents. We must guarantee the consistency and quality of this research into causes. It is therefore carried out by qualified HSSE staff or by the in-house safety consulting firm Dibec. We then share the causes of the accident with the entire organization by means of safety alerts.

Management commitment: walk the talk

One of the main thrusts of the policy is to stimulate awareness and desirable behaviour in the organization. The management fulfils an important exemplary role in that regard by seeking to maintain safety and creating a climate in which we discuss safety matters with each other. That is done partly through the conduct of regular inspection rounds, by devoting attention to safety during Toolbox meetings and in discussions on management reports. The motto is 'walk the talk'. In order to promote the policy, the Safety core team reports directly to the CEO of Ballast Nedam.

Safety in the chain

Ballast Nedam draws no distinction between its own employees and subcontractors with regard to safe working. On our construction sites you work safely or not at all. We encourage our subcontractors to work safely by applying the policy in full to our projects. That means that we engage in a dialogue with subcontractors and at the same time supervise compliance with the agreements entered into. In 2015 we are also commissioning the Dibec safety consulting firm to conduct random project audits proactively among subcontractors in the field of safety and are pursuing these more rigorously. These audits will reveal whether additional measures are necessary or whether the existing policy needs to be tightened.



5.8 Compliance and integrity

We have applied an enhanced and consistent compliance policy since 2012. Our principles and ambitions remained unchanged and clear during the year under review.

Policy

Our ambition in this field is evidenced in the way in which we organize compliance internally. The key principle, of course, is that we comply with all applicable laws, regulations and ethical and social standards. We also operate a zero tolerance policy, which means we do not permit any breaches of integrity, whether our own employees or by third parties. Every report of major or small-scale potential breach is investigated. To qualify the zero tolerance policy, we have included a new KPI for integrity (see Section 5.3 *CSR objectives and results* on page 80).

Through this policy we aim to make the actions of our company and the actions in our company transparent. We also want to make our employees more aware of the importance of fair and ethical behaviour. We see compliance as part of our culture and of our dealings with each other. This applies to all parts of the company and this approach is promoted actively by all layers of our management.

Within our company the central control of compliance is assigned to the Chief Compliance Officer, who reports directly to the Board of Management and the Supervisory Board. On a decentralized basis the compliance officers in our business units and in our projects are actively engaged in the practical fulfilment and application of our policy.

We also have digital tools available: we offer e-learning modules and web tools to record and approve reports of incidents, donations and gifts. We have a Corporate Compliance Charter and a code of conduct. The Corporate Compliance Charter contains the basic principles of compliance management and the way in which this is set up within Ballast Nedam. The code of conduct has been developed into various subcodes.

The new code of conduct was introduced and offered to our employees in combination with a short e-learning module in 2014. Due to Ballast Nedam's financial situation in 2014, however, we switched priority to the more primary business activities.

In this connection we decided to postpone the further development and rollout of the planned e-learning modules to next year.

In addition, as part of a larger restructuring of our internal organization, we decided to place the risk management unit in the Corporate Control department. Finally, a personnel change took place during the reporting year: the post of Chief Compliance Officer became vacant and was filled in November. The new Chief Compliance Officer is focusing on the further development and expansion of compliance and incorporating the previously planned actions.

Code of conduct

An example of our compliance policy is that we ask all new executive, technical and administrative personnel to read our code of conduct. This takes place immediately after they enter employment. We subsequently draw their attention again to the content of this code of conduct by means of an e-learning module. Both occasions are monitored and if necessary we draw it to their attention again.

At the end of the year we provide all employees with a refreshed version of our code of conduct (or make it available to them digitally). We say the code has been 'refreshed', because the core message has remained the same, but attention has been paid to the way in which it is offered and to the formulation. By taking these measures we promote alertness and awareness of compliance. At the same time we also make clear that – independently of information and training courses – each employee is responsible for his or her own behaviour and compliance with laws and regulations. He or she must be accountable on these matters at all times.

2014 reports

The outstanding reports from 2012 and 2013 are dealt with and 26 new reports were recorded in 2014. Of the new reports 13 cases were reported directly to the Chief Compliance Officer or to one of the compliance officers; the other 13 reports were filed using the reporting tool. The hotline anonymous reporting facility was not used but will remain available.

HILTON AMSTERDAM AIRPORT HOTEL

The new Hilton Hotel will have 433 guest rooms, 23 meeting rooms, a restaurant and bar, executive lounge, spa and fitness centre, a large atrium with a lobby and an underground car park with 138 spaces. A covered walkway will connect the hotel directly to the terminal of the international airport. The new Hilton Schiphol will occupy a prominent site along the access road to the terminal, next to the existing Hilton hotel. The hotel is a real icon for the airport. Client and investor: Schiphol Hotel Property Company, a Schiphol Real Estate company.

HILTON AMSTERDAM AIRPORT HOTEL

Iconic symbol

The new Hilton Amsterdam Airport Hotel has a construction period of 2.5 years and is being built right in front of the current Hilton Hotel, which will be demolished after the new hotel is completed.



The aforementioned 26 reports concerned a wide range of issues, such as theft, fraud, sexual intimidation and a number of requests for advice on what action to take. All reports were investigated and dealt with, with 11 remaining under investigation. Other reports were dealt with and led to specific advice or corrective measures. Five reports concerned breaches of the code of conduct. These were dealt with by means of measures ranging from dismissal (one case) to a reprimand.

Our Chief Compliance Officer also launched an investigation into the Avenue2 project (construction of a tunnel on the A2 in Maastricht). This followed a hearing of employees by the Inspectorate of Social Affairs and Employment as part of an investigation into working hours. We wish to establish whether the legislation in this area has been correctly complied with. This investigation is being conducted by an independent third party and on behalf of the two partners in this project (Ballast Nedam and Strukton).

In accordance with the GRI guidelines we record reports of corruption, discrimination and competition separately. No reports of this nature were received in 2014.

Offering and accepting donations and gifts

During the reporting year it was clear that our employees remain aware of what they can or cannot offer or accept by way of donations and gifts. The subject is discussed within the company. Employees direct questions on the subject to the compliance officers working in the various business units. Where necessary employees ask their managers for consent.

Compliance in screening of suppliers and subcontractors

We operate a Central Suppliers Database containing the bulk of our suppliers and subcontractors. The supplier or subcontractor is screened before being entered in the database. For this purpose we use an external research firm, among others, and repeat the screening periodically. We pay particular attention to the integrity policy of the company concerned. The screening can also be repeated on an interim basis if we deem it desirable.

If the result is negative, we stop doing business with the party concerned. We can repeat the screening at the request of the supplier or subcontractor. A specific assessment is then made of whether the previously identified compliance problems have been sufficiently tackled. During the reporting year we received a number of requests and removed one party from the blacklist.

Focal points in 2015

Under the leadership of the Chief Compliance Officer we are continuing to develop and expand our compliance policy. This involves actively propagating our framework of standards and values, as set out in the code of conduct. After all, alertness requires regular attention. For this purpose the compliance officers will give presentations to employees in their units. By discussing cases and dilemmas with each other we ensure that compliance remains a live subject and one that is more tangible for all employees. We will also continue to encourage the use of web tools to report compliance and integrity breaches and submit notifications of gifts. We are also using these tools this year for evaluation and monitoring. With this analysis we can work on the further prevention of compliance risks (see also Section 4.4.3 *Operating risks* on page 70).

Furthermore, the new Anticorruption and Fraud e-learning modules are being produced this year. We are also updating the subcodes of the general code of conduct and compliance protocols in 2015. We aim to improve the readability of our subcodes in response to signals from the shop floor. After all, practical applicability promotes an effective compliance policy.

During the forthcoming year we will also work on the compliance check at the start of our tendering and purchasing process. We are refining the screening of our suppliers and subcontractors in the Netherlands and abroad, so that the up-to-date state of affairs is automatically incorporated our Central Suppliers Database each quarter.

Finally, we remain alert to current and future laws and regulations that affect us in our role as both contractor and client. In these capacities companies are increasingly responsible for remitting contributions, working conditions, etc. We must define this responsibility properly with our partners in the chain. We believe this is very important from the perspective of compliance.

5.9 Innovation

Innovation is deeply ingrained in our organization. We aim to offer our customers added value through practical innovations. We focus not only on renewing and improving our products and techniques, but also on optimizing our processes by means of improvements. Our approach to innovation sets us apart from others and strengthens our position in the integrated projects market. Our conviction is that innovation leads to opportunities for sustainability.

5.9.1 Innovation

Policy and innovation strategy 2.0

Ballast Nedam has operated the *tok! Open* virtual innovation network since 2010. This enables Ballast Nedam's employees and stakeholders to jointly develop and implement new innovations in an open innovation environment.

Ballast Nedam's innovation performance was analysed and assessed in 2014. The innovation performance has declined in recent years, according to an organization-wide survey, interviews with employees, personal observations and an analysis of data from the *tok!* IT platform. This decline may be partly due to the difficult economic situation faced by Ballast Nedam (resulting among other things in a short-term focus and high pressure of work on employees). Internally we can also see that there is insufficient transparency and clarity about what is necessary for innovation and the innovation process.



JOHAN FRISO LOCK, STAVOREN

A great experience for visitors and sailors alike

The new lock basin looks like a natural mooring place, a modest marina, green and hospitable. The control building also includes a reception area, which is freely accessible during the lock's operating hours. From the reception area visitors will have splendid views of the lock area. The town side of the lock has undergone a metamorphosis. This area has been transformed into a large square with space for traffic and a pavement café. Ballast Nedam built the lock on behalf of the Province of Friesland. The expansion of the Johan Friso Lock is part of the Frisian Lakes project.

Partly on the basis of the internal investigation into the innovation performance, an improvement plan was drawn up in 2014 with the aim of raising the innovation performance to a higher level. The main points of this improvement plan are:

- A clearly link between Ballast Nedam's strategy and the vision of innovation;
- Drawing up an 'innovation business roadmap' which broadly reflects the innovation strategy for the years ahead;
- Taking appropriate decisions with regard to ideas and innovation projects;
- Greater focus on innovations within individual divisions and companies;
- Appointing an Innovation liaison officer in each division. This officer will be responsible for innovation-related matters in each division;
- Managing idea teams and allocating resources in consultation with the liaison officer concerned in order to implement projects more effectively.

We are implementing this new innovation strategy in 2015.

Objectives and results in 2014

The fact that the innovation performance has declined (as described above) does not mean that innovation is stagnant. It does mean, however, that a great deal of innovation potential remains unexploited. The specific innovations achieved in 2014 are set out individually below.

Specific themes in which we innovate are energy, modular concepts and industrialization of the construction process. The energy and modular concepts themes have been combined into three prototypes which were delivered in 2014 for a modular renovation product aimed at renovating post-war housing to create zero net energy homes. These are homes in which the energy meter stands at zero at the end of the year: they consume no more energy than they generate. We developed this product as part of the *Stroomversnelling* project. We also launched an energy-neutral version of the modular *iQwoning*® on the market. Another example is the energy-neutral Johan Friso Lock which Ballast Nedam built in Stavoren and which was opened by King Willem-Alexander in May.

The above concepts fit in with our focus on energy and sustainability. Industrialization and modular construction are also central features of the *iQwoning*® and *Stroomversnelling*. The pursuit of modular construction and industrialization is also reflected in the Haitsma 3D cell developed for the Zaanstad Penitentiary project and in the prefabricated roof elements used in the Arnhem public transport terminal project.

We are not only working on the above product and business model innovations. We also work continuously on gradual improvements that are reflected particularly in process innovations. For example, the SOS app was introduced in 2014 (see also Section 5.7 *Safety* on page 92). We also developed the radiator transport brace, which won the Gouden *tok!* trophy. The WIL app was also developed. WIL is a direct result of the winning entry in the public competition for the Ballast Nedam Innovation Prize 2012: *Ton Totaal Tool*, for a digital system for renovations and alterations.

Stroomversnelling

The *Stroomversnelling* innovation project started in June 2013. It involves collaboration between housing associations and builders to renovate 111,000 post-war social housing units into zero net energy homes. Ballast Nedam is one of the participating builders and is developing a modular renovation product as part of this project. The customer is central to this product and we provide an answer to the problems faced by housing associations and residents.

In 2014 we developed the product for houses and three prototypes were launched: two in Maarssen and one in Tilburg. By developing different prototypes we were able to deliver a product that is more energy-efficient, achieves a higher quality, has a faster turnaround time and a lower cost than the initial concept at the end of 2013. The product will be scaled up in 2015, with the first large-scale house projects being launched. We are also developing a product for apartments and high-rise buildings.

Energy-neutral lock

The energy-neutral Johan Friso Lock was officially opened in 2014. The lock generates its own energy. Solar panels on the roof of the control building and lock gates which store the energy released during braking (as also happens in a hybrid car) enable the lock to operate independently of the electricity grid.



WIL app

For Bouwborg we developed the WIL app which gives the user access to the work order system from any location, obviating the need for worksheets and notes. The information which the user enters goes straight into Bouwborg's systems. That allows direct management of subcontractors, more specific time recording and more accurate presentation of material flows. It is a practical example of lean management. The app is being tested by Bouwborg at its s-Hertogenbosch site before being rolled out to the other regions.

Energy-neutral living in an iQwoning®

In 2014 we successfully launched an energy-neutral iQwoning® in the market. In the home we use a combination of different sustainable technologies, such as thermal energy storage units, triple glazing, heat recovery in the shower and the use of solar panels. Energy-neutral means in this case that the home has an EPC (Energy Performance Coefficient) of zero. More information on the iQwoning® can be found on the *Innovative housing concept* theme page on page 48.



Haitsma 3D cell

In housing and non-residential construction, modular construction using prefabricated elements is steadily gaining ground. That leads to shorter construction times, allows conditioned implementation and is suitable for meeting specific requirements in construction. Haitsma Beton started production of 667 3D prefabricated building units for the new Zaanstad Penitentiary during the year.



The prefabricated cells are complete units in which the facilities have already been installed. The units are delivered to the site as a carcass. A total of 24 cells are being installed per week across the various building streams on the site. The cells are produced in the factory, leading to advantages in terms of quality due to the clean room conditions. The repetitive nature of the work reduces the building time. The certainty of production (no weather impacts) also increases planning reliability. The combination of these factors leads to an increase in the price quality ratio.

Concrete Valley Roof of Arnhem public transport terminal

mbX® specializes in the production of special, geometric concrete elements. mbX® supplied the (double) curved roof and façade elements for the roof of the public transport terminal in Arnhem in 2014. The roof elements are prefabricated in a project-specific production environment. The clean room conditions are one of the factors allowing smart, efficient production.

The power of the product lies particularly in the special mould used for the elements. In the case of concrete elements it is the mould that largely determines the possible design and cost. By using smart mould design methods we achieve a high degree of efficiency. Among other things that generates less waste, because we do not use traditional timber formwork. We also save time as a result of the innovative moulding technique, even if we have to produce unique roof elements on each occasion.

Innovation in the chain

In 2013 we also encouraged innovation in the chain. This particularly involved initiatives for trans-sector collaboration, which led to three innovative collaboration projects in 2014 with Open House, Utrecht Inc. and CargoBeamer.

Open House

Ballast Nedam and events organizer ID&T signed a letter of intent in 2013 to cooperate on open innovations in the construction and events sector. This letter of intent that was confirmed in 2014 by the partnership in Open House, an initiative of ID&T, supported by the Ministry of Economic Affairs.

In mid-2014 the Ministry of Economic Affairs made available a budget of 0.5 million euros for the two-year Open House research project with the aim of giving a 'flying start to the promotion of innovation and entrepreneurship through the Dutch EDM (electronic dance music) sector'.

Radiator transport brace

The radiator transport brace developed by Ballast Nedam makes it easier to move radiators in renovation projects and prevents damage to existing floor coverings. The innovation lies primarily in process optimization, which delivers time savings and higher quality. The existing floor can be left in place rather than having to be partly replaced.

Ballast Nedam and ID&T see major similarities between the challenges in major urban projects and events in the Event, Dance and Music industry. Both types of project are of a temporary, complex nature. That makes Open House an excellent platform for cross-sector innovation. In 2015 Ballast Nedam is launching a number of challenges in the form of concrete requirements.

Utrecht Inc.

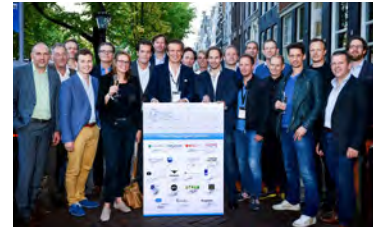
In the second half of 2014 Ballast Nedam started working with Utrecht Inc, an incubator which focuses on scalable and innovative start-ups. Utrecht Inc. devotes specific attention to climate, health and education. Ballast Nedam sees added value in the collaboration; the fields in which the start-ups operate have features in common with the strategy and working area of Ballast Nedam. Ballast Nedam can act as a launch customer in this collaboration.

Intermodal transport of semi-trailers

Ballast Nedam works with CargoBeamer, a German company which has developed an innovative modular terminal concept. This allows all types of truck trailers and semi-trailers to be transported safely and cost-effectively by rail. The shared starting point is a modular approach and the view that intermodal transport (transporting goods by different means of transport) allows better and more efficient use of the existing infrastructure.

The terminal technology requires no technical adjustments to be made to the semi-trailers and no container cranes are required. The terminal is modular in design and can grow in line with capacity demand. This combination of factors opens the doors to rail transport for a very large category of freight traffic which currently has to rely on the road network. That means we can make better use of European rail infrastructure for goods transport. Transporting goods over long distances by rail is faster and generates around 70% less CO₂ emissions than road transport. Energy consumption is reduced by 60%.

In 2014 CargoBeamer and Ballast Nedam tested the feasibility of loading and unloading of the wagons at two conventional terminal locations in the Port of Rotterdam. Partly on the strength of the promising results, the collaboration has been extended.



CargoBeamer and Ballast Nedam recently signed a letter of intent with Cluster Agrologistiek Westland to jointly investigate the possibility of setting up a CargoBeamer terminal for the Westland region. Speed and energy-efficient transportation are important considerations when distributing fresh produce from the Westland region. A CargoBeamer terminal could reduce the daily flow of international freight traffic to and from Westland and alleviate congestion on roads in the Rotterdam region. Cluster Agrologistiek Westland comprises around 300 service companies working together to promote sustainable and innovative development of the agro-logistics chain in Westland.

5.10 Community

This section explains how Ballast Nedam aims to make a positive impact on the local communities in which we work. We achieve this on the one hand through community relations management and on the other through community investment and social sponsorship.

5.10.1 Community relations management

We have the versatility and creativity to use technology to bring social and ecological benefits, while meeting our stakeholders' expectations. We do this through community relations management. The stakeholder dialogues play an important social role, and the general duty of care under Section 2 of the Flora and Fauna Act has a significant ecological impact.

Policy

Ballast Nedam interprets community relations management as all activities that help us get to know and involve all community parties, with the aim of identifying shared goals as well as our own, and to ensure that we achieve our project objectives. We focus on communication, safety, careful work and an environmentally aware and social attitude.

Strategic community relations management is a tool for Ballast Nedam to understand and manage the points of contact between a project and its neighbours at the earliest possible stage. The point is to facilitate good relations between the project organization and the various stakeholders in the surrounding area, so that we identify win-win solutions.

Hart van Zuid: public-private neighbourhood collaboration

The plans for the integrated development of the Hart van Zuid area in Rotterdam were further developed in 2014, in close consultation with residents, businesses and future users. Around 220 people from immediate area took part in the public-private neighbourhood collaboration in which the approach to the Zuidplein area was discussed. The meetings yielded more than 175 ideas, which we jointly developed into eight detailed proposals for traffic, livability and shopping. These proposals are currently being worked out in greater detail and, if they prove feasible, integrated in the environmental impact report, the land use plan and the structure vision.

This successful public-private neighbourhood collaboration approach is being continued in 2015. We have agreed with the parties concerned that a number of collaboration sessions will take place before the draft land use plan is presented for inspection in May 2015, so that we can involve the community more fully in the development of the plans. This will cover substantive themes, such as air and traffic, and the designs of various subprojects, such as the new swimming pool.

Activities within this project in 2015:

- The Ballast Nedam project team is moving into the former city district office.
- Website www.hethartvanzuid.nl goes live.
- Structure vision, land use plan and environmental impact report are further developed.
- Stakeholders can take part in all procedures at once.



Hart van Zuid: a place to stay

An attractive and lively centre is being created for Rotterdam Zuid. A coherent development plan connects and improves all heavily used facilities, such as Ahoy, the covered shopping centre, Zuiderpark, the bus station, swimming pool and theatre. The public can mingle in a new, traffic-calmed Gooilandsingel and Plein op Zuid. Ahoy is expanding to include a conference centre and cinema. A 50-metre swimming pool, theatre, library and homes are also being built. More than 300 million euros is being invested in facilities, shops, homes, traffic, parking, accessibility, transport and public space. The young population of the Zuid district is being given opportunities for employment and internships.

Ballast Nedam is developing and implementing the integrated project in an innovative partnership with the municipality and in close consultation with all the residents and involved parties in the Zuid district.

ARNHEM PUBLIC TRANSPORT TERMINAL

Unique design

Ballast Nedam is building the new public transport terminal in Arnhem with BAM on behalf of ProRail. The project includes the construction of a concourse, which is linked directly to the bike park and the passenger tunnel, and also interconnects the car park, taxi rank and the two bus stations. The terminal is the final element of the works in the station area and is being built on and adjacent to a number of buildings that have already been completed. The organic shapes used in the architecture make construction a complex process. No two corners are the same. A unique feature is the use of shipbuilding techniques. These were chosen because they offer logistical and technical advantages. For example, they minimize the risks of concrete settlement.

Objectives and results

The aim of community relations management is to reduce nuisance in projects and provide comfort and clarity. The Bewuste Bouwers (considerate builders) code of conduct (www.bewustebouwers.nl) fits in with this. In 2014 we reported 36 new projects to Bewuste Bouwers and 31 Bewuste Bouwers projects were delivered. Together with the 36 ongoing projects reported earlier, this takes the total of number of Bewuste Bouwers projects at the end of 2014 to 41. In 18 projects an audit was conducted on the basis of the Bewuste Bouwers code of conduct: 22 projects received an anonymous visit from Bewuste Bouwers to assess the site.

Bewuste Bouwers uses detailed indicators to assess the performance of a project against five standards: Conscious, proactive communication (Bewust), Safe working (Veilig), Environment (Milieu), Careful work (Verzorgd) and Social attitude (Sociaal).

In the case of infrastructure projects, Ballast Nedam appoints a specific community relations manager, focused on the extent to which the four areas below (quadrants) influence the course of the project.

- 1 Stakeholder management: controlling requirements and wishes;
- 2 Nuisance management: nuisance caused by physical construction and traffic; perceptions of nuisance;
- 3 Communication: public, construction and corporate communication;
- 4 Conditioning: permits, cables and pipelines, ecology, soil quality and archaeology.

The conditioning and nuisance management quadrants were fully developed in 2014 and recorded in the company manual. The other quadrants are being included in the manual in 2015. The approach to community relations management will thus form part of existing business processes in the tendering, implementation and management phases of projects.



'Everyone diverted in one go'

'Everyone diverted in one go'. That is the motto of the nuisance reduction plan for the N31 Traverse Harlingen project. During the work we are keeping the traffic flow at the same level as in 2013. To achieve this, we are completing the project in various phases, aiming for a minimum number of changes in traffic situations for road users. That means every existing traffic situation is turned into the end-situation in a maximum of one interim stage. The project involves the dualling of a section of the N31 over a length of approximately 3km, the construction of an aqueduct in the Van Harinxma canal and the construction of five viaducts for the intersection with the railway line and the underlying road network.

Renovation of the head office of a.s.r. insurance company in Utrecht: high score

The high score in the Bewuste Bouwers audit in the renovation of the a.s.r. head office came as no surprise, but the performance was no less impressive: this renovation is completely transforming one of the largest office buildings in the Netherlands from a dark, enclosed 1970s building into a light and particularly sustainable building, while it remains in use. With a BREEAM Excellent rating and an A energy label, the building also attains a high standard in terms of sustainability.

5.10.2 Community investment

Policy

Ballast Nedam's community policy is directly related to our vision and core activities. This means we support those local communities with the greatest need with a combination of time, knowledge, money or expertise. We firmly believe that these communities benefit most from a targeted, long-term involvement. Society as a whole also gains from this. We therefore focus on:

- Education;
- Employment, including the social return on investment (SROI);
- Entrepreneurship.

We not only focus on the above subjects, but also carry out social sponsorship.

Actions in 2014

In 2013 we gave priority to assisting implementation teams in current projects based on the SROI obligation. That involved analysing and processing the lessons learned in this area, which led to the production of the Social Return Manual at the end of 2013. This manual contains specific guidance to help employees successfully create and implement a 'social return' both in the tendering phase and in implementation. Implementation of the manual continued in 2014. The intention was to update the manual on the basis of the lessons learned in the implementation, but it was found to be perfectly satisfactory, as it offers practical, detailed guidance and Ballast Nedam employees appreciate it. No update was therefore deemed necessary in 2014.

In view of the circumstances and market conditions which Ballast Nedam currently faces, SROI was not defined as a high priority in the CSR policy during the year. Consequently no budget was allocated to community investment in 2014. Nor has any separate budget been allocated to this area at holding company level in 2015.



Education: IMC Weekend School

In 2014 Ballast Nedam worked with the IMC Weekend School Utrecht, which helps motivated young people between the ages of 10 and 14 from socio-economically deprived areas to learn about interesting areas of science, the arts and the professions. Ballast Nedam makes an active contribution by providing the Architecture and Building lessons for second-year students, jointly with the staff of the IMC Weekend School. This year, 28 third-year students were awarded their diploma.

Social return projects

Ballast Nedam has 38 ongoing social return projects. These are set out in the table below; Ballast Nedam's four voluntary in-house initiatives are shown in italics.

	Business unit	Project
Building & Development division	BN Bouw & Ontwikkeling Speciale Projecten	<i>Erasmus MC, Rotterdam</i> CNSN, Schiphol <i>PI2, Zaanstad</i>
	Heddes Bouw & Ontwikkeling	Thialf Ice Stadium, Heerenveen 52 homes in Havenbuurt, Zaandam Tugelaweg, Amsterdam
	Laudy Bouw & Ontwikkeling	Arcus College, Heerlen St. Jansbolwerk, 's-Hertogenbosch Marsana Sports Hall, Meerssen AZM KNO, Maastricht BMV Molenberg, Heerlen New municipal office, Venlo City park, Sittard
	BN Bouw & Ontwikkeling North/West	Municipal disposal site, Heemskerk
	BN Bouw & Ontwikkeling South	Drents village, Eindhoven Bouwborg, Arnhem Loevepark, Oosterhout Sound screens, Bergen op Zoom Renovation of homes Barten Zuid, 's-Hertogenbosch Bouwborg, 's-Hertogenbosch Avans Hogeschool, Breda Bouwborg, Eindhoven Canisius College, Nijmegen Renovation of 363 homes, Oosterhout
	BN Beheer	Green maintenance at Johan Friso Lock, Stavoren
Infrastructure division	BN Infra Speciale Projecten	<i>A15 Maasvlakte-Vaanplein (A-Lanes A15)</i> <i>A2-School, Maastricht (Avenue2)</i>
	BN Infra	Coastal works, Katwijk Arnhem Centraal Midden Aqueduct western approach road, Leeuwarden Hartel II, Rotterdam Stena Line, Rotterdam N31 Traverse, Harlingen
Specialized Companies & Supplies division	BN Specialiteiten	Green space maintenance, Leerdam Maintenance of provincial highways, North Brabant Green space maintenance, Meerzicht, Zoetermeer
	BN Specialiteiten / BN Beheer	Integrated management and maintenance of provincial highways, North Brabant
	TBS Soest	City of Rotterdam



**A2 MAASTRICHT-EUROPAPLEIN
JULY 2014**

Structural work on dual tunnel completed
The construction of the A2 tunnel in Maastricht started in the autumn of 2011 at Europaplein, to the south of John F. Kennedysingel. Here we are building the southern entrances and exits of the A2 tunnel. The tunnel excavation pit comprises 30 sections, each with a length of 24 metres. That means the Europaplein excavation pit is 720 metres long. The concrete structure has now been completed and preparatory work has started for the installation of the technical equipment in the tunnel. The project is being built by Avenue2, a consortium of Ballast Nedam and Strukton.



Employment, social return: A2 school

The A2 School is a 'one-stop shop' partnership between the City of Maastricht, the Employee Insurance Agency (UvW) and the sheltered employment organization. The shared goal is to help younger and older people who are distant from the labour market to find work. In 2014 the A2 School and Avenue2 (Ballast Nedam and Strukton) created more than 102 FTEs for the completion of the A2 Maastricht project. Besides the building trades, there are also opportunities in office work and technical services.

Entrepreneurship: Together for Nieuwegein

Ballast Nedam was one of the partners in Samen voor Nieuwegein (Together for Nieuwegein) in 2014. The annual Beursvloer event brings local businesses, community organizations and the municipality together to match supply and demand, leading to social transactions in which no money changes hands. On Thursday 20 November 2014 we hosted this event for the fifth time. On this occasion the event produced 93 matches, with a total community value of over 151,800 euros. Ballast Nedam promised to assist the 4 and 5 May Nieuwegein Committee.

Social sponsorship: Alpe d'HuZes

In June 2014 eight Ballast Nedam employees cycled to the top of Alpe d'Huez to raise money for cancer research. The result was around 13,000 euros. In total Alpe d'HuZes has generated around 13.5 million euros for the cancer charity KWF Kankerbestrijding. Ballast Nedam sponsored the Alpe d'HuZes teams with equipment and finance.

N261 TILBURG WAALWIJK – HAITSMa BETON

Robust and reliable

For the reconstruction of the N261 (substructure) Tilburg-Waalwijk highway, Haitsma Beton supplied and erected pillars and cross beams for BAM N26 NonStop. There were 53 pillars/columns and 29 cross beams, incorporating a fire-resistant mixture.



Corporate governance

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6

Corporate governance

6.1 Management and control structure

The previously announced integration of the operational management from six clusters to the three divisions: Infrastructure, Building & Development and Specialized Companies & Supplies was put into effect in 2014. The three divisions are formed around their related products and processes. For 2014 we are continuing to report our activities based on four segments: Building & Development, Infrastructure, Specialized Companies, and Supplies. With effect from the 2015 financial year, the results of the Specialized Companies & Supplies division will be reported on an integrated basis. A full overview of the companies in the various divisions can be found at www.ballast-nedam.nl.

The Board of Management of Ballast Nedam comprises Mr E. van der Noordaa as Chief Executive Officer and Mr P. van Zwieten as Chief Financial Officer. In 2014 there were three divisional directors, each of whom controlled one division. Each divisional director was supported by a financial director. In order to guarantee the independence of the financial function, the financial managers of the business units report to the corporate financial director, who reports to the CFO. This separation between operational responsibility and financial control has been implemented on all levels. The Board of Management and the divisional directors constitute the Ballast Nedam Concern Council.

6.1.1 Dutch Corporate Governance Code

Ballast Nedam endorses the principles of the Dutch Corporate Governance Code ('the Code') and, with a few specific exceptions, applies the best practice provisions of the Code. The best practice provisions were applied as fully as possible in the 2014 financial year.

The General Meeting of Shareholders of 10 May 2006 approved Ballast Nedam's corporate governance policy and structure. Neither the company's corporate governance structure nor compliance with the Code have changed substantially in the meantime. The corporate governance structure and policy are included in the agenda for the shareholders' meeting every year.

Ballast Nedam adheres to the Code, with the exception of the following best practice provisions:

1. Best practice principle III.4 and best practice provision III.4.3.

The role of the chairman of the Supervisory Board and the company secretary

In 2014 Ballast Nedam amended its articles of association, as a result of which the Supervisory Board can appoint a secretary, who may be part of the existing workforce. The separation of the role of company secretary and secretary of the Supervisory Board prevents any possible appearance of undesirable exchange of information and emphasizes the different roles of the Board of Management on the one hand and the Supervisory Board on the other. Workload was also a consideration in the separation of these roles.

2. Best practice provision IV.3.1: viewing presentations by means of webcasting

Shareholders cannot follow analyst meetings, analyst presentations, presentations to institutional and other investors and press conferences live by webcasting, telephone or other means. Ballast Nedam has no plans to introduce these facilities in the near future, believing that the costs would outweigh the benefits.

For a detailed overview of the way in which we comply with the Code and the aforementioned and other best practice provisions, see the compliance overview at www.ballast-nedam.nl.

6.1.2 Corporate governance statement

Ballast Nedam N.V. has included in this Annual Report all statements and announcements described in the Code, the Netherlands Civil Code and other laws and regulations concerned with corporate governance. Our website also has a document that contains all statements and announcements as referred to in the Resolution of 23 December 2004 in respect of additional regulations concerning the content of the Annual Report.

6.1.3 Legal structure

Ballast Nedam N.V. is a public limited liability company under Dutch law, subject in full to the statutory two-tier rules. The issued share capital consists of 19,667,500 registered ordinary shares. Depositary receipts for Ballast Nedam shares are listed on Euronext Amsterdam. The Ballast Nedam Administration Office issues depositary receipts for shares and holds the underlying shares. As at 31 December 2014, the Administration Office had issued depositary receipts for 99.99% of the capital in issue. Ballast Nedam has no anti-trust constructions. Ballast Nedam informed the shareholders' meeting of November 2014 of its intention to dissolve the Board of the Ballast Nedam Administration Office. In the preceding period holders of depositary receipts clearly expressed their wish, both in the shareholders' meeting and in the

meeting of holders of depositary receipts, for the Administration Office to be dissolved. This would return the economic and legal interests to the same hands and the current holders of depositary receipts would become direct shareholders in the company.

The company has a Supervisory Board and a Board of Management. The Board of Management requires Supervisory Board approval for certain important decisions. The Board of Management also requires the approval of the General Meeting of Shareholders for important changes in the identity or character of the company or the business.

If the Board of Management moves a resolution to amend the articles of association and the Supervisory Board approves, the General Meeting of Shareholders will adopt the resolution by a simple majority of the votes cast. In all other cases, resolutions to amend the Articles of association are carried in the meeting only by a majority of votes representing at least 70% of the capital in issue.

6.1.4 Supervisory Board

The Supervisory Board supervises the policy of the Board of Management and the affairs of the company and its business, and supports the Board of Management with advice. The Supervisory Board performs its tasks mindful of the interests of Ballast Nedam N.V. and the associated business, taking into consideration the relevant interests of the stakeholders who play a part or are affiliated. The Supervisory Board also takes into consideration in its duties the social aspects of business conduct that are relevant to the company.

During the Extraordinary General Meeting of Shareholders on 14 November 2014, Mr J.S.T. Tiemstra was appointed as a member of the Supervisory Board and Mr A.N.A.M. Smits stepped down as a member of the Supervisory Board. The Supervisory Board currently has four members. All supervisory directors are independent within the meaning of the Code.

Nomination and appointment

The General Meeting of Shareholders appoints the members of the Supervisory Board as nominated by the Supervisory Board. The General Meeting of Shareholders may reject nominations by a simple majority of the votes cast, providing that at least one third of the capital in issue is represented at the meeting. The General Meeting of Shareholders and the Central Works Council can recommend persons for nomination as supervisory directors to the Supervisory Board. The Supervisory Board will follow the recommendations of the Central Works Council in nominating one third of its membership. This principle ceases to apply if the Supervisory Board has objections, in particular if the Board expects:

- the nominee to be unfit to perform the duties of a supervisory director;
- the composition of the Supervisory Board to be inappropriate if the recommended appointment were made.

The General Meeting of Shareholders may adopt a vote of no confidence in the Supervisory Board by a simple majority of the votes cast, provided that at least one third of the capital in issue is represented at the meeting.

Remuneration

The General Meeting of Shareholders sets the remuneration of the supervisory directors. The current remuneration of the Supervisory Board was set at the Annual General Meeting of Shareholders in 2005. The remuneration of the Audit Committee was set at the Annual General Meeting of Shareholders in 2008.

Duties and regulations

The Supervisory Board has established an Audit Committee, a Remuneration Committee and a Selection and Appointments Committee. Each within its field of responsibilities, these committees prepare Supervisory Board decision-making and advise the Supervisory Board. The responsibilities and working methods of these committees are laid down in regulations which can be found at www.ballast-nedam.com.

The Supervisory Board Regulations contain additional rules on the allocation of tasks and working methods of the Supervisory Board, and on its dealings with the Board of Management, the General Meeting of Shareholders and the Central Works Council. These rules can also be found on our website. The composition of the Supervisory Board can be found in Section 6.3 on page 126 of this Annual Report.

No conflict of interest

With the exception of a termination agreement between a former member of the Board of Management and the company and the conclusion of agreements with major shareholders of the company in which they unconditionally undertake to participate in the rights issue (see also Section 3.1), no transactions took place in 2014 involving a conflict of interest on the part of supervisory directors, managing directors or natural or legal persons holding at least 10% of the Ballast Nedam shares. Corporate Governance Code best practice provisions II.3.2 to II.3.4, inclusive and III.6.4 have been complied with. This concerns transactions which are of material significance to the company or the person in question.

Balanced allocation of seats

The company does not (yet) comply with Section 166 of Book 2 of the Netherlands Civil Code. The seats on the Board of Management and the Supervisory Board are not currently allocated in a balanced way as referred to in the aforementioned section. The company is striving for a balanced allocation of seats on the Supervisory Board and the Board of Management, but it is not easy to achieve this allocation in view of the small composition of both bodies. The interests of Ballast Nedam and its subsidiaries and the evident suitability and experience of the candidates for the seats on these bodies were paramount considerations in the selection of candidates. In future Ballast Nedam will again strive for a balanced allocation, but other important criteria referred to above will again be considered.



WESTERLEE ROAD TUNNEL, WESTERLEE – WESTLAND DISTRICT

Accessibility and road safety

This project is being built under subcontract to Van Gelder as part of the 'new Westerlee and Maasdijk link' subproject (subproject of the provincial 3-in-1 project of the Province of Zuid-Holland). The traffic tunnel for motor and cycle traffic provides access to the future Honderland industrial estate via Oranjesluisweg. The Westerlee-Maasdijk link is a new section of road between the A20 at Leehoven and Maasdijk (N220). This road replaces Oranjesluisweg as the provincial highway.

6.1.5 Board of Management

The Board of Management manages the company and is responsible for the company's objectives, strategy and policy and the consequent results. The Board of Management has two members.

The Supervisory Board appoints, suspends and dismisses members of the Board of Management. The Supervisory Board notifies the General Meeting of Shareholders of a proposed appointment. The Supervisory Board will dismiss a member of the Board of Management only after hearing the views of the General Meeting of Shareholders on the proposed dismissal.

Remuneration

The Supervisory Board sets the remuneration of individual Board of Management members within the limits of the remuneration policy adopted by the General Meeting of Shareholders. Ballast Nedam's current remuneration policy was set at the Annual General Meeting of Shareholders in 2005. The General Meeting of Shareholders of 13 May 2015 approved the 2014 remuneration policy as a separate agenda item. That is in accordance with the legislative amendment regarding the authority to adjust excessive bonuses of directors (the 'Clawback' Act) which came into force on 1 January 2014.

Regulations

The Board of Management Regulations contain further rules on the allocation of tasks and working methods of the Board of Management, and on its dealings with the Supervisory Board, the General Meeting of Shareholders, the Central Works Council and the external auditors. These regulations can be found at www.ballast-nedam.com. The composition of the Board of Management can be found in Section 6.5 on page 135 of this Annual Report.

6.1.6 Management of the divisions and business units

The Board of Management supervises the division management, which in turn supervises the management of the business units. The managements of the divisions and of each business unit have clearly defined terms of reference that determine their powers. Board of Management approval is required for projects above a certain value, or with a particular risk profile, before Ballast Nedam can conclude a contract. The same system applies at division level for projects of the business units with a certain value and a certain risk profile. Approval from the division management is required for all major and high-risk projects, which must ultimately also be submitted for approval by the Contract Committee, which in addition to the Board of Management also comprises the secretary of the Board of Management / Legal Director. Additional information on this subject can be found in Chapter 4 *Risk and risk management in Ballast Nedam* on page 60.

6.1.7 General Meeting of Shareholders

The Annual General Meeting of Shareholders must be convened no later than six months after the end of the financial year. Other meetings of shareholders may be convened by the Board of Management or the Supervisory Board. Shareholders and/or holders of depositary receipts for shares who solely or jointly represent at least 10% of the capital in issue may also convene a meeting of shareholders.

Agenda of the Annual General Meeting

The agenda of the Annual General Meeting of Shareholders will include the following items:

- discussion of the Annual Report;
- adoption of the Financial Statements;
- discussion of the conducted remuneration policy;
- motion to grant discharge to the Board of Management and the Supervisory Board;
- appointment of the external auditors;

Shareholders and/or holders of depositary receipts for shares solely or jointly representing at least 3% of the capital in issue have the right to propose agenda items. The company will accept requests of this kind. Requests must be submitted at least sixty days prior to the date of the meeting.

In 2014 both a General Meeting of Shareholders and an Extraordinary General Meeting of Shareholders were held. The resolutions adopted at these meetings included the following.

The Annual General Meeting of Shareholders gave the Board of Management authority to amend the articles of association of Ballast Nedam as follows:

- To include in the description of the objects of the company the furnishing of collateral in connection with loans entered into for the refinancing;
- A capital reduction to enable a rights issue to take place, and to state more explicitly that the General Meeting of Shareholders has and retains the possibility to resolve to issue new shares.

The Annual General Meeting of Shareholders gave the Board of Management authority until 1 December 2014 to resolve to:

- Issue such a number of ordinary shares, including the granting of rights, as is required to raise 30 million euros of capital by means of a rights issue;
- Limit or exclude the legal preferential right in respect of the ordinary shares and rights.

The Board of Management requires approval from the Supervisory Board for these acts.

The Annual General Meeting of Shareholders gave the Board of Management authority until 25 October 2015 to:

- buy back shares, or depositary receipts for shares in the company, to a maximum of 10% of the capital in issue;
- issue shares and/or grant rights to acquire these shares, to a maximum of 10% of the capital in issue, plus an additional 10% of the capital in issue if the issue is linked to an acquisition or merger;
- To restrict or exclude preferential rights to shares to be issued.

The Board of Management requires approval from the Supervisory Board for these acts.

In November 2014 the shareholders gave the Board of Management authority at an Extraordinary Meeting of Shareholders to:

- Amend the articles of association of Ballast Nedam to separate the roles of company secretary and secretary of the Supervisory Board.

Voting right and decision procedure

Each shareholder and holder of depositary receipts for shares has the right to attend and address the General Meeting of Shareholders, and to exercise voting rights at that meeting. In order to exercise such meeting rights, shareholders and holders of depositary receipts for shares must comply with the conditions stated in the announcement of the meeting. In convening a meeting of shareholders, the Board of Management uses a registration date. Each share or depositary receipt for a share affords the right to cast one vote. All resolutions of the General Meeting of Shareholders are carried by a simple majority of the votes cast, unless a larger majority is required by law or the Articles of association.

Voting results and minutes

The results of votes cast for each agenda item at a General Meeting of Shareholders is posted on the company's website www.ballast-nedam.com no later than fifteen days after the meeting. No later than three months after a General Meeting of Shareholders, the draft Minutes are posted on Ballast Nedam's website. Shareholders and holders of depositary receipts for shares may respond to the draft Minutes in the following three months. The Chairman and Secretary of the General Meeting of Shareholders will then adopt the Minutes.



6.1.8 Depositary receipts for shares

If the Board of the Ballast Nedam Administration Office exercises its voting rights for the shares, the Board focuses primarily on the interests of the holders of depositary receipts for shares, and takes account of the interests of the company and its associated business. The Board of the Administration Office consists of three independent members, and appoints the members. The Meeting of Holders of Depositary Receipts may recommend persons for appointment to the Board.

The Board of the Ballast Nedam Administration Office endeavours to arrange a timely succession. In 2014 Mr P.C. van der Linden was appointed as chairman and board member of the Administration Office and Mr L.H. Keijts was reappointed as a board member. Mr W. van Voorden stepped down as Chairman and board member of the Administration Office in 2014.

A Meeting of Holders of Depositary Receipts is convened each year. At this meeting, the Board of the Administration Office declares its proposed voting conduct at the General Meeting of Shareholders.

The Board of the Ballast Nedam Administration office issues proxies in all circumstances and without limitation to the holders of depositary receipts who so request. There is also the possibility to issue binding voting instructions. The depositary receipts are fully exchangeable. Ballast Nedam does not use the system of issuing depositary receipts for shares as an antitakeover measure, but as a means of preventing a minority of shareholders from controlling the decision-making process in a General Meeting of Shareholders, and as a means to allow shareholders, including minor shareholders, to be represented by an independent board in the exercise of their voting rights.

Section 8.4 on page 223 of this Annual Report presents the report of the Board of the Ballast Nedam Administration Office explaining its activities in 2014. The report also gives personal details of the Board members. As stated in Section 6.1.3 *Legal structure* on page 111, Ballast Nedam informed the shareholders' meeting of November 2014 of its intention to dissolve the Ballast Nedam Administration Office.

6.1.9 Auditors

The external auditors audit the financial statements. They are appointed by the General Meeting of Shareholders. In 2014 it engaged Ernst & Young Accountants LLP (EY) to audit the 2014 financial statements. The external auditors attend the Annual General Meeting of Shareholders to answer any questions about the auditors' opinion as to whether the Financial Statements present a true and fair view.

The external auditors also attend the meetings of the Audit Committee and the Supervisory Board at which the annual and interim figures are discussed. The external auditors report to the Supervisory Board and the Board of Management.

The Board of Management and the Audit Committee thoroughly assess the performance of the external auditors in their various duties at least once every four years. The General Meeting of Shareholders is informed of the main conclusions of this assessment, for its own assessment of the proposal to appoint external auditors.

6.2 Report of the Supervisory Board

2014 was another troubled year for Ballast Nedam. The Supervisory Board oversaw the measures, which to large extent had already been implemented in 2013, to adapt to the deteriorating market conditions. Unfortunately the measures have also had an impact on employment. Ballast Nedam has been unable to retain many valued colleagues.

At each meeting the Supervisory Board discussed financial developments, and reviewed the operations within the Group and market trends, using the detailed quarterly management reports and other information as input. Memorandums from the Board of Management were also discussed in the meetings, as well as Board of Management decisions requiring the Supervisory Board's approval. The Supervisory Board further intensified its supervision in the second half of 2014. The frequency of meetings with the Board of Management was increased during the year.

In May the Annual Meeting of Shareholders was prepared and evaluated. The Supervisory Board also consulted regularly with the Board of Management about the measures necessitated by the economic crisis. A great deal of time and attention was devoted to Ballast Nedam's financial health. At the start of 2014 this resulted in the Board of Management reaching agreement, with the approval of the Supervisory Board, on a refinancing arrangement up to 2017. In February 2014 the Board of Management, with the approval of the Supervisory Board, announced a programme of disposals, which led among other things to the sale of Ballast Phoenix Ltd and CNG Net. This disposal programme was expanded and completed at the end of the year with the sale of Ballast Nedam Offshore's activities. Ballast Nedam also launched a fully underwritten 30 million euros rights issue in July 2014.



SHEET PILING AMSTERDAM-RHINE CANAL

Modular approach on water

The Ballast Nedam and De Klerk consortium is renovating around 25 km of sheet piling in the section between Amsterdam and Wijk bij Duurstede. 25 km of the 120 km of sheet piling has reached the end of its technical life. The current sheet piling along the Amsterdam-Rhine Canal is 30 to 70 years old. The project is currently under way, with the bulk of the work being carried out from the water. The execution of the project is aimed at providing an efficient, minimalist and low-maintenance solution to guarantee safe navigation along the Amsterdam-Rhine Canal. The work will be completed at the end of 2015.

The annual figures were discussed at the meeting in March. The external auditors attended the discussions of these agenda items in order to present their findings on the financial reporting. The half-yearly figures were discussed with the external auditor in the July meeting. Partly in connection with the rights issue EY was commissioned in 2014 to conduct an assessment of the half-yearly figures included in Ballast Nedam's half-yearly report. On the basis of this assessment, EY issued an unqualified assessment report, including a section emphasizing developments concerning continuity and liquidity. No audit was conducted and no assessment assignment was carried out in respect of the half-year accounts for the period from 1 January 2013 to 16 June 2013. The Supervisory Board discussed with the external auditors and the Board of Management the findings of the external auditors, the management letter for 2014 and the follow-up to the findings. The Supervisory Board furthermore evaluated the relationship with the external auditors and, partly on that basis, recommended that the General Meeting of Shareholders instruct EY to audit the financial statements for the 2014 financial year. The Supervisory Board must unfortunately state that 2015 will be another difficult year for Ballast Nedam, particularly due to the poor market conditions, such as price pressure and structural overcapacity in the Netherlands. The further optimization of the organization is therefore receiving a great deal of attention from the Supervisory Board.

At the end of December 2014 Ballast Nedam announced that several Dutch and foreign parties had approached the company to explore the possibilities of a merger or acquisition. Ballast Nedam is investigating possible strategic options with a number of interested parties. The Supervisory Board is closely involved in this. No further discussions are currently taking place about a possible merger or acquisition with these parties, although discussions are continuing with one of these parties concerning an acquisition of part of the infrastructure activities. The outcome of these discussions is uncertain. Ballast Nedam will continue to explore strategic options in the interest of the company.

The Supervisory Board is aware that the difficult market conditions and the further fundamental changes made in the organization have required a great of effort on the part of all Ballast Nedam employees. The Supervisory Board is extremely grateful to them.

6.2.1 Report on supervision by the Supervisory Board

As part of its supervisory duties, the Supervisory Board has given consideration to the achievement of the corporate objectives, the strategy and risks, the purpose and performance of internal risk control, financial reporting, compliance with legislation and regulations, investor relations and corporate social responsibility (CSR). Commentaries on each of these matters are provided below.

Report on supervisory duties: achievement of corporate objectives

Looking back on 2014, the Supervisory Board notes that the Board of Management has operated under difficult economic conditions. The Board of Management has also been obliged to devote much time and energy to financial matters and the disposal programme. The Board of Management has also worked with the divisional directors in devoting a great deal of attention to the improvement of the operational performance and to efforts to reach agreement on major claims, including with regard to Rijkswaterstaat. The Infrastructure division and the holding company were further restructured in 2014.

The Supervisory Board notes that Ballast Nedam recorded an operating loss of 65 million euros for 2014.

As explained in Chapter 3, *Strategic objectives and results* on page 34 of this annual report, the other strategic objectives for 2014 were achieved in part.

The Supervisory Board discussed the performance of the Board of Management both collectively and with regard to individual members. The remuneration of Board of Management members was also considered.

In June 2014, Mr Smits stepped down as Chairman of the Supervisory Board for health reasons and was succeeded by Mr van Doorne. In November 2014 Mr Tiemstra was appointed as a member of the Supervisory Board and Mr Smits stepped down as a supervisory director. The Supervisory Board is grateful to Mr Smits for his work as chairman and a member of the Supervisory Board.

In February 2014 Mr Bruijinckx and the Supervisory Board decided in close consultation that Mr would retire as Chief Executive Officer with effect from 1 July 2014. With effect from 27 June 2014, after the General Meeting of Shareholders had been notified, Mr E. van der Noordaa was appointed as Chairman of Ballast Nedam's Board of Management.

Report on supervisory duties: strategy and risks

The Supervisory Board deliberated at length on Ballast Nedam's strategy. Within the financial possibilities of the company, the Supervisory Board supports the Board of Management in the strategy that is set out in Section 2.3 *2015-2017 Strategic Plan* on page 29 of this Annual Report.

The Supervisory Board and the Audit Committee also frequently discussed the various risks set out in Chapter 4 *Risk and risk management in Ballast Nedam* on page 60 of the Annual Report.

Report on supervisory duties: purpose and performance of internal risk control

The Board of Management informed the Supervisory Board regularly about the risk profile, the course of events, the financial situation and market developments. The Supervisory Board also discussed with the Board of Management the most important risks for Ballast Nedam, the internal risk management and control systems, and how the risks could be further limited and controlled. The Supervisory Board further discussed with the Board of Management methods of limiting the risks in the operational process. The external auditor attended these discussions.

Report on supervisory duties: financial reporting

Financial reporting is discussed at each Audit Committee meeting. Developments related to IFRS and changes in legislation applying to auditors were also discussed at length. The Audit Committee also discussed taxation matters. Finally the Supervisory Board extensively discussed the half-yearly figures, the annual figures, the trading updates and the business plan.

Report on supervisory duties: compliance with legislation and regulations

The issue of compliance was discussed at each meeting of the Audit Committee and several meetings of the full Supervisory Board. All important ongoing legal proceedings were also discussed in the presence of the external auditors.

Report on supervisory duties: investor relations

The Supervisory Board is of the opinion that the contact with shareholders should take place primarily in the shareholders' meetings. The Board considers it important for many shareholders to attend these meetings. In addition the Supervisory Board considers it important, for both the company and the shareholders, for contact to take place between the company and shareholders outside shareholders' meetings. Ballast Nedam has drawn up an investor relations policy, which can be found on the Ballast Nedam website.

In view of Ballast Nedam's financial position, the Supervisory Board has had contact with the major shareholders on several occasions. The Board of Management has also had discussions with major shareholders, resulting in the shareholders expressing confidence in the company and committing to participate in the rights issue completed in 2014. The Supervisory Board greatly appreciates this confidence in the company and the offers of support.

Report on supervisory duties: corporate social responsibility

Corporate social responsibility (CSR) is an important theme that is discussed by the Supervisory Board several times each year. Each Ballast Nedam business unit reports on non-financial CSR objectives in the quarterly report to shed light on the progress being made and how it can be managed. Details of the CSR policy and the objectives are provided in Chapter 5 *Corporate social responsibility* on page 78.

6.2.2 Report of the Audit Committee

The Audit Committee has two members. In addition to Ms C.M. Insinger as chairman of the Audit Committee, Mr J.S.T. Tiemstra was appointed as a member of the Audit Committee. Both members have acquired relevant knowledge and experience of financial matters. Mr Tiemstra has taken over the role of Mr J. Bout, who joined the Audit Committee as a member when Mr Van Doorne took over the chairmanship of the Supervisory Board and thus had to step down from the Audit Committee. The Committee met on five occasions in 2014 in the presence of the CEO and the CFO of the Board of Management. The external auditors and the secretary of the Supervisory Board also took part in these meetings.

The Audit Committee discussed the following subjects, among others, in its meetings:

- the quarterly, half-yearly and annual figures;
- the Annual Report;
- the reports of the external auditors;
- the company's liquidity position;
- developments in International Financial Reporting Standards (IFRS);
- valuation methods
- compliance;
- the risk profile;
- risk management;
- the ICT policy and its implementation;
- the company's tax position;
- developments in major projects, such as the A15 Maasvlakte-Vaanplein;
- corporate social responsibility;
- the refinancing.

In addition the Audit Committee specifically addressed the general financial strategy and financial procedures, the internal risk management and control systems and the risk management of projects.

The Audit Committee held separate discussions with the external auditors and the Chief Financial Officer (CFO) on one occasion.

The Supervisory Board discussed the findings of the external auditor, the management letter for 2014 and the follow-up to the findings with the external auditor.

6.2.3 Report of the Remuneration Committee

The remuneration committee met on two occasions in 2014. Messrs J. Bout (Chairman) and L.W.A.M. van Doorne are the members of this Committee.

The following matters were discussed at the meeting:

- evaluation of the remuneration policy for members of the Board of Management;
- evaluation of the remuneration of individual members of the Board of Management;
- evaluation of the remuneration of individual members of the Supervisory Board;
- scenario analyses.

The Remuneration Committee then advised the Supervisory Board on these matters. Section 6.4 *Remuneration report* on pages 127 to 134 provides further details of the remuneration policy.

6.2.4 Report of the Selection and Appointments Committee

The Selection and Appointments Committee met on two occasions in 2014. Messrs J. Bout (Chairman) and L.W.A.M. van Doorne are the members of this Committee.

The following matters were discussed at the meetings:

- review of the size and composition of the Supervisory Board;
- review of the size and composition of the Board of Management;
- profile of the Supervisory Board;
- filling of vacancy on the Supervisory Board;
- filling of vacancy for CEO;
 - review of the performance of individual members of the Supervisory Board collectively;
 - review of the performance of individual members of the Board of Management and of the Board of Management collectively;

The Selection and Appointments Committee then advised the Supervisory Board on these matters.

CAROLINA BRIDGE SURINAME

Spectacular sliding operation

Construction work started immediately after the signing of the final contract in December 2013. The bridge is 240 metres long and 12 metres wide and was designed with only a central pillar and a collision protection guard. On the substructure there is a steel main span.

Last June a spectacular sliding operation began, with the lattice structure being slid continually 10 metres further across the river, without impeding navigation on the river.

Thanks to the new Carolina bridge, local communities will no longer be dependent on the ferry.



6.2.5 Composition of the Supervisory Board

At the Extraordinary General Meeting of Shareholders of Ballast Nedam held on 14 November 2014, Mr A.N.A.M. Smits stepped down as a member of the Supervisory Board for health reasons and Mr J. Tiemstra (1952) was appointed as a new member of the Supervisory Board.

Each member of the Supervisory Board must be capable of assessing the salient features of the overall policy. He possesses the specific expertise needed to fulfil his duties, within his role that is compatible with the Board's profile. The Supervisory Board strives to achieve a diversity of backgrounds and expertise among its members. Among the relevant areas of knowledge are human resource management, the construction industry, public administration, financial expertise, compliance and legal affairs. The composition of the Supervisory Board must be such that he is able to perform his duties satisfactorily. Furthermore each member of the Supervisory Board must have sufficient time available to perform his duties satisfactorily.

6.2.6 Supervision quality assurance

The Supervisory Board reports in this section on the activities carried out to monitor the quality of the management and its supervision.

Supervision quality assurance: evaluation

The Supervisory Board also met frequently independently of the Board of Management. At one of these meetings the Supervisory Board discussed the performance of the Board of Management both collectively and in terms of the individual members. The remuneration of Board of Management members was also discussed.

The Supervisory Board also evaluated its own performance, with the members discussing among themselves the performance of the Supervisory Board and its individual members. The Supervisory Board deliberated among other things on its internal decision-making process, the quality of its supervisory role and its relationship with the Board of Management.

Supervision quality assurance: succession planning

The Selection and Appointments Committee deliberated on Ballast Nedam's management development policy. The Supervisory Board also interviewed the divisional directors, financial directors and a number of staff directors to gain a clearer picture of the management level below the Board of Management and of these directors' insights concerning Ballast Nedam, having regard to the fact that this management level largely determines the continuity of the business.

Supervision quality assurance: induction programme

Partly within the context of the induction programme, Mr J.S.T. Tiemstra held introductory meetings shortly after his appointment and obtained extensive information on Ballast Nedam's financing position and on financial control within Ballast Nedam.

Supervision quality assurance: independence

The Supervisory Board complies with the independence criterion laid down in the Dutch Corporate Governance Code.

Supervision quality assurance: soliciting information

The Supervisory Board pays regular visits to construction projects and subsidiaries. The Board also invites Ballast Nedam employees to attend part of the Supervisory Board meeting. The purpose of these visits and invitations is to maintain affinity with the company and to gather information about the business other than through the Board of Management. In this framework the Chairman of the Supervisory Board also had talks with the full Central Works Council. The Supervisory Board also solicits external advice on a regular basis.

Supervision quality assurance: internal auditor

Each year the Audit Committee evaluates the desirability of appointing an internal auditor. The Audit Committee concluded in 2014 that an internal auditor would at this time be unlikely to add any worthwhile value for Ballast Nedam. Ballast Nedam further tightened its financial and business control in 2014. The separation between operational responsibility and financial control was also applied at all levels within Ballast Nedam and annual assignments are being given to the external auditor to conduct additional audits, resulting in periodic examinations of each business unit.

6.2.7 Internal affairs

This section describes changes in the composition of the Supervisory Board, attendance at meetings and the appointment of a new secretary.

Internal affairs: departure

In mid-2014 Mr A.N.A.M. Smits announced that he was stepping down as Chairman of the Supervisory Board for health reasons. Mr Smits stepped down as a supervisory director in November 2014. The Supervisory Board thanks Mr Smits for his work as a member of the Supervisory Board of Ballast Nedam. Mr L.W.A.M. van Doorne succeeded Mr Smits as Chairman of the Supervisory Board. Mr J.S.T. Tiemstra was appointed as a member of the Supervisory Board.

Internal affairs: attendance

In 2014 there were 34 meetings of the Supervisory Board, five meetings of the Audit Committee, two meetings of the Remuneration Committee and two meetings of the Selection and Appointments Committee. Part of the meetings of the Supervisory Board took place by telephone. On eight occasions a member of the Supervisory Board was unable to attend these meetings. The members concerned nevertheless participated in the deliberations by telephone. Attendance thus amounts to 96.4%

Internal affairs: secretary

Pursuant to the amendment of the articles of association referred to in Section 6.1.7, the Supervisory Board appointed Ms Y.E. Bosland as secretary of the Supervisory Board.

6.2.8 Dividends

The basic principle of Ballast Nedam's dividend policy is that 50% of the net profit is distributed as dividend if the leverage ratio is less than 2. In view of the loss incurred, the poor market outlook and the fact that the leverage ratio is higher than 2, the Supervisory Board has approved the Board of Management proposal to pay no dividend in respect of 2014.

6.2.9 Financial statements and discharge

The Supervisory Board hereby submits the Annual Report for the 2014 financial year, including the consolidated and company financial statements of Ballast Nedam N.V., as prepared by the Board of Management and approved by the Supervisory Board. The financial statements have been audited by Ernst & Young Accountants LLP. The independent auditor's report appears in Section 8.1 on page 212. The Supervisory Board recommends that you adopt the financial statements and requests you to grant discharge to the members of the Board of Management and the Supervisory Board in respect of their management and supervision respectively in 2014.

Nieuwegein, 30 April 2015

Supervisory Board

L.W.A.M. van Doorne

J. Bout

C.M. Insinger

J.S.T. Tiemstra

6.3 Composition of the Supervisory Board

The Supervisory Board members are Mr L.W.A.M. van Doorne, Mr J. Bout, Ms C.M. Insinger and Mr J.S.T. Tiemstra. Further details of these members are provided in this section.

L.W.A.M. van Doorne (Chairman)

Mr Van Doorne was born in 1959 and is a Dutch national. He is the CEO and a major shareholder of Optics Innovation Group B.V. and Managing Director of Pallieter RENEFF B.V.. Mr Van Doorne also serves on the supervisory boards of Pallieter Group B.V. (Chairman), Diana Capital SGEER SA, CityFibre Infrastructure Holdings plc., Shanxi Guangyu LED Lighting Co. Ltd. and Global BSN LLC (The Business Sustainability Network). He is also a member of the Board of Muziekgebouw Eindhoven Fonds and Stichting Thomas van Villanova and a member of the Supervisory Boards of Verder International B.V., Stichting Eindhoven Marketing and Stichting Vrienden van het Hart Z.O. Brabant. Mr Van Doorne was first appointed to the Ballast Nedam Supervisory Board in 2012. His current term of office expires on 16 May 2016.



J. Bout

Mr Bout was born in 1946 and is a Dutch national. Until 1 January 2011 he was Chairman of the Board of Management of Royal Haskoning. Mr Bout is a supervisory director of Brunel N.V., Delta N.V. and Koninklijke Haskoning DHV Group B.V.. Mr Bout was first appointed to the Supervisory Board of Ballast Nedam in 2011. His current term of office expires on 19 May 2015.



C.M. Insinger MBA

Ms Insinger was born in 1965 and is a Dutch national. She works as an independent interim director and consultant. Ms Insinger is a member of the Supervisory Board of SNS Reaal N.V., a member of the Supervisory Board of Luchtverkeersleiding Nederland and a member of the Supervisory Board of Filmfonds. Ms Insinger is also a member of the Strategic Audit Committee of the Ministry of Foreign Affairs. At the end of 2014 she was appointed as Chairman of the Supervisory Board of Stichting Worldexpo Rotterdam 2025. Ms Insinger was first appointed to the Supervisory Board of Ballast Nedam in 2013. Her current term of office expires on 16 May 2017.



J.S.T. Tiemstra

Mr Tiemstra was born in 1952 and is a Dutch national. He is a director and major shareholder of TMS Management Services B.V., a company specializing in consultancy, executive coaching and interim management. Mr Tiemstra is also a member of the Supervisory Board of Bruynzeel Holding B.V., Batenburg Techniek N.V., Reinier de Graaf Gasthuis / HAGA and Koninklijke Haskoning DHV Groep B.V.. Mr Tiemstra was first appointed to the Supervisory Board of Ballast Nedam in 2014. His current term of office expires on 14 November 2018.



6.4 Remuneration report

The Supervisory Board hereby presents the remuneration report, containing a summary account of Ballast Nedam's remuneration policy. Mr Bout is Chairman and Mr Van Doorne is a member of the Remuneration Committee.

6.4.1 Principles of the remuneration policy for Board of Management members

The Supervisory Board determines the remuneration of the members of the Board of Management in accordance with the remuneration policy adopted at the Annual General Meeting of Shareholders in 2005.

The aim of the remuneration policy for Board of Management members is to motivate and retain competent board members. The members of the Board of Management must be capable of leading a major Dutch construction group with international operations.

KATWIJK COASTAL WORKS

Innovative and unique

The Ballast Nedam – Rohde Nielsen consortium started work in 2013 on the construction of a dyke-in-the-dune, with a restructuring of the dune area and the construction of an underground car park between the dyke and the Boulevard. The design and incorporation of the car park structure was a major challenge. The project was successful thanks to close and constructive cooperation between the designer Royal Haskoning and the construction consortium. Katwijk is now pleased to have a safe hinterland. The project has given a welcome boost to the economy, tourism and accessibility. The integrated Katwijk Coastal Works project was formally completed on 19 February 2015.



The benchmark for the remuneration level of the members of the Board of Management of Ballast Nedam N.V. is the remuneration level of other (comparable) listed Dutch construction groups. The Supervisory Board takes into consideration the complexity, size, risk profile and management model of these companies. The remuneration level of the individual members of the Board of Management is furthermore based on the responsibilities of the respective members.

The remuneration agreements made with the members of the Board of Management are set down in contracts when they take up their positions

Fixed annual salary

After members of the Board of Management take up their positions, increments to their fixed annual salary are limited in principle in line with increments under the collective labour agreement for the building industry (CAO Bouwnijverheid).

Short-term variable remuneration: bonus

Under the current remuneration policy for members of the Board of Management, a bonus may be paid in addition to the fixed salary, up to a maximum of one-third of the fixed salary. Two thirds of the bonus is determined by reference to financial targets, the profit for the period and average capital employed, as documented in the business plan approved by the Supervisory Board. One third of the bonus is determined by reference to nonfinancial criteria, as laid down and assessed by the Supervisory Board. These criteria are leadership, quality of relationships with the various stakeholders of the company, sustainability and the management of specific important issues arising in a given year. The Supervisory Board bases its assessment of these nonfinancial criteria on reports, personal observation, discussions with the Board of Management, discussions with third parties and other information.

The Supervisory Board has discretionary powers to award different bonuses or not to award bonuses, independently of any financial or nonfinancial criteria. Any bonus payment is made in the financial year following the reporting year. For competition reasons, the financial targets included in the business plan are not publicly disclosed in advance.

At the Annual General Meeting of Shareholders, the Supervisory Board reports on the financial and nonfinancial targets that were set for the reporting year, and the extent to which they were achieved.

Long-term variable remuneration: options

Ballast Nedam N.V. has a management option scheme that was approved at an Extraordinary General Meeting of Shareholders on 26 October 2006. The aim of the management option scheme is twofold, namely (i) to secure the long-term loyalty of directors and (ii) to ensure that the interests of individual directors mirror those of the shareholders.

Options are granted under the following two conditions: the members of the Board of Management must themselves purchase depositary receipts for shares (or shares following cancellation of depositary receipts), equivalent to a minimum of 5% of the number of options granted, and hold such shares or depositary receipts for three years after the options are granted.



**LECTURE HALL,
AMSTEL COLLEGE, AMSTERDAM**

Inner-city logistical puzzle

Amsterdam University of Applied Sciences is building a new, unique learning and working environment: the Amstel campus. The whole campus will be completed in mid-2018. The Amstel Campus includes the Wibauthuis, which is next to the Muller-Lulofshuis completed in 2013, and the Wibaut student residence. What makes this project so special is the construction site on Wibautstraat, the main thoroughfare to the heart of Amsterdam. This urban project on a small plot posed a logistical puzzle. All work, the delivery and removal of materials was tightly coordinated to limit nuisance to nearby residents and minimise traffic. The project was delivered on schedule on 27 November 2014.

The Supervisory Board is authorized annually to grant or not to grant options to the members of the Board of Management on the publication date of the Ballast Nedam N.V. annual accounts. The Supervisory Board determines the number of options to be granted with reference to the following criteria:

- the proven high personal significance for the company of the managing director in question;
- the Supervisory Board's desire to secure the loyalty of the managing director for the longer term, in the interests of continuity of the business;
- the degree to which the individual member of the Board of Management met the financial and nonfinancial criteria in the preceding financial year.

Under this scheme, the maximum option rights that the Supervisory Board may grant to the Board of Management in any one year is 2% of the total number of Ballast Nedam N.V. shares in issue. The members may exercise their option rights between three and six years from the date on which the options were granted.

The exercise price of the options is equal to the average closing price of Ballast Nedam N.V. shares on Euronext Amsterdam for five trading days prior to the grant of the options, including the grant date. The option exercise price and other conditions for the granted options remain unchanged throughout the term of the options.

6.4.2 Remuneration policy in 2014

The full Supervisory Board and the remuneration committee discussed the remuneration of the individual members of the Board of Management in a single meeting in 2014. In accordance with the Dutch Corporate Governance Code the Supervisory Board drew up and discussed scenario analyses in 2014 regarding the amount and structure of the remuneration of the members of the Board of Management.

Relationship between performance criteria and strategy objectives

The most important indicators of the financial targets derive from Ballast Nedam N.V.'s strategy objectives (see Chapter 3 *Strategic objectives and results* on page 34) and are reflected in the financial performance criteria (i.e. the profit for the period and average capital employed, as stated in the business plan). The achievement or otherwise of the financial 'profit for the period' and 'average capital employed' performance criteria is assessed largely with reference to Ballast Nedam's strategic objectives.

The Supervisory Board refers to the achievement or otherwise of the financial and non-financial performance criteria in determining the eligibility of members of the Board of Management for bonus payments.

There is also a connection through the management option scheme between strategic objectives and long-term variable remuneration, in that the achievement or otherwise of strategic objectives is a determinant of Ballast Nedam N.V.'s share price.

Relationship between remuneration and performance, both ex-ante and ex-post

In the opinion of the Supervisory Board, the performance of the Board of Management in 2014 is in line with the remuneration they receive. The Supervisory Board has reached this judgement in part because the non-financial performance criteria were largely achieved. The Board of Management also implemented the necessary and fundamental organizational changes under difficult market conditions. The Supervisory Board has also compared the remuneration level of members of the Board of Management with that of other listed Dutch construction groups, taking into consideration the complexity, size, risk profile and management model of the reference companies.

6.4.3 Remuneration and employment conditions of the Board of Management

The remuneration for the members of the Board of Management consists of the fixed annual salary, bonus payments, options, pension and other remuneration.

Fixed annual salary

The fixed annual salaries, including holiday pay, of the members of the Board of Management are as follows:

	1 January 2015	1 January 2014
Mr E. van der Noordaa	500,000 euros	not applicable
Mr P. van Zwieten	364,000 euros	364,000 euros

These amounts consist of the fixed periodic salaries as at 1 January 2014 multiplied by 13, plus holiday pay. These fixed annual salaries are based on 52 weeks. See also the table with a schematic overview of remuneration in Section 6.4.5, also for the salary received by Mr Van der Noordaa, who was appointed in 2014.

Bonus

As is evident in this Annual Report, the Board of Management has demonstrated skilled management of important issues for the company, such as bringing the organization into line with the strategic route of the company. In the opinion of the Supervisory Board, the members of the Board of Management have satisfied the non-financial criteria. The Board of Management members have not met the financial performance criteria set for them. They are consequently ineligible for a bonus.

Options

No options were granted to Board of Management members in 2014 in respect of the 2013 financial year. The Supervisory Board agreed with Mr Van der Noordaa upon the conclusion of his engagement agreement that he is entitled to a grant of 50,000 options. This grant has not yet taken place.

Pension

Mr Van Zwieten is participating in the Ballast Nedam company pension fund on the same terms as other Ballast Nedam employees. Ballast Nedam bears part of the pension financing costs, and Mr Van Zwieten bears the remaining portion. There is no early retirement scheme for the members of the Board of Management. It was agreed with Mr Van der Noordaa at the time of his appointment that he would receive a pension contribution of 17% of his salary. Mr Van Zwieten receives a gross pension contribution of 17% in respect of the salary above 100,000 euros up to the salary earned by Mr Van Zwieten on 1 January 2015. This contribution is not indexed.

Redundancy scheme

Mr T.A.C.M. Bruijninx retired in 2014 and received the contractually agreed severance pay (0.7 million euros).

Other matters

Board of Management members receive a fixed expense allowance. Mr Van der Noordaa receives a mileage allowance for the use of his private car and Mr Van Zwieten has been given the use of a car. In other respects, the members of the Board of Management are entitled to the provisions of the applicable collective labour agreement for the building industry (CAO Bouwnijverheid), including annual increments.

The members of the Board of Management may avail themselves of the same schemes that apply to other Ballast Nedam employees, such as tax-efficient gym membership and use of a mobile phone or PDA.

Contract term, notice period, severance pay and clawback

Mr Van der Noordaa was appointed to the Board of Management for a four-year term on 27 June 2014. Mr Van Zwieten was appointed to the Board of Management for a four-year term on 19 May 2011. The notice period for Board of Management members is three months and for Ballast Nedam six months. However, in the first two years after the appointment of Mr Van der Noordaa the notice period for Ballast Nedam is twelve (12) months and the notice period for the Director is six (6) months.

In the event of termination of the engagement agreement by Ballast Nedam for reasons not attributable to Mr Van der Noordaa, Mr Van der Noordaa is entitled to gross

severance pay equivalent to one year's fixed annual salary, unless this is plainly unreasonable, in which case Mr Van der Noordaa is eligible, but only in the case of termination during the first term of appointment, for termination pay equivalent up to twice the fixed annual salary. Mr Van Zwieten's severance pay in the event of dismissal is one year's fixed annual salary.

The Supervisory Board is authorized to claw back any variable remuneration if it was or is based on incorrect financial or other information.

6.4.4 Remuneration policy for 2015

The Supervisory Board takes the view that the current scale of, and criteria for, the remuneration package properly reflect the management priorities. The Board supports limited variable remuneration linked to feasible targets that provide the appropriate emphasis. As stated above, the Supervisory Board has drawn up scenario analyses in 2014 for the possible outcomes of variable remuneration. Partly on this basis the Supervisory Board intends to continue the current remuneration policy in 2015, on the understanding that it will request the annual general meeting of shareholders to adjust the management option scheme. See Section 6.4.1 under long-term variable remuneration: options on page 128.

The Supervisory Board expects the remuneration of the Board of Management in 2015 to be in line with the performance of the members of the Board of Management. This expectation arises from the inclusion in the remuneration structure of a variable component alongside a fixed salary (see *Fixed annual salary* in Section 6.4.3 on page 130) and the direct connection, also in 2015, between the established performance criteria and the strategic objectives for 2015.

6.4.5 Remuneration of Supervisory Board members

Supervisory Board members receive a fixed fee that is not dependent on the results of the company. The General Meeting of Shareholders set the remuneration of the Supervisory Board in 2005. As of 1 January 2015, the annual fees for members of the Supervisory Board were as follows:

Mr L.W.A.M. van Doorne	45,000 euros
Mr J. Bout	30,000 euros
Ms C.M. Insinger	30,000 euros
Mr J.S.T. Tiemstra	30,000 euros

The members of the Supervisory Board also receive an allowance for expenses incurred in performing their duties.

An Audit Committee has been formed of members of the Supervisory Board. The General Meeting of Shareholders set the remuneration of the Audit Committee in 2008. As of 1 January 2015, the annual fees for members of the Audit Committee were as follows:

Ms C.M. Insinger	5,000 euros
Mr J.S.T. Tiemstra	5,000 euros

Remuneration chart

Board of Management and Supervisory Board

x € 1 thousand	2014					2013				
	Gross salary	Bonus	Pension charges & social security costs	Reimbursement	Total	Gross salary	Bonus	Pension charges & social security costs	Reimbursement	Total
Board of Management										
E. van der Noordaa ⁽¹⁾	268		60	3	331					
P. van Zwieten	394		83	4	481	364		82	5	451
T.A.C.M. Bruijninx ⁽²⁾	1 185		110	3	1 298	496		109	5	610
R. Malizia						759		76	4	839
	1 847		253	10	2 110	1 619		267	14	1 900
Supervisory Board										
A.N.A.M. Smits ⁽³⁾	33			2	35	45			2	47
J. Bout	32			2	34	30			2	32
L.W.A.M. van Doorne	41			2	43	31			2	33
C.M. Insinger	35			2	37	22			1	23
J.S.T. Tiemstra ⁽⁴⁾	4				4					
J.C. Huis in 't Veld ⁽⁵⁾						29			2	31
	145			8	153	157			9	166
Total	1 992		253	18	2 263	1 776		267	23	2 066

⁽¹⁾ as of June 1, 2014 – ⁽²⁾ until January 1, 2015 – ⁽³⁾ until November 14, 2014 – ⁽⁴⁾ as of November 14, 2014 – ⁽⁵⁾ until October 31, 2013

6.4.6 Options

Theoretical value and time value

The theoretical value of the options at the grant date is measured using an option valuation model that takes account of the intrinsic value and the time value.

The intrinsic value is determined on the basis of the difference between the share price and the option exercise price at the grant date. The time value is determined on the basis of factors including the predicted movement in the share price, which in turn is derived from historical prices. If the options concerned are publicly traded on the stock exchange, the value may deviate upwards or downwards.

Determination of cost of options

When granting the options Ballast Nedam recognizes the theoretical value of the options during the vesting period as an expense in the income statement. This expense is distributed uniformly in time over the year in which the option is granted and three subsequent financial years. The total costs in the financial year consist of the costs allocated to that financial year of all current option grants in the vesting period.

The expected value at the end of the vesting period is recalculated annually in the light of the information available at the end of the financial year. This expected value also consists of an intrinsic value and a time value. The time value may mean that the options have a value even though the current share price is lower than the exercise price.

Option scheme

Year granted	2014	2013	2012	2011	2010
E. van der Noordaa					
Total costs in the financial year in €					
Number	0				
Exercise price in €	-				
Share price at grant date in €	-				
Benefit obtained at grant date in €	-				
Theoretical value at grant date in €	-				
Status per 31/12/2014	n/a				
End of vesting period	n/a				
Expiry date	n/a				
Expected value at end of vesting period in €	n/a				
P. van Zwieten					
Total costs in the financial year in €	58 900	58 900	47 927		
Number	0	0	30 000		
Exercise price in €	-	-	12.67		
Share price at grant date in €	-	-	13.27		
Benefit obtained at grant date in €	-	-	-		
Theoretical value at grant date in €	-	-	176 700		
Status per 31/12/2014	n/a	n/a	conditional		
End of vesting period	n/a	n/a	9/03/2015		
Expiry date	n/a	n/a	8/03/2018		
Expected value at end of vesting period in €	n/a	n/a	194 000		
T.A.C.M. Bruijninx					
Total costs in the financial year in €	(1 470 967)	82 295	235 376	243 226	278 000
Number	0	0	40 000	40 000	30 000
Exercise price in €	-	-	12.67	15.29	13.43
Share price at grant date in €	-	-	13.27	15.88	14.10
Benefit obtained at grant date in €	-	-	-	-	-
Theoretical value at grant date in €	-	-	235 600	274 800	189 300
Status per 31/12/2014	n/a	n/a	conditional	conditional	conditional
End of vesting period	n/a	n/a	9/03/2015	12/3/2014	12/03/2013
Expiry date	n/a	n/a	8/03/2018	11/3/2017	11/03/2016
Expected value at end of vesting period in €	n/a	n/a	259 000	242 000	180 000

6.5 Composition of the Board of Management

E. van der Noordaa (Chairman)

Mr Erik van der Noordaa was born in 1961 and is a Dutch national.

Mr Van der Noordaa holds the position of Chief Executive Officer (CEO). He joined the company on 1 June 2014 and was appointed as Chief Executive Officer on 27 June 2014, after the Extraordinary General Meeting of Shareholders (EGM) was informed of the intended appointment. Mr Van der Noordaa began his career in 1986 at Damen Shipyards Group, a global shipbuilding group headquartered in Gorinchem, the Netherlands. He occupied a number of positions at Damen in the field of engineering, production, marketing and sales, as well as various management functions.

In 2004 Mr Van der Noordaa joined the Board of Management of Damen Shipyards Group, where he was appointed as Chief Operating Officer in 2006. He served in this position up to the time of his departure in 2010. From 2010 to 2013 he served as Chairman of the Board of Management of the Germanischer Lloyd Group (GL Group). In September 2013, the GL Group was merged with the Norwegian company DNV, since when it has operated under the name of DNV GL Group. Mr Van der Noordaa was appointed as Chief Executive Officer 27 May 2014 for a term of four years.

P. van Zwieten

Mr Peter van Zwieten was born in 1961 and is a Dutch national. Mr Van Zwieten serves as Chief Financial Officer (CFO) and has been employed by Ballast Nedam since 1989. He has held a range of financial positions in various business units, including Ballast Nedam Beton en Waterbouw, Ballast Nedam Groep in Saudi Arabia and for Ballast Nedam International in various European countries as well as in Taiwan. He served as financial director of Ballast Nedam Ontwikkelingsmaatschappij and became financial director of the Ballast Nedam Infrastructure division in 2002.

Mr Van Zwieten was first appointed to the Board of Management on 19 May 2011 for a four-year term. His current term of office expires on 19 May 2015.



SURINAME OIL REFINERY

Chain integration in industrial construction.

On behalf of Staatsolie Maatschappij Suriname NV, the national oil company of Suriname, Ballast Nedam carried out foundation work for the Refinery Expansion Project. The aim of the project is to double the processing capacity of the Tout Lui Faut refinery to 15,000 barrels a day. The work involved the supply and installation of steel piles and civil engineering for the expansion of the Tout Lui Faut oil refinery in Paramaribo and has now been completed.



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7.1 Consolidated statement of financial position

x € 1 million	Note	31 December 2014	31 December 2013
Non-current assets			
Intangible assets	2	16	21
Property, plant and equipment	3	78	130
Financial assets	4	5	9
Investments in associates	5	9	12
Deferred tax assets	6	-	32
		108	204
Current assets			
Inventories	7	148	174
Work in progress	8	52	135
Receivables	9	171	214
Cash and cash equivalents	10	70	51
Escrow account	10	53	-
Assets held for sale	16	52	48
		546	622
Current liabilities			
Bank overdrafts	10	(3)	(22)
Current portion of long-term loans	12	(31)	(8)
Prepayments on inventories	7	(2)	(2)
Work in progress	8	(88)	(105)
Trade payables		(191)	(231)
Income tax expense	6	-	(1)
Other liabilities	11	(195)	(203)
Provisions	14	(17)	(26)
Liabilities held for sale	16	(51)	(27)
		(578)	(625)
Current assets minus current liabilities		(32)	(3)
Capital employed		76	201
Non-current liabilities			
Loans	12	56	100
Derivatives		-	-
Deferred tax liability	6	1	-
Employee benefits	13	4	5
Provisions	14	4	6
		65	111
Total equity			
Equity attributable to the owners of the company	15	11	90
Non-controlling interest	15		
		11	90
Finance		76	201

Note: See Notes to the consolidated financial statements on pages 142-162, which are an integral part of these consolidated financial statements. The comparative figures for 2013 have been adjusted as a result of the change of accounting policy under IFRS 11 (see notes on pages 147 to 149).

7.2 Consolidated income statement

x € 1 million	Note	31 December 2014	31 December 2013
Revenue	17	1 166	1 230
Other operating income	18.1	76	3
Costs of raw materials and subcontractors	18.2	(984)	(918)
Personnel expenses	18.3	(229)	(267)
Other operating expenses		(71)	(57)
		(1 284)	(1 242)
Earnings before interest, taxes, depreciation and amortization (EBITDA)		(42)	(9)
Depreciation and amortization of property, plant and equipment and intangible assets	2.3	(16)	(20)
Impairment of tangible and intangible assets	2.3	(7)	(3)
Earnings before interest and taxes (EBIT)		(65)	(32)
Finance income	19	-	-
Finance expense	19	(7)	(7)
Net finance income and expense		(7)	(7)
Profits of consolidated entities	5	3	1
Profit before income tax		(69)	(38)
Income tax expense	20	(34)	(3)
Profit for the period		(103)	(41)
Attributable to:			
Owners of the company		(103)	(41)
Non-controlling interest			
Profit for the period		(103)	(41)
Attributable to owners of the company:			
Basic earnings per share (€)	21	(5,33)	(4,22)
Diluted earnings per share (€)	21	(5,33)	(4,22)

Consolidated statement of comprehensive income

x € 1 million	2014	2013
Profit for the period	(103)	(41)
Non-realised results to be allocated to the P&L after the first withdrawal		
Foreign currency translation differences		
Net changes in hedging reserve, associates	2	2
Net changes in hedging reserve	(4)	(1)
Net changes in hedging reserve through income statement	-	-
Net changes in hedging reserve, associates through income statement	-	-
Non-realised results (after tax)	(2)	1
Non-realised results not to be allocated to the P&L	-	-
Non-realised results to be allocated to the P&L after the first withdrawal	-	-
Other comprehensive income	(2)	1
Total comprehensive income for the period	(105)	(40)
Attributable to:		
Owners of the company	(105)	(40)
Non-controlling interest	-	-
Total comprehensive income for the period	(105)	(40)

Note: See notes to the consolidated financial statements on pages 142-162, which are an integral part of these consolidated financial statements.

The other comprehensive income includes €0 million of tax (2013: €2 million).

7.3 Consolidated statement of changes in shareholders' equity

x € 1 million	Issued share capital	Share premium	Repurchased own shares	Currency translation reserve	Reserves of associates	Hedging reserve	Other reserves	Profit for the period	Equity attributable to owners of the company	Non-controlling interest	Total equity
31 December 2012	60	52	(5)		36	(4)	33	(41)	131		131
Profit for the period								(41)	(41)		(41)
Foreign currency translation differences											
Effective portion of changes in fair value of hedging instruments						(1)			(1)		(1)
Effective portion of changes in fair value of hedging instruments, associates						2			2		2
Net change in fair value of hedging instruments, transferred to income statement						-			-		-
Net change in fair value of hedging instruments, associates, transferred to income statement						-			-		-
Comprehensive income						1		(41)	(40)		(40)
Dividend paid							-		-		-
Option scheme							(1)		(1)		(1)
Repurchased own shares			-						-		-
Transactions with shareholders			-				(1)		(1)		(1)
Appropriation of 2012 result					-		(41)	41	-		-
Other	-				-		-		-		-
31 December 2013	60	52	(5)		36	(3)	(9)	(41)	90		90
Profit for the period								(103)	(103)		(103)
Foreign currency translation differences											
Effective portion of changes in fair value of hedging instruments						(4)			(4)		(4)
Effective portion of changes in fair value of hedging instruments associates						2			2		2
Net change in fair value of hedging instruments, transferred to income statement						-			-		-
Net change in fair value of hedging instruments, associates, transferred to income statement						-			-		-
Comprehensive income						(2)		(103)	(105)		(105)
Dividend paid							-		-		-
Option scheme							(1)		(1)		(1)
Repurchased own shares			-						-		-
Comprehensive income			-				(1)		(1)		(1)
Dividend paid					-		(41)	41	-		-
Option scheme	9	18			(3)		3		27		27
Repurchased own shares	(49)	49							-		-
31 December 2014	20	119	(5)		33	(5)	(48)	(103)	11		11

Note: See notes to the consolidated financial statements on pages 142-162, which are an integral part of these consolidated financial statements.

The hedging reserve in the equity includes a negative amount of €1.4 million associated with the assets held for sale. This concerns the Zaanstad Penitentiary PPP project.

7.4 Consolidated cash flow statement

x € 1 million	Note	31 December 2014	31 December 2013
Net cash - opening balance	10	29	76
Profit for the period		(103)	(41)
Adjustments:			
Depreciation	3	15	20
Amortization	2	1	-
Impairment (in) tangible assets	2,3	7	3
Finance expense	19	7	7
Finance income	19	-	-
Share-based payments	15	-	-
Gain from disposal of fixed assets and subsidiaries		(76)	(3)
Income tax expense	20	34	3
Share in profits of associates	5	(3)	(1)
Gains and losses from fixed assets		-	-
Movements:			
Movement in inventories	7	26	27
Movement in work in progress	8	66	(41)
Movement in fair value investments	4.2	-	-
Movement in other receivables		53	5
Movement in provisions and employee benefits	13,14	(23)	(7)
Movement in other current liabilities		(31)	10
Interest paid	19	(7)	(7)
Interest paid on hedging instruments	19	-	-
Interest received	19	-	-
Income taxes paid	6	(2)	(2)
PPP receivables	4.1	(43)	(7)
Repayment PPP receivables		-	-
Net cash from operating activities		(79)	(34)
Intangible assets			
investments	2	(2)	(6)
income from disposals	2	1	2
Property, plant and equipment			
investments	3	(12)	(19)
acquisitions		-	-
income from disposals	3	13	7
Financial assets			
investments	4.3	(3)	(1)
income from disposals	4.1	-	1
other fair value investments	4.2	-	1
income from other receivables	4.3	-	-
Disposals of associates	5	3	(2)
Gain from disposal of subsidiaries		-	-
Sale of subsidiaries after deduction of disposed cash and cash equivalents	1	111	8
Net cash used in investing activities		111	(9)
Income from long-term loans drawn	12	48	14
Repayment of long-term loans	12	(14)	(15)
Disposal of long-term loans	12	-	-
Handling charges paid on new loans	12	-	-
Finance lease instalments paid	12	(2)	(3)
Acquisition of non-controlling interest		-	-
Dividend paid	15	-	-
Proceeds from rights issue	15	27	-
Net cash from financing activities		59	(4)
Effect of exchange rate fluctuations on cash held		-	-
Net cash on balance		91	(47)
Net cash - closing balance	10	120	29

Note: See notes to the consolidated financial statements on pages 142 to 162, which are an integral part of these consolidated financial statements.

The net cash consists of the balance of cash and bank loans that cannot be offset against each other. Net cash includes €52.8 million of non-freely available assets (2013: €2 million). For further details see note 10 Net cash.

7.5 Notes to the consolidated financial statements

Significant accounting policies

Ballast Nedam N.V. is established in Nieuwegein in the Netherlands. The consolidated financial statements of Ballast Nedam N.V. for the 2014 financial year comprise the parent company Ballast Nedam N.V. and its subsidiaries (jointly referred to as Ballast Nedam) and Ballast Nedam's interest in associates and entities over which there is joint control. With respect to the company income statement of Ballast Nedam N.V., use has been made of the exemption under Section 402 of Book 2 of the Netherlands Civil Code.

The financial statements were prepared by the Board of Management on 30 April 2015 and approved by the Supervisory Board on 30 April 2015. The financial statements will be submitted for approval to the General Meeting of Shareholders to be held on 29 June 2015.

Continuity and liquidity of the business

Developments and figures

Over the past year Ballast Nedam recorded a net loss of €103 million for the period (2013: €41 million). The deterioration of the result arose particularly as a result of further cost overruns on the A15 Maasvlakte-Vaanplein and A2 Maastricht projects. The solvency rate at the end of 2014 consequently fell to 2%. As a result of this negative result and an additional financing requirement, Ballast Nedam began discussions with its main financiers on the consequences of this, an adjustment to the financing for the short and long term and the consequences for the bank covenants at the end of 2014.

Main basis of continuity: a financed business plan

The financing requirement is based on the 2015-2016 business plan, which assumes a continuation of the current basis of the Building & Development and Specialized Companies & Supplies divisions. With regard to the Infrastructure division, Ballast Nedam has decided to actively scale back its interests in existing large-scale infrastructure projects, as currently announced with the letters of intent for the A15 Maasvlakte-Vaanplein and A2 Maastricht projects. This will further reduce the risk profile of Ballast Nedam.

- *A15 Maasvlakte-Vaanplein project: economic interest reduced from 40% to 10%*

A letter of intent has been signed with Strukton Groep N.V. and Strabag SE, partners in the A15 Maasvlakte- Vaanplein project, under which Ballast Nedam will reduce its economic share of the project on the implementation of the agreement from 40% to 10%. Strukton Groep N.V. and Strabag SE are each increasing their share to 45%. This change will be effective in the second half of 2015. The legal participation remains unchanged: the three parties will each take a 33.33% share of the A-Lanes A15 consortium.

- *A2 Maastricht project: infrastructure part to Strukton Groep N.V.; Real estate development to Ballast Nedam*

A letter of intent has been signed with Strukton Groep N.V., our partner in the A2 Maastricht project, for the takeover of Ballast Nedam's share in the infrastructure activities in the project. The share of Strukton Groep N.V. in the property development of the A2 Maastricht project will be transferred to Ballast Nedam.

The two planned transactions will be developed during the forthcoming period into final agreements which will be submitted to the stakeholders for consent. Rijkswaterstaat has agreed to lend its cooperation.

The Infrastructure division will focus exclusively on smaller, integrated infrastructure projects in concrete and civil engineering, and industrial construction. Tendering will be carried out on a highly selective and targeted basis for both Dutch and international projects, with close attention being paid, in particular, to the risk profile in relation to the margin. As a result, the extent of the infrastructure activities will become smaller, necessitating an adjustment to capacity for the Infrastructure division.

Although the refinancing is not yet formally completed, Ballast Nedam believes that the outline agreement with the banks and the letters of intent received from various other partners provide sufficient financial headroom to focus on the implementation of its 2015-2017 business plan.

Nature of refinancing

The banking syndicate, comprising ING bank, Rabobank and Royal Bank of Scotland, expressed its support in April 2015 and defined the details of a refinancing agreement jointly with Ballast Nedam and other interested parties.

This refinancing has the following components:

- Two bridge loans granted by Strukton Groep N.V. and the banking syndicate totalling €20 million until completion of the planned rights issue in the second half of 2015 (see section on rights issue)
- A subordinated bank loan of €10 million maturing on 31 March 2017;
- A subordinated bank loan of €43 million maturing on 31 March 2017;
- A revolving credit facility of €10 million expiring on 31 December 2015; and
- A committed guarantee facility of initially €265 million being phased out on basis of scaling back of large-scale infrastructure projects, including A2 Maastricht and A15 Maasvlakte-Vaanplein projects.

In addition to the refinancing by the banking syndicate, the following existing loans have been adjusted:

- An FGH mortgage loan of €28.6 million expiring on 31 December 2016 (extension)
- A Rabobank loan of €50 million expiring on 31 December 2016 (extension).

The financing has been promised under the usual reservations and subject to the transfer of the A2 Maastricht and A15 Maasvlakte-Vaanplein projects and consent of the meeting of shareholders for the rights issue. The documentation will be further detailed by 31 May 2015 in final documents, including the drafting of the covenants.

Up to 31 May 2015, or earlier if the refinancing becomes effective, Ballast Nedam will have access to the existing bank facility. Part of this is the escrow account on which the proceeds of the sale of Ballast Nedam offshore at the end of 2014 amount to €53 million. The monies on this account will be available under certain conditions up to 31 May 2015 for Ballast Nedam for the ongoing payments. Thereafter, €28 million of the money will be used to repay the existing credit facility, with the remainder being placed in a blocked account as collateral for the guarantee facility.

Rights issue of €20 million in second half of 2015

Ballast Nedam has reached outline agreement on a rights issue in which tradable rights will be offered to existing holders of depositary receipts to subscribe for depositary receipts for shares totalling €20 million. Agreement has been reached with Strukton Groep N.V. that an amount of €10 of the rights issue will be underwritten. Strukton Groep N.V. will grant a bridge loan for that amount.

This bridge loan will be repaid from the net proceeds of the proposed rights issue. The remaining €10 million of the rights issue will be underwritten by the banking syndicate comprising ING Bank, Rabobank and Royal Bank of Scotland. A bridge loan will also be granted for this purpose, to be repaid from the net proceeds of the rights issue. The rights issue must be accompanied by a prospectus approved by the Netherlands Authority for the Financial Markets (AFM). The rights issue and the amendment to the articles of association reducing the nominal value of the shares to €0.01 will be presented for approval to the general meeting of shareholders. The reduction of the nominal value from €1.00 to €0.01 is necessary in order to achieve maximum flexibility for the success of the rights issue. Ballast Nedam aims to complete the rights issue in the second half of 2015.

The rights issue and the subordinated loans influence the guarantee capital of Ballast Nedam in a positive way. The solvency rate based on the guarantee capital is thus expected to be around 12% at the end of 2015.

Additional measures and options

1. Change in legal structure

As a risk management measure for the future, the company's legal structure will be changed in line with the management and reporting structure of the divisions.

This will create increased flexibility for disposals and prepare Ballast Nedam better for any setbacks.

- a. The companies in the Specialized Companies & Supplies division will be legally removed from the Infrastructure division, the regional companies in the Building & Development division will be legally separated from the nationally operating company, and Ballast Nedam ICT will be brought under the Building & Development division.
- b. These changes will be implemented in the coming period and will entail changes to issued statements of joint and several liability (403 verklaringen) and the employment contracts of employees working for the business units concerned.

2. Ballast Nedam is investigating several scenarios with which it will be able to deal with possible setbacks. Several Dutch and foreign parties have approached Ballast Nedam with a view to exploring the possibilities of a merger or acquisition. Ballast Nedam always takes serious strategic options into consideration in the interest of its shareholders and other interested parties. One possible scenario could be a merger or acquisition of the Infrastructure division only.

Criteria and uncertainties

Although implementation of our business plan and envisaged refinancing is essential to the continuity of the company, it is subject to a range of uncertainties. On the one hand, these relate to operational sensitivities such as i) the inherent uncertainty concerning the scope and time of project execution, including the time when new projects are contracted, ii) the forecast results and margins from operational activities, and iii) the results of negotiations related to additional work and claims. These uncertainties will be explained in further detail in the following section and in Chapter 4.

On the other hand, uncertainties exist with regard to implementation of the envisaged refinancing and the attitude of our key financiers in the event of setbacks. There are also inherent uncertainties with regard to obtaining approval from relevant parties as a condition for the transfer of the contracts for the A2 Maastricht and A15 Maasvlakte-Vaanplein works. Should these uncertainties lead to negative consequences, there is a risk that any liquidity deficits occurring at that time may not be financed or that loans may still become payable.

Conclusion

Ballast Nedam believes that on the basis of the measures taken, the letters of intent for the refinancing and the transfer of the A2 Maastricht and A15 Maasvlakte-Vaanplein projects and the 2015-2017 business plan the company will have sufficient resources available to meet its obligations at least until the end of 2016, while it is fully aware of the sensitivities and uncertainties set out above and the provisional nature of the agreements and the consequences should they turn out negatively. On the basis of the above actions, plans and expectations, the 2014 financial statements have been prepared in accordance with the continuity assumption.

Estimates and judgements by management

When preparing the financial statements, management makes estimates and assumptions which affect the amounts and results presented in the financial statements.

This affects the amounts recognized for assets, liabilities, revenue, costs and the related notes on contingent and off-statement of financial position commitments. Estimates and judgements are evaluated on a regular basis.

The actual results may differ from these estimates and assumptions. Management judgements regarding the application of EU-IFRS which have significant consequences for the financial statements and estimates involving an appreciable risk of material change in the following year are disclosed in the notes.

Project results

'Work in progress' comprises, besides the recognized costs and invoiced instalments for each project, also the recognized interim gain or the affected loss provision. The gain and loss are both based on an estimate of the ultimate profit for each project and the end-of-work forecast.

The uncertainty in this profit estimate increases in line with factors such as:

- an agreed contract form that entails more risks for the contractor, such as the design risk that contractors accept in design & construct contracts, plus, for a DBMO contract, the responsibility for maintenance and operation;
- a project that is in an early design or implementation stage. When detailing a preliminary or final design, substantial deviations from the preliminary design may arise. This may be because an initial solution turns out with hindsight to be unfeasible, or because the underlying conditions are better or worse than expected, or because the dialogue with stakeholders is far more complicated, and therefore more expensive, than foreseen. Countless risks may also arise in the implementation phase that are for the account of the contractor. These deviations may be positive or negative.
- The term of the contract is longer and hence the forecast for the ending of the work involves inherently more estimation uncertainties.
- Projects are liable to more additional work and claim situations.

See also note 8, work in progress and note 18.2, costs of raw materials and subcontractors.

Goodwill

The recoverable amount is measured using future cash flow forecasts. The budgets of the cash generating units are used to estimate future cash flows for the next three years. The assumptions of these budgets are partly based on historical profits and external information sources. Cash flows after three years are extrapolated with expected growth rates. For additional information concerning goodwill, see note 2.

Land positions

Landholdings are acquired and held for future development purposes, and are recognized at the lower of historical cost and realizable value. The realizable value is the higher of the current market value and the present value of the estimated future cash flows. The future cash flows are estimated using scenario and sensitivity analyses. The present value estimates are based on a discount rate of 9%. See further explanation in note 7 Inventories.

Recognition of income tax

At the close of the financial year, Ballast Nedam makes an assessment of the income tax position of all fiscal entities. This involves estimating the actual short-term tax charges and income, and the temporary differences between the accounting carrying amounts and tax base of assets and liabilities. A decision is taken on the reporting date as to whether unused tax losses and deferred tax assets due to temporary differences may be recognized.

Ballast Nedam recognizes deferred tax assets if these are likely to be realized. If the actual taxable profits differ from the estimates, and depending on the tax strategies which Ballast Nedam may introduce, deferred tax assets which have been recognized may not be realized, thus affecting the financial position and results of Ballast Nedam. For multi-year losses convincing evidence is required for loss valuation (IAS 12). For additional information concerning taxes, see note 6.

Provisions

Provisions relating to actual liabilities are based on estimates and judgements as to whether the criteria for treatment as a liability have been met, including an estimate of the size of the actual liability. Actual liabilities are disclosed if it is likely that a liability will arise and its size can be reasonably estimated. Provisions for warranties are recognized for the expected expenses necessary to resolve complaints. If the actual outcome differs from the assumptions as to anticipated costs, the estimated provisions will be revised, and this could have an effect on the financial position and results of Ballast Nedam. For additional information concerning provisions, see note 14.

Statement of compliance

The consolidated financial statements have been prepared in conformity with International Financial Reporting Standards as adopted by the European Union (hereinafter: 'EU-IFRS') and Part 9, Book 2 of the Netherlands Civil Code.

Basis of preparation

The consolidated financial statements are presented in millions of euros. Amounts of less than €0.5 million are represented by a dash. The financial statements have been drawn up on the basis of historical cost, except for those items for which EU-IFRS prescribes a different method for valuation or determination of the result.

When preparing the financial statements, management makes estimates and assumptions which affect the amounts and results presented in the financial statements. The actual results may differ from these estimates and assumptions. See also Accounting estimates and judgements on pages 145-146.

Management judgements regarding the application of EU-IFRS which have significant consequences for the financial statements and estimates involving an appreciable risk of material change in the following year are disclosed in the notes. The accounting policies set out below have been consistently applied for all entities and periods presented in these consolidated financial statements, subject to the following changes.

Changes in accounting policies

A number of new standards, and changes to, and interpretations of, existing standards came into effect in 2014. Ballast Nedam has applied the following new guidelines, including possible resulting changes to other guidelines, with the first date of application being 1 January 2014:

- 1) IFRS 10 Consolidated financial statements (see Change of accounting policy for consolidated financial statements of subsidiaries);
- 2) IFRS 11 Joint arrangements (see Change of accounting policy for IFRS 11);
- 3) IFRS 12 disclosures concerning interests in other entities (see effect of application of guideline on disclosure of information on interests in other entities);

1) Change of accounting policy in respect of consolidated financial statements (subsidiaries)

IFRS 10 introduces a new participation model that applies to all entities in which Ballast Nedam invests and is based on whether Ballast Nedam:

- a) is exposed to, or has rights to, variable revenues due to its involvement in the entity; and
- b) has the possibility of using its power over the entity to influence the size of these revenues.

Each of these criteria must be fulfilled in order to state that Ballast Nedam has control of the company in which it has an interest. Previously there was control if Ballast Nedam had the possibility, directly or indirectly, to determine the financial and operational policy of an entity.

The change in the definition of control in IFRS 10 has no effect on the composition of Ballast Nedam.

2) Change of accounting policy in respect of IFRS 11 Joint arrangements

IFRS 11 specifies how agreements in which Ballast Nedam exercises control with third parties must be accounted for. IFRS 11 distinguishes two types of partnership depending on whether the parties are actually exposed to the advantages and disadvantages of the individual assets and liabilities (joint operation), or are exposed only to the advantages and disadvantages of the net assets (joint venture). The essential feature distinguishing a joint venture from a joint operation is that in principle the participant in a joint operation has unlimited liability for its share in the liabilities and the rights to the assets of the collaboration, whereas the liability of a participant in a joint venture is limited in principle to that party's contribution to the entity in which the collaboration takes place. A 'joint operator' must account for its share of the assets, liabilities, revenues and costs. Ballast Nedam has drawn up criteria for the application of IFRS 11 against which the joint arrangements are tested. This basis has been used to determine which partnerships are joint operations and which are joint ventures.

Up to the end of 2013, most entities in which Ballast Nedam exercised control with third parties were proportionally consolidated.

In accordance with the regulations, Ballast Nedam has applied the change of accounting policy retrospectively. The impact of this on the statement of financial position and income statement is set out in the table below. The impact on cash flows, order book and segmentation has been assessed by the management and is limited. The transition has had no effect on the other comprehensive income of the Group or the ordinary and diluted earnings per share, the result and shareholders' equity. It has therefore been decided not to include a 'third statement of financial position' in the main statement but to include the following explanatory note:

x € 1 million	31 December 2013 Before revision	31 December 2013 After revision	1 January 2013 After revision
Non-current assets			
Intangible assets	21	21	31
Property, plant and equipment	137	130	164
Financial assets	17	9	8
Investments in associates	4	12	2
Deferred tax assets	32	32	33
	211	204	238
Current assets			
Inventories	175	174	203
Work in progress	135	135	110
Receivables	226	214	235
Cash and cash equivalents	54	51	82
Assets held for sale	48	48	4
	638	622	634
Current liabilities			
Bank overdrafts	(22)	(22)	(8)
Current portion of long-term loans	(9)	(8)	(17)
Prepayments on inventories	(2)	(2)	(1)
Work in progress	(106)	(105)	(123)
Trade payables	(237)	(231)	(249)
Income tax expense	(1)	(1)	(2)
Other liabilities	(207)	(203)	(186)
Provisions	(28)	(26)	(39)
Liabilities held for sale	(27)	(27)	(2)
	(639)	(625)	(627)
Current assets minus current liabilities	(1)	(3)	7
Capital employed	210	201	245
Non-current liabilities			
Loans	106	100	101
Derivatives	1	-	1
Deferred tax liability	1	-	4
Employee benefits	5	5	4
Provisions	7	6	4
	120	111	114
Total equity			
Equity attributable to the owners of the company	90	90	131
Non-controlling interest	-	-	-
	90	90	131
Finance	210	201	245

x € 1 million	31 December 2013 Before revision	31 December 2013 After revision
Revenue	1 268	1 230
Other operating income	-	3
Costs of raw materials and subcontractors	(949)	(918)
Personnel expenses	(268)	(267)
Other operating expenses	(57)	(57)
	(1 274)	(1 242)
Earnings before interest, taxes, depreciation and amortization (EBITDA)	(6)	(9)
Depreciation and amortization of property, plant and equipment and intangible assets	(21)	(20)
Impairment of tangible and intangible assets	(3)	(3)
Earnings before interest and taxes (EBIT)	(30)	(32)
Finance income	-	-
Finance expense	(7)	(7)
Net finance income and expense	(7)	(7)
Profits of consolidated entities		1
Profit before income tax	(37)	(38)
Income tax expense	(4)	(3)
Profit for the period	(41)	(41)

The IFRS 11 change of accounting policy has had a limited effect on the cash flow statement of Ballast Nedam (approximately €3 million).

3) IFRS 12 Disclosure of interests in other entities (see effect of application of guideline on disclosure of interests in other entities)

IFRS 12 is a new standard for information requirements and applies to entities with subsidiaries, joint arrangements, associated companies and/or nonconsolidated entities. As a result of IFRS 12, Ballast Nedam has expanded its disclosures of interests in investments accounted for according to the equity method (see explanation in note 5).

Basis of consolidation, assets, liabilities and income statement

Subsidiaries

Subsidiaries are entities in which Ballast Nedam directly or indirectly controls the financial and operating policy decisions with a view to obtaining benefits from their operations. These subsidiaries are consolidated in full and minority interests, where applicable, are separately disclosed. These entities are included in the consolidated financial statements from the date on which control commences until the date on which the control ceases.

Associates and joint ventures (equity method)

Associates are those entities in which Ballast Nedam exercises significant influence on the financial and operational policy, but over which it does not have control.

The consolidated financial statements include Ballast Nedam's share of the comprehensive income of associates, using the equity method, from the date on which Ballast Nedam first exercised a significant influence until the date on which the influence ceases. If Ballast Nedam's share in the losses exceeds the value of the interest in an associate, the carrying amount of the investment is written down to nil in Ballast Nedam's statement of financial position and no further losses are provided for, except insofar as Ballast Nedam has a legal or constructive obligation.

Joint ventures are collaboration arrangements in which Ballast Nedam exercises control jointly with other parties and has a right to the net assets of the joint venture. The parties concerned have contractually agreed that control will be shared and decisions on relevant activities require unanimous consent of the parties which jointly have control of the joint venture. The consolidated financial statements include Ballast Nedam's share of the comprehensive income of the joint venture, using the equity method, from the date on which Ballast Nedam first exercised a significant influence until the date on which the influence ceases. If Ballast Nedam's share in the losses exceeds the value of the interest in an associate, the carrying amount of the investment is written down to nil in Ballast Nedam's statement of financial position and no further losses are provided for, except insofar as Ballast Nedam has a legal or constructive obligation.

Joint operations

Joint operations are agreements in which Ballast Nedam exercises control jointly with third parties. A 'joint operator' must state its share of the assets, liabilities, revenues and costs.

Elimination of transactions for consolidation purposes

Transactions with subsidiaries, associates and entities over which joint control is exercised are determined at arm's length and eliminated in the same way (proportionately) as other intercompany accounts. Unrealized losses are eliminated in the same way, except where there are indications of impairment.

Foreign currency translation

Assets and liabilities of foreign activities denominated in functional currencies other than the euro are translated to the functional currency in euros at the rates of exchange prevailing on the reporting date, with income statement items being translated at the rates approximating the rate of exchange on the transaction date (average rate for the reporting year). Translation differences resulting from the conversion of investments in these foreign activities, including semi-permanent financing, and the differences between results translated at the average exchange rate during the year and the exchange rate prevailing on the reporting date, are recognized as a separate item in the consolidated statement of comprehensive income.

Receivables and payables in foreign currencies are translated to the functional currency at the exchange rate prevailing on the reporting date. Transactions in foreign currencies are translated to the functional currency at the exchange rate applying on the transaction date. The resulting exchange differences are recognized as part of EBIT.

Intangible assets

Goodwill

Goodwill arises as a result of the acquisition of subsidiaries, associates and joint ventures. All business combinations are accounted for using the purchase method of accounting. Goodwill is allocated to cash-generating units.

Goodwill is measured as:

- the fair value of the consideration transferred;
- the recognized amount of any non-controlling interests in the acquired entity;
- in a business combination achieved in stages, the fair value of the acquirer's previously held equity interest in the acquiree; less
- the recognized net amount (generally the fair value) of the identifiable assets acquired and liabilities assumed.

Negative goodwill arising on acquisition is taken directly to the income statement. The transaction costs incurred by the Group in connection with a business combination, other than those concerned with the issue of shares or bonds, are recognized when they are incurred. A contingent consideration is recognized at fair value at the acquisition date. A contingent consideration that is classified as shareholders' equity is not reassessed and the settlement is recognized in shareholders' equity. Other changes are recognized in the income statement after initial recognition.

Goodwill is not amortized. Instead, an impairment test is performed annually, or earlier if there are indications of impairment. In the case of associates, the carrying amount of goodwill is included in the carrying amount of the investment in the associate.

Other intangible assets

Software is stated at cost less accumulated amortization and impairment. Concessions for the extraction of raw materials are stated at cost less accumulated amortization and impairment.

Amortization

Amortization of intangible assets, other than goodwill and those with an indefinite life, is calculated on the basis of the expected useful life. Concessions in respect of land and raw materials are amortized in proportion to the extent of the raw materials extracted on the basis of an estimate of the raw materials remaining to be extracted. The residual value, amortization methods and estimated useful lives are assessed annually. The expected useful lives are for concessions 5-40 years and for software three years.

Goodwill and intangible assets with an indefinite life are systematically assessed for impairment at least at each year-end, or sooner if there are indications of impairment

Property, plant and equipment

Owned assets

Items of property, plant and equipment are stated at cost of acquisition or manufacture less accumulated depreciation and impairment. If individual items of property, plant and equipment consist of elements with differing estimated useful lives, those elements are recognized and depreciated as separate assets.

Where they can be estimated reliably, the costs of dismantling and disposing of assets, to the extent that they arise from a contractual or legal obligation, and the cost of restoring sites where assets are located are capitalized at the net present value. The net present value of this liability is stated as a provision. The borrowing costs for qualifying assets, which necessarily take a substantial period of time to prepare for their intended use or sale, are capitalized.

Leased assets

Lease agreements under which Ballast Nedam assumes virtually all the risks and rewards of ownership are classified as finance leases. The leased asset is measured at the lower of the fair value and the present value of the minimum lease instalments at the commencement of the lease, less accumulated depreciation and impairment.

Subsequent costs

If it is probable that the future economic benefits will flow from the asset to Ballast Nedam and the cost of the asset can be reliably measured, Ballast Nedam includes the cost of replacement of part of an item of non-current assets in the carrying amount of the asset concerned when those costs are incurred. All other costs are taken to the income statement as a charge when they are incurred.

Depreciation

Depreciation is generally calculated on a straight-line basis over the expected useful life of each item of property, plant and equipment (or part thereof). Land is not depreciated. The expected useful life is 10-30 years for buildings, 5-20 years for plant and equipment and 2-10 years for other operating assets.

The residual value, depreciation methods and estimated useful lives are assessed annually. Some assets are depreciated using the units of production method.

Financial assets

PPP receivables

Receivables in respect of Public-Private Partnership (PPP) agreements relate to concession fees from public authorities receivable in connection with PPP projects.

PPP receivables are recognized as financial assets. In conformity with IAS 32 and 39, PPP receivables are initially recognized at fair value and are subsequently measured at amortized cost based on an effective interest rate. This method of recognizing PPP receivables is in conformity with the financial assets model of IFRIC 12 'Service Concession Arrangements'.

Other investments

If no significant influence is exercised over the operating and financial policy, recognition of other investments is at fair value, with gains and losses recognized in the consolidated comprehensive income. If the investment is classified as available for sale, the value of the movements in other investments, which are not classified as held for sale, are recognized in the income statement. Only in the exceptional case that the fair value cannot be reliably determined is valuation at cost minus impairment applied.

Assets and liabilities held for sale

Immediately prior to classification as held for sale, the carrying amounts of assets and liabilities of a disposal group are tested for impairment in accordance with the applicable policies. On initial recognition as assets held for sale, items of property, plant and equipment and groups of assets intended for disposal are stated at the lower of the carrying amount and fair value less selling expenses.

A discontinued operation is part of the Group's activities which represents a separate major line of business or geographic area of operations or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs on disposal or, if earlier, when the operation meets the criteria for classification as an asset held for sale. A disposal group which ceases to be classified as such can also meet these criteria.

Derivative financial instruments

Ballast Nedam uses derivative financial instruments to hedge exposure to currency, interest rate and market risks arising from operating, financing and investing activities. In conformity with its treasury policy Ballast Nedam does not hold any derivatives for trading purposes, nor does it issue such derivatives.

On initial recognition, derivative financial instruments are measured at fair value, and the attributable transaction costs are recognized in the income statement as soon as they occur. If no hedge accounting is applied, gains and losses on revaluation to fair value are recognized directly in the income statement. Results arising from fair value adjustments of forward exchange contracts are recognized as a part of the natural hedge on the currency results of the project concerned. Gains and losses on forward exchange contracts relating to projects have a selling price not denominated in euros are stated in the selling price of the project.

If hedge accounting is applied, Ballast Nedam documents the relationship between the financial instrument and the position to be hedged. The objectives with respect to risk management, and the strategy followed in initiating hedging transactions, are recorded. Ballast Nedam also documents estimates of the effectiveness of the hedging transaction. If the hedge relationship is effective, movements are recognized in the consolidated statement of comprehensive income, with allowance for the deferred taxation effect. The changes in the fair value of hedging transactions may comprise movements in the fair value of existing hedging transactions, and realized results if the hedged position is recognized in the income statement. The movement in values for any ineffective portion of the hedging transaction is recognized in the income statement.

The fair value of forward exchange contracts is the present value of the forward rate. The fair value of the other derivative financial instruments is measured on the basis of the discounted value of the estimated future cash flows from these instruments.

Inventories

Land positions are acquired and held for future development purposes and are recognized at the lower of historical cost and net realizable value. The net realizable value is the higher of the current market value and the present value of the estimated future cash flows. The future cash flows are estimated using scenario and sensitivity analyses. In principle these holdings are not 'in production' and development costs are consequently not capitalized. Interest is capitalized subject to meeting the conditions for capitalizing finance expense and at the time the land position is actively developed. The associated costs are expensed. Planning permissions and building permits are included in landholdings.

Land and buildings for sale are also included in inventories. The buildings concerned have yet to be sold to third parties and are either under construction or have reached structural completion. The stocks of land and buildings available for sale are carried at the lower of cost, including directly attributable indirect costs, and market value less selling costs. Interest is capitalized subject to meeting the conditions for capitalizing finance expense.

Sold residential building projects in which the client has no option to specify structural elements in the design, and where there is continuous transfer of the significant risks and ownership, are recognized under inventories. This portion of inventories is recognized at cost plus profit in proportion to the progress of the project less a provision for foreseeable losses and less invoiced instalments in proportion to the progress of the project. Interest is capitalized subject to meeting the conditions for capitalizing finance expense. The cost of residential building projects includes directly attributable indirect costs on the basis of normal production capacity.

Finished goods are measured at the lower of cost and net realizable value. The cost of finished goods is based on the first-in, first-out (FIFO) principle. The cost includes interest subject to meeting the conditions for capitalizing finance expense. The cost of finished goods includes directly attributable indirect costs on the basis of normal production capacity.

Raw materials are stated at the lower of cost and net selling price.

Work in progress

Work in progress on behalf of third parties is recognized at cost plus profit in proportion to the progress of the project less a provision for foreseeable losses and less invoiced instalments in proportion to the progress of the project. Interest is capitalized subject to meeting the conditions for capitalizing finance expense. The cost of work in progress includes directly attributable indirect costs on the basis of normal production capacity.

As soon as a reliable estimate can be made of the result of work in progress on behalf of third parties, the contractual revenues and expenses are recognized in the income statement in proportion to the percentage of completion of the project.

The percentage of completion is determined on the basis of production measurements.

Expected losses on projects are recognized immediately in the income statement.

Preparatory expenses and design and construction costs on large projects (i.e. tendering costs) are included in the cost of work in progress as and when Ballast Nedam becomes the sole bidder in contract negotiations. Any preparatory expenses prior to this phase are charged to the income statement. Tendering costs expensed in the period in which they arise are not subsequently capitalized if the project is won.

Receivables

On initial recognition, trade and other receivables are measured at fair value less attributable transaction costs. After initial recognition, trade and other receivables are carried at amortized cost less impairment. Long-term receivables are carried at amortized cost with the exception of deferred tax assets, which are stated at the nominal amount.

Cash

Cash consists of cash and bank balances and other demand deposits.

Bank balances form part of a cash pool together with the cash credit facilities which form an integral part of Ballast Nedam's resource management.

Impairments

Except for inventories of finished product, raw materials and semi-finished goods, Ballast Nedam's work in progress and deferred tax assets, the carrying amount of assets is reviewed at the reporting date to determine whether there are any indications of impairment. Where there are such indications an estimate is made of the recoverable amount of the asset. In the case of goodwill and assets with an indefinite useful life, the recoverable amount is estimated at each reporting date.

The recoverable amount is equal to the higher of fair value less costs to sell, and value in use. In measuring the value in use, the present value of the estimated future cash flows is calculated using a pre-tax discount rate which reflects both the current market estimates of the time value of money and the specific risks inherent in the asset in question. In the case of an asset which only generates income that is highly dependent on that of other assets, the recoverable amount is measured for the cash-generating unit to which the asset belongs. Impairment losses are recognized in the income statement.

Repurchase of own shares

For purchased own shares included in equity in the statement of financial position, the amount paid, including directly attributable costs, is recognized in equity. Repurchased shares are classified as purchased own shares and included as a deduction from total equity. When purchased own shares are delivered, they are removed from the portfolio on a first-in, first-out (FIFO) basis. The difference between cost and market value is recognized in the share premium reserve.

Dividends

Dividends are recognized as a liability in the period in which they are declared.

Share-based remuneration

The share option plan enables the Board of Management to acquire depositary receipts for shares in Ballast Nedam. The options become exercisable if the person to whom they have been awarded remains in the service of the company for an uninterrupted period of three years after the grant date and may then be exercised at any time in the following three years. The option rights lapse on termination of employment. The Supervisory Board is responsible for granting option rights, depending on quantitative and qualitative criteria. Each year, the Supervisory Board will decide on the grant of options on the date of publication of the results for the year, or on appointment of the individual concerned.

The fair value of the granted options is included in employee benefits with simultaneous recognition of a corresponding amount added to equity (equity-settled). The fair value is measured on the grant date and expensed over the vesting period. The remaining part of the measured value of options is written down as and when they are replaced or are settled before they vest. The fair value of the options is measured using an option valuation model taking account of the conditions under which the options are granted.

Long-term loans

On initial recognition, long-term loans are measured at fair value less attributable transaction costs. Interest-bearing loans are subsequently carried at amortized cost, with any difference between the cost and the amount repayable recognized in the income statement over the term of the loans on the basis of the effective interest method.

Pensions

The pension scheme established by Ballast Nedam for office staff qualifies as a defined contribution plan, and is administered by Stichting Pensioenfonds Ballast Nedam. Under this defined contribution plan, the obligations in respect of the defined contributions are recognized as an expense in the income statement when they fall due. Ballast Nedam's building site workers are covered by the compulsory industry-wide pension scheme for the building industry (bpfBOUW). Under IAS 19 this pension scheme is accounted for as a defined contribution scheme.

Long-term employee benefits

Ballast Nedam's net obligation in respect of long-term employee benefits (long-service bonuses, long-term illness), with the exception of pension plans, is the sum of the future benefits that employees have earned in exchange for their services during the period under review and in preceding periods. The liability is converted to present value, taking account of actuarial assumptions.

Provisions

A provision is recognized in the statement of financial position if Ballast Nedam has a legal or constructive obligation as a result of an event in the past and it is probable that an outflow of resources embodying economic benefits will be required in order to settle that obligation. If the effect thereof is material, the provisions are determined by calculating the present value of the estimated future cash flows using a pre-tax discount rate reflecting both the current market estimates of the time value of money and, where necessary, the specific risks inherent in the obligation.

Trade and other payables

On initial recognition, trade payables and other payable items are measured at fair value. After initial recognition, trade payables and other payable items are carried at amortized cost.

Revenue

Construction contract revenue

The contractual income and expenses in relation to work in progress are recognized in the income statement in proportion to the percentage of completion of the project. The percentage of completion is determined on the basis of production measurements.

Expected losses on contracts are recognized immediately in the income statement. No income is recognized if there are significant uncertainties concerning the collection of the amounts due and the related costs.

Sale of goods

Income from the sale of goods is recognized in the income statement as and when the significant risks and rewards of ownership have been transferred to the buyer. In the case of residential building projects in which the client has no option to specify structural elements in the design, and where there is continuous transfer of the significant risks and ownership, revenues and income are recognized on a pro rata basis as construction progresses.

No income is recognized if there are significant uncertainties concerning the collection of the amounts due, the related costs or any returns of goods, and also if there is any question of continuing management involvement in the goods.

Services

Income from services rendered is recognized in the income statement in proportion to the percentage of completion of the transaction on the reporting date.

The percentage of completion is determined on the basis of assessments of the work performed. No income is recognized if there are significant uncertainties concerning the collection of the amounts due or the related costs, and also if there is any question of continuing management involvement in the services.

PPP projects

During the construction phase of the asset, PPP projects are recognized as projects for third parties. The related financial asset is recognized based on invoiced instalments.

The contractual income and expenses are recognized in the income statement in proportion to progress on the project. The percentage of completion is determined on the basis of production measurements.

The interest income of the financial asset is recognized as financial income in the income statement.

During the operating phase, the income from PPP projects comprises the fair value of the delivery of contractually agreed services and the interest income related to the investment in the project. Income is recognized at the time of delivery of the services to which it relates.

Government subsidies

Government subsidies are recognized once it is reasonably certain that they will be received and the conditions for award of the subsidy have been met. Subsidies awarded to compensate costs are recognized in the income statement in the same period as the costs incurred.

Subsidies that contribute to the development or purchase of assets are deducted from the price of the assets concerned.

Expenses

Costs are allocated to the period to which they relate.

Lease instalments on operating leases

Lease instalments on operating leases are recognized in the income statement on a straight-line basis over the period of the lease.

Lease instalments on financial leases

The minimum lease instalments are recognized partly as financing costs and partly as repayment of the outstanding liability. The financing costs are allocated to each period of the total lease period in such a way as to result in a constant periodic rate of interest over the remaining balance of the liability.

Net finance expense

The net financing expense comprises the interest income and expense on borrowings calculated using the effective interest method. The interest component of the financial lease instalments is recognized in the income statement using the effective interest method. Gains and losses on exchange and on derivative financial instruments other than interest rate swaps are recognized in the income statement in earnings before interest and taxes. Gains or losses on interest rate swaps are recognized as finance income or expenses.

Income tax expense

Tax is calculated on the result from ordinary operations, allowing for tax-exempt items and based on the applicable tax rates. Tax is recognized in the income statement except in relation to items recognized directly in the consolidated statement of comprehensive income. Deferred tax is recognized using the statement of financial position method for temporary differences between the reported carrying amounts and tax bases of assets and liabilities, and for future carry-forward losses, and is accounted for on the basis of the applicable tax rates for the periods when the temporary differences are expected to be reversed. Deferred tax assets are recognized at nominal value of the portion that will probably be realized. No deferred tax is recognized for the following temporary differences: the initial recognition of goodwill, and differences in relation to subsidiaries and associates that will not be settled in the near future and to the extent that Ballast Nedam has control of the settlement.

Cash flow statement

Cash flows from operating activities are presented on the basis of the indirect method. Cash flows in foreign currencies are converted at the exchange rate on the date of the cash flow or at the average rate. Non-cash items, such as foreign currency translation differences, changes in fair value, equity-settled share-based payments and so forth, are eliminated from this statement.

Dividends paid to ordinary shareholders are included in the cash flows from financing activities. Interest paid is included in the cash flows from operating activities. Overdrafts repayable on demand are included in the balance of cash and overdrafts with banks in preparing the consolidated statement of cash flows.

Earnings per share

The basic earnings per share are calculated by dividing the net result attributable to holders of shares by the average number of shares in issue over the period in question. The diluted earnings per share are calculated by dividing the profit by the average number of issued shares, including the number of shares in issue that would have been issued if the outstanding share options had been exercised, if this would lead to dilution.

Segment information

An operating segment is a component of Ballast Nedam that engages in business activities that may contribute substantially to revenues and expenses, including those related to transactions with other components of the Group.

The Board of Management regularly uses information on individual segments in order to make decisions about resources to be allocated and to assess performance. Additional financial information is provided for each segment. The decisions about resources to be allocated and the assessment of performance are based on earnings before interest and taxes and capital employed. The amounts for transactions between segments are determined on an arm's length basis. The results, assets and liabilities of a segment comprise items that can be attributed to the segment either directly or on a reasonable basis.

Among the items that are not included are finance income and expense, and income tax assets and liabilities.

Additional financial information is provided for each geographic segment. In presenting information on a geographic basis, income is based on the geographic location of the customers. The criterion for assets is their geographic location.

[New standards and interpretations not yet applied](#)

A number of new standards, changes to existing standards and interpretations had yet to come into effect in 2014 and are therefore not applied in the consolidated financial statements.

The most important of these for Ballast Nedam are:

New standards issued by the IASB, but not yet endorsed by the European Union

IFRS 9 'Financial Instruments' deals with the classification, measurement and initial recognition of financial assets and financial liabilities. The full version of IFRS 9 was published in July 2014. This version replaces the accounting standards in IAS 39 which relate to the classification and measurement of financial instruments. IFRS 9 maintains but simplifies the mixed valuation model and defines the three main measurement criteria for financial assets: amortized cost, fair value with changes recognized through other comprehensive income and fair value with changes recognized through the income statement.

The classification basis depends on the business model of an entity and contractual cash flow characteristics of the financial assets. Investments in equity instruments must be measured at fair value with changes recognized in the income statement with the irrevocable option at inception to present the changes in fair value in other comprehensive income which are not reclassified to the income statement. IFRS 9 introduces flexible requirements for the hedge effectiveness by replacing the rigid hedge effectiveness tests. IFRS 9 requires an economic dependence between the hedged position and the hedging instrument, in which the hedged ratio must be equal to that used by the management in its risk control. Ballast Nedam is currently assessing the impact of IFRS 9.

IFRS 15 'Revenue from Contracts with Customers' deals with the recognition of revenues and defines the principles for reporting of useful information for users of the financial statements with regard to the nature, amount, timing and uncertainty of the revenues and cash flows resulting from contracts of an entity with its customers. Revenues are recognized when a customer gains control of the product or service enabling him to determine the use and obtain the economic benefits of the product or service.

The standard replaces IAS 18 'Revenue' and IAS 11 'Construction Contracts' and the associated interpretations. This standard applies to financial years commencing on or after 1 January 2017. Earlier application of the standard is permitted.

Ballast Nedam is currently assessing the impact of IFRS 15. There are no other IFRS or IFRIC interpretations not yet in force which are expected to have a material impact on Ballast Nedam.

IAS 16 'Property, plant and equipment' and *IAS 38 'Intangible assets'*. The changes clarify the principle that income reflects a pattern of economic benefits which are generated from the operation of a business (of which the assets form part) instead of the economic benefits being consumed by the use of the asset. As a result, the ratio of income to total expected revenues cannot be used to depreciate tangible fixed assets.

This can only be applied in very limited circumstances to amortize intangible assets.

The changes come into force for financial years commencing on or after 1 January 2016.

The changes have not yet been approved by the EU.

IAS 19 'Employee Benefits: employee contributions' requires that an entity considers contributions from employees or third parties if that is beneficial for defined benefit pension schemes. IAS 19 requires that contributions linked to services are allocated to the periods to which the services relate as negative income. The changes clarify that, if the level of the contributions depends on the number of years of service, the entity is permitted to recognize such contributions as a reduction in the pension costs for the period in which the service is rendered, rather than allocating the contributions to the periods of service. Examples of such contributions include a fixed percentage of the employee's salary, a fixed amount of the contributions during the period, or contributions which depend on the age of the employee. These changes lead to a practical means of simplifying the recognition of the contributions of employees of third parties in certain situations.

The changes must be applied with retroactive effect. Early application is permitted and must be announced. The changes were approved by the EU on 17 December 2014. For entities which apply EU-IFRS, the changes apply to financial years commencing on or after 1 February 2015. For entities which apply full IFRS, the changes apply to financial years commencing on or after 1 July 2014.

IFRIC 21 'Interpretation for Levies' offers a guide to the administrative processing of levies by the government on entities operating in specific markets, such as a specific country, a specific region or a specific sector in a particular country. IFRIC 21 applies to all levies provided they do not fall within the scope of application of other standards (e.g. IAS 12 'Income taxes') and penalties or other sanctions for violations of the law. Levies are defined as an outflow of resources in which economic advantages can be imposed by governments on entities in accordance with the legislation. The scope of application of this interpretation is very broad and includes various obligations which are imposed by governments in accordance with legislation and not always described as levies. Therefore entities making payments to governments must determine carefully whether the payment falls within the scope of IFRIC 21.

The interpretation must be applied with retroactive effect. Early application is permitted and must be announced. The interpretation was approved by the EU on 13 June 2014. For entities which apply EU-IFRS, this applies to financial years commencing on or after 17 June 2014. For entities which apply full IFRS, the interpretation applies to financial years commencing on or after 1 January 2014.

Improvements in IFRS 2010-2012 Cycle (published in December 2013)

The IASB has published 2010-2012 cycle improvements to its standards and interpretations with a view to eliminating inconsistencies and clarifying formulations.

- IFRS 2 Share-based Payment

- IFRS 3 Business Combinations – Administration contingent considerations in a business combination: This improvement is gradually being applied and makes clear that all contingent consideration schemes are classified as liabilities (or assets) which result from a business combination.

- IFRS 8 Operating Segments: These improvements have been applied retroactively and make clear that:
 - Combination of operating segments: An entity must state the judgements of the management in the application of the aggregation criteria, including a brief description of the operating segments which have been combined and the economic characteristics (e.g. sale and gross margins, used in order to assess whether the segments are of a similar type.
 - Reconciliation of the total assets of the segments to be reported and the assets of the entity: The reconciliation of segment assets with total assets only has to be disclosed if this change is reported to the Chief Operating Decision Maker, as in the requirement to disclose segment liabilities.

- IFRS 13 Fair Value Measurement - short-term receivables and liabilities:
It has been made clear in the basis for conclusions that short-term receivables and liabilities without fixed interest can be measured on invoice amounts when the effect of discounting is unimportant.

- IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets - Revaluation method:
Proportional adjustment of the accumulated depreciation/amortization: This improvement is applied retroactively force and makes clear that the assets can be revalued on the basis of perceptible data on both the gross or net carrying amount. In addition, the accumulated depreciation is the difference between the gross value and the carrying amount of the asset.

- IAS 24 Related Party Disclosures – Managers in key positions:
This improvement is applied retroactively and makes clear that a management entity – an entity which provides key management services – is a related party subject to the related parties. In addition, an entity which uses management body is obliged to disclose the costs for the management of those services.

The improvements were approved by the EU on 17 December 2014. For entities which apply EU-IFRS, the improvements apply to financial years commencing on or after 1 February 2015. For entities which apply full IFRS, the improvements apply to financial years commencing on or after 1 July 2014.

Improvements to IFRS 2011-2013 Cycle (published in December 2013)

The IASB has published the 2011-2013 cycle improvements to its standards and interpretations. These improvements relate to the following standards and subjects.

IFRS 3 business combinations – scope of exceptions for joint ventures:

- Joint agreements, and not only joint ventures, fall outside the scope of IFRS 3.
- This scope of exemption applies only to the bookkeeping in the financial statements of the joint arrangement itself.

- IFRS 13 Fair Value Measurement

- IAS 40 Investment Property - connection between IFRS 3 and IAS 40: The description of the supporting services in IAS 40 draws a distinction between property investments and property for own use (i.e. tangible fixed assets).

The improvements were approved by the EU on 18 December 2014. For entities which apply EU-IFRS, the improvements apply to financial years commencing on or after 1 February 2015. For entities which apply full IFRS, the improvements apply to financial years commencing on or after 1 July 2014.

Improvements to IFRS 2012-2014 Cycle (published September 2014)

The IASB has published the 2012-2014 cycle improvements to its standards and interpretations.

- IFRS 5 Non-current Assets Held for Sale and Discontinued Operations
- Changes in the removal methods

- IFRS 7 Financial Instruments: Disclosures - Maintenance contracts

- IFRS 7 financial Instruments: Disclosures - Applicability of the changes in IFRS 7 to condensed interim financial statements

- IAS 19 Employee Benefits: Employee contributions - Regional market issue

- IAS 34 Interim Financial Reporting - Disclosure of information elsewhere in the interim financial report.

The improvements come into force for annual periods commencing on or after 1 January 2016 and have not been approved by the EU.

Although these new requirements are currently being analysed and their impact is not yet known, Ballast Nedam does not expect the introduction of these changed standards to have a significant effect on the shareholders equity of Ballast Nedam.

7.6 Operating segments

Operating segments 2014

x € 1 million	Infrastructure	Building & Development	Specialized Companies	Supplies	Subtotal operating segments	Reconciliation 1)	Total
Revenue	458	611	190	151	1 410	(244)	1 166
Other operating income	53	3	-	20	76	-	76
Total operating expenses	(570)	(619)	(179)	(143)	(1 511)	227	(1 284)
Share in profits of associates	-	-	-	-	-	-	-
Earnings before interest, taxes, depreciation and amortization (EBITDA)	(59)	(5)	11	28	(25)	(17)	(42)
Impairment	-	-	(1)	(5)	(6)	(1)	(7)
Depreciation	-	(2)	(5)	(5)	(12)	(3)	(15)
Earnings before interest, taxes and amortization (EBITA)	(59)	(7)	5	18	(43)	(21)	(64)
Amortization	-	-	-	(1)	(1)	-	(1)
Earnings before interest and taxes (EBIT)	(59)	(7)	5	17	(44)	(21)	(65)
Net finance income and expense							(7)
Share in profits of associates							3
Income tax expense							(34)
Profit for the period							(103)
Margin	(12,9%)	(1,2%)	2,6%	11,3%			(5,6%)
Order book	559	625	49	61	1 294	(268)	1 026
Capital employed (2)	(227)	81	10	81	(55)	5	(50)
Assets (3)	116	332	69	135	652	2	654
Investments in property, plant and equipment	1	47	3	6	57	-	57
Associates	-	2	-	-	2	-	2
Liabilities (4)	244	292	42	32	610	53	663
Impairment of Intangible assets and property, plant and equipment							
impairment	-	-	(1)	(5)	(6)	(1)	(7)
reversal of impairments	-	-	-	-	-	-	-
Average number of employees							
temporary employment	35	46	20	11	112	18	130
permanent employment	520	981	523	512	2 536	194	2 730
Total employees	555	1 027	543	523	2 648	212	2 860

(1) The reconciliation column relates to holding entities and intersegment eliminations.

(2) Capital employed is non-current assets plus current assets minus current liabilities, excluding net cash.

(3) Assets are defined to encompass non-current and current assets.

(4) Liabilities are defined to encompass non-current and current liabilities.

Exceptional operating profit or loss by segment

Infrastructure segment:

Infrastructure recorded a negative result of €59 million due to losses on the A15 Maasvlakte-Vaanplein project (€79.1 million), Avenue 2 (€26.1 million) and other losses on regional projects. The Offshore operations made a positive contribution to the result. The loss also includes a book profit of approximately €53 million on the sale of the offshore activities.

Building & Development segment:

Building & Development incurred an operating loss of €7 million. This includes impairments of the land bank of €4 million and restructuring costs of €5 million. The result was also affected by a book profit of €3 million as a result of the sale of CNG net B.V. and LNG net 24 B.V.. The revenue of Building & Development rose by 16% to €611 million as a result of higher sales in the Northern region. Building & Development's assets increased by €57 million to €332 million. This is largely due to an increase in the PPP receivables. The land positions decreased by €12 million to €130 million, consisting of sales of €8 million and a write-down of €4 million.

Specialized Companies segment:

Specialized Companies achieved a positive result of €5 million. The improvement results from the reorganizations implemented in 2013, which led to lower operating costs in 2014. Total assets decreased by €46 million to €69 million as a result of the lower investments

Supplies segment:

The revenue of Supplies decreased by €30 million to €151 million. The sale of a 30% interest in the subsidiary Bontrup Beheer B.V. and the 92.5% subsidiary Ballast Phoenix Ltd., supported the result with a book profit of approximately €20 million. The result is also affected by an impairment of €3.8 million on the Grosskunkel concession. The assets of Supplies therefore declined by €43 million to €135 million.

Other Activities segment

This segment comprises the non-recharged overhead costs of the holding company. In addition, the result in 2014 was negatively impacted by restructuring costs of €17 million and an impairment of €31.7 million of deferred tax assets. The finance expense of €7 million is mainly in the Other Activities segment.

The number of employees employed abroad was 24 (2013: 115).

Segmentatie 2013

x € 1 million	Infrastructure	Building & Development	Specialized Companies	Supplies	Subtotal operating segments	Reconciliation 1)	Total
Revenue	546	528	260	181	1 515	(285)	1 230
Other operating income	-	-	-	3	3	-	3
Total operating expenses	(542)	(533)	(273)	(170)	(1 518)	277	(1 241)
Share in profits of associates	-	-	-	-	-	-	-
Earnings before interest, taxes, depreciation and amortization (EBITDA)	4	(5)	(13)	14	-	(8)	(8)
Impairment	-	(3)	-	1	(2)	(1)	(3)
Depreciation	-	(3)	(6)	(9)	(18)	(2)	(20)
Earnings before interest, taxes and amortization (EBITA)	4	(11)	(19)	6	(20)	(11)	(31)
Amortization	-	-	-	-	-	(1)	(1)
Earnings before interest and taxes (EBIT)	4	(11)	(19)	6	(20)	(12)	(32)
Net finance income and expense							(7)
Share in profits of associates							1
Income tax expense							(3)
Profit for the period							(41)
Margin	0,7%	(2,2%)	(7,3%)	3,3%			(2,6%)
Order book	596	691	113	52	1 452	5	1 457
Capital employed (2)	(21)	35	33	117	164	(22)	142
Assets (3)	247	275	115	178	815	11	826
Investments in property, plant and equipment	6	1	4	12	23	8	31
Associates	-	2	-	-	2	-	2
Liabilities (4)	277	260	74	65	676	60	736
Impairment of Intangible assets and property, plant and equipment							
impairment	-	(3)	-	-	(3)	(1)	(4)
reversal of impairments	-	-	-	1	1	-	1
Average number of employees							
temporary employment	35	53	55	16	159	25	184
permanent employment	515	1 116	774	579	2 984	231	3 215
Total employees	550	1 169	829	595	3 143	256	3 399

(1) The reconciliation column relates to holding entities and intersegment eliminations.

(2) Capital employed is non-current assets plus current assets minus current liabilities, excluding net cash.

(3) Assets are defined to encompass non-current and current assets.

(4) Liabilities are defined to encompass non-current and current liabilities.

Infrastructure segment

Infrastructure achieved a positive result of €4 million. Good results on a number of large-scale projects exceeded the loss on the major A15 Maasvlakte-Vaanplein project and the losses on a number of old regional projects dating from before the 2012 restructuring.

Building & Development segment:

Building & Development recorded an operating loss of €11 million due to impairment losses (€6 million) and reorganization expenses (€5 million). The revenue of Building & Development decreased by 8% to €528 million due to the decline in regional building companies. Building & Development's assets decreased by €39 million to €275 million as a result of a decrease in inventories of unsold property and lower land positions. The land positions recorded a decrease of €10 million to €142 million, comprising sales of €9 million and a write-down of €1 million.

Specialized Companies segment:

Specialized Companies recorded a disappointing €19 million loss. This includes a reorganization expense of €5 million. The successes recorded in the well-performing businesses were overshadowed by losses in two specialist businesses. The total assets decreased by €16 million to €115 million as a result of the lower investments.

Supplies segment

The revenue of Supplies decreased by €35 million to €181 million. Improved results in the prefab businesses and the sale of Yvoir and of a minority interest in an asphalt plant supported the result. Supplies' assets decreased by €27 million to €178 million, particularly due to the sale of Yvoir and an interest in an asphalt plant.

The number of employees employed abroad was 115 (2012: 159).

Operating segments (continued)

Geographical segments

x € 1 million	Revenue		Activa		Other fair value investments	
	2014	2013	2014	2013	2014	2013
The Netherlands	949	981	89	135	(1)	5
Other Europe	187	204	5	16	1	(1)
Africa	3	1				
Asia	-	8				
South America	21	30				
Other	6	6				
Total	1 166	1 230	94	151	-	4

81% of revenues (2013: 80%) were generated in the Netherlands. The assets reported under the geographic segments comprise the non-current assets, excluding financial instruments and deferred tax assets.

7.7 Disposals

1 Disposals

On 16 June 2014 Ballast Nedam reached agreement on the sale of the UK activities of the subsidiary Recycling Maatschappij Feniks B.V. (Feniks Recycling) to H2 Equity Partners (H2). The UK activities were conducted by Ballast Phoenix Ltd, the market leader in recycling of waste incineration ash in the United Kingdom.

The sale of the minority interest (7.5%) of the co-founder of Ballast Phoenix Ltd., David York, to H2 formed part of the same transaction. Feniks Recycling will continue its activities outside the United Kingdom as part of Ballast Nedam. Ballast Phoenix Ltd was sold for €38 million (100%, including €3.5 million earn-out) and generated a book profit of approximately €22 million for Ballast Nedam. The sum of €3.5 million has not been stated in the 2014 figures.

On 26 July 2014 Ballast Nedam concluded an agreement with Bencis Capital Partners B.V. ('Bencis') on the sale of CNG Net B.V., LNG24 B.V. and CNG Net Realisatie en Onderhoud B.V.. This package of disposals represents a total selling price of approximately €26.5 million, and generates a book profit of €3 million for Ballast Nedam.

On 3 July 2014 Ballast Nedam sold the 30% interest in the management company Fr. Bontrup B.V. to the owner of the remaining 70% of the shares in this family business Fr. Bontrup Holding B.V.. The interest was sold at book value.

On 28 November 2014 Ballast Nedam reached agreement on the sale of Ballast Nedam Offshore's activities to Van Oord B.V.. This transaction comprises the sale of Ballast Nedam Offshore assets, the staff of the EPCI services (EPCI: engineering design, procurement, construction and installation), the Heavy Lift Vessel Svanen, and the Westermeerwind project, which is in progress. The book value on this transaction amounted to approximately €53 million. In accordance with the contractual agreements, the negative or positive difference in results from the Westermeerwind project will be offset at the time of delivery.

Summary of disposals

x € 1 million	
Financial assets	-
Intangible assets	10
Deferred tax asset	2
Property, plant and equipment	57
Inventories	5
Receivables	15
Trade payables	(30)
Deferred tax liability	(4)
Provisions	-
Loans	(22)
Net assets and liabilities	33

x € 1 million

Considerations received in cash	122
Disposed cash and cash equivalents	(11)
Net cash - inflow	111

7.8 Notes to the consolidated statement of financial position

2 Intangible assets

x € 1 million	Note	Goodwill	Concessions	Other	Total
Cost					
31 December 2012		16	31	6	53
Investments		-	5	1	6
Acquisitions					
Disposals		-	(2)	-	(2)
Sale of subsidiary					
Assets held for sale	16	(3)	(8)	-	(11)
31 December 2013		13	26	7	46
Investments		-	1	1	2
Acquisitions					
Disposals		(1)	-	-	(1)
Sale of subsidiary		-	1	-	1
Assets held for sale					
31 December 2014		12	28	8	48
Amortization and accumulated impairment					
31 December 2012		5	13	4	22
Acquisitions					
Amortization					
Impairment		3	-	1	4
Disposals					
Sale of subsidiary					
Assets held for sale	16	(1)	-	-	(1)
31 December 2013		7	13	5	25
Acquisitions					
Amortization		-	1	-	1
Impairment		1	4	1	6
Disposals					
Sale of subsidiary					
Assets held for sale					
31 December 2014		8	18	6	32
Carrying amount					
31 December 2013		6	13	2	21
31 December 2014		4	10	2	16

Goodwill

An impairment test is performed at least annually, or earlier if there are indications of impairment. Estimated future cash flows are discounted using a pre-tax discount rate of 9%. The business plan was followed for the projections for 2015 to 2017, inclusive. The residual value was calculated for the infinite cash flow assuming a growth rate of between 1.5%. As a result of the disposal of the interest in Bontrup Beheer B.V. the related goodwill of €1 million has been written off. With regard to the other goodwill impairment tests, a 1% increase in the pre-tax discount rate or a 1% decrease in the growth rate would not lead to an impairment.

Goodwill

x € 1 million	31 December 2014	31 December 2013
Bontrup Beheer B.V.		1
Verkaik B.V.	2	2
Bouw Noord B.V.		
Concrete Valley B.V.	2	2
Other	-	1
Total	4	6

Concessions

Ballast Nedam holds concessions for high-grade primary raw materials in Belgium, Germany and the Netherlands. Amortization is proportionate to extraction. The remaining weighted average amortization period for concessions at the year-end was 14 years (2013: 33 years). The changes are due to the disposal of the Bontrup Beheer B.V. holding. Ballast Nedam incurred no significant raw material and minerals exploration costs in 2014 for raw materials with unproven technical or commercial extraction potential. In 2014 and impairment was recognized on the concession of Grosskunkel Rurkies GmbH of €4 million as a result of changing market conditions.

Procurement obligations

As at the end of the reporting period, Ballast Nedam had no material outstanding purchase commitments relating to intangible assets.

Research & development expenses

In 2014 expenses of €6 million were recognized in the income statement for product development and other innovations (2013: €13 million). No material development expenses were capitalized.

3 Property, plant and equipment

x € 1 million	Note	Land and buildings	Plant and equipment	Other operating assets	Total
Cost					
31 December 2012		87	269	33	389
Investments		3	16	-	19
Acquisitions					
Disposals		(5)	(23)	(8)	(36)
Sale of subsidiary		-	(13)	-	(13)
Foreign currency translation differences		-	-	-	-
Assets held for sale	16	(5)	(35)	-	(40)
31 December 2013		80	214	25	319
Investments		1	9	2	12
Acquisitions					
Disposals		-	(21)	1	(20)
Sale of subsidiary		(9)	(45)	(6)	(60)
Foreign currency translation differences		-	1	-	1
Assets held for sale	16	-	(1)	-	(1)
31 December 2014		72	157	22	251
Depreciation and accumulated impairment					
31 December 2012		33	169	25	227
Impairment		(1)	-	-	(1)
Depreciation		4	14	2	20
Disposals		(2)	(20)	(7)	(29)
Sale of subsidiary		-	(10)	-	(10)
Foreign currency translation differences		-	-	-	-
Assets held for sale	16	(1)	(17)	-	(18)
31 December 2013		33	136	20	189
Impairment		-	1	-	1
Depreciation		2	11	2	15
Disposals		-	(5)	(2)	(7)
Sale of subsidiary		(4)	(21)	-	(25)
Foreign currency translation differences		-	-	-	-
Assets held for sale		-	-	-	-
31 December 2014		31	122	20	173
Carrying amount					
31 December 2013		47	78	5	130
31 December 2014		41	35	2	78

The investments in land and buildings and in equipment and inventories in both 2014 and 2013 were mainly for the Supplies segment. The subsidiary CNG Net B.V. also invested over €3.5 million in fuel filling stations (2013: €6 million). The investments in other operating assets in both 2013 and 2012 were mainly in ICT hardware. In 2014 the 'sale of subsidiaries' item related to the sale of Bontrup Beheer, Ballast Phoenix Ltd, CNG net B.V. and LNG24 B.V.. The disposals in 2014 took place in the Building & Development and Supplies segments (2013: in the Specialized Companies and Supplies segment).

Security

Property, plant and equipment with a carrying amount of €37 million (2013: €32 million) have been provided as mortgage collateral.

Financial lease

Ballast Nedam leases various items of property, plant and equipment through financial lease contracts. Ballast Nedam has the option to buy the assets at the end of several of the lease contracts. The leased assets serve as security for the lease obligations. At the end of the reporting period, the carrying amount of leased assets was €2 million (2013: €6 million).

4 Financial assets

x € 1 million	Note	31 December 2014	31 December 2013
PPP receivables	4.1	-	7
Other fair value investments	4.2	2	2
Other receivables	4.3	3	-
Total		5	9

4.1 PPP-receivables

x € 1 million	Note	2014	2013
1 January		7	-
Recognized receivables		43	7
Sales of subsidiaries		-	-
Capitalized interest		-	-
Assets held for sale	16	(50)	-
31 December		-	7
of which:			
Non-current		-	7
Current		-	-

Receivables in respect of Public-Private Partnership (PPP) agreements relate to concession fees from public authorities receivable in connection with the building and operation of the Zaanstad detention centre. Given the intention to reduce the share by 75%, this has been placed under assets held for sale. No PPP projects were sold in 2014 or 2013.

The interest income on the PPP receivables and the interest expenses on the PPP loans are recognized as interest income and expenses in the income statement. The current portion of the PPP receivables is included in receivables.

The PPP receivables have been pledged as security for the associated loans.

4.2 Other investments

x € 1 million	Proportion owned	Land	31 December 2014	31 December 2013
Name				
CV GEM Vleuterweide	13.4%	The Netherlands	2	2
Other			-	-
Fair value			2	2

The fair value of the interest in the CV GEM Vleuterweide has been measured on the basis of the present value of the expected cash flows.

4.3 Other receivables

Other receivables include receivables from third parties falling due more than one year after the end of the reporting period. At year-end 2014 these amounted to €3 million (2013: zero).

5 Investments in associates and joint ventures

Associates are those entities in which Ballast Nedam exercises significant influence on the financial and operating policy, but over which it does not have control.

Joint ventures are collaboration agreements in which Ballast Nedam works with other parties and has joint control and a right to the net assets of the joint venture.

The parties concerned have contractually agreed that control will be shared and that decisions on relevant activities require the unanimous consent of the parties which have joint control of the joint venture.

The relevant financial details of the principal associates are shown in the summary below. The total value of these associates on the reporting date was €9 million (2013: €12 million). In general, the payment of dividend and/or depositing of temporary liquidity surpluses from joint ventures and associates depends on the authorizations of other shareholders.

x € 1 million	Type	Location	31 December 2014			2014		Share of Ballast Nedam in %	Share of Ballast Nedam in € mln
			Assets	Liabilities	Equity	Revenues	Results		
Name									
Benelux Secondary PPP Fund 1	AS	Nieuwegein	28	28	-	-	-	20%	-
Waldwei.com B.V.	AS	Garijp	27	22	5	-	2	33%	2
Traffic Service van Strien	AS	Oss	15	9	6	32	2	25%	2
Nederlandse Freesmaatschappij B.V.*	AS	Mijdrecht	17	10	7	29	2	17%	1
Asfalt Productie Rotterdam B.V.	AS	Rotterdam	13	7	6	27	1	25%	2
Ursem modulaire Bouwsystemen	JV	Wognum	3	1	2	8	-	41%	1
Pi2 DBMO B.V.*	JV	Nieuwegein	15	15	-	46	-	65%	-
Expl. Maatschappij Komfort B.V.	JV	Nieuwegein	8	8	-	15	-	50%	-
Expl. Maatschappij DC16 B.V.	JV	Utrecht	1	3	(2)	2	-	50%	(1)
Expl. maatschappij A15 B.V.	JV	Nieuwegein	2	2	-	-	-	33%	-
Windinvest	JV	Nieuwegein	3	2	1	-	1	50%	1
Asfalt Productie Amsterdam B.V.	AS	Amsterdam	8	4	4	17	2	25%	1
COBETON B.V.	AS	Utrecht	1	-	1	2	2	25%	-
Other	AS	Various							
Total			141	111	30	178	12		9

* The degree of significant influence is determined through participation in the management of the respective associates. The extent of control relationships determines the working method for the joint ventures.

x € 1 million	Type	Location	31 December 2013			2013		Share of Ballast Nedam in %	Share of Ballast Nedam in € mln
			Assets	Liabilities	Equity	Revenues	Results		
Naam									
Benelux Secondary PPP Fund 1	AS	Nieuwegein	25	14	11	-	1	20%	2
Waldwei.com B.V.	AS	Garijp	28	24	4	-	1	33%	1
Traffic Service van Strien	AS	Oss	15	9	6	33	1	25%	2
Nederlandse Freesmaatschappij B.V.	AS	Mijdrecht	17	10	7	30	2	17%	1
Asfalt Productie Rotterdam B.V.	AS	Rotterdam	18	12	6	30	1	25%	2
Ursem modulaire Bouwsystemen	JV	Wognum	6	4	2	3	(1)	41%	1
Pi2 DBMO B.V.	JV	Nieuwegein	1	1	-	-	-	65%	-
Expl. Maatschappij Komfort B.V.	JV	Nieuwegein	4	4	-	13	-	50%	-
Expl. Maatschappij DC16 B.V.	JV	Utrecht	1	2	(1)	3	-	50%	(1)
Expl. maatschappij A15 B.V.	JV	Nieuwegein	1	1	-	-	-	33%	-
Windinvest	JV	Nieuwegein	2	2	-	-	-	50%	-
Asfalt Productie Amsterdam B.V.	AS	Amsterdam	10	6	4	-	-	25%	1
COBETON B.V.	AS	Utrecht	1	1	-	5	-	25%	-
Other	AS	Various							3
Total			129	90	39	117	5		12

6 Deferred tax

Deferred tax assets arise from the recognition of carry-forward tax losses, from temporary differences between the accounting carrying amounts and tax base of assets and liabilities, and from deferred taxation of the revaluation of derivatives to fair value.

6.1 Deferred tax assets

x € 1 million	2014	2013
1 January	32	32
Movement through comprehensive income		2
Derecognition of carry-forward losses	(13)	
Use of temporary differences	(18)	(2)
Loss measurement		
Changes in estimates related to prior years		
Movement through income statement		
Asset held for sale	(1)	
31 December	-	32

The Dutch tax group has approximately €261 million of carry-forward losses (2013: approximately €100 million) in the Netherlands, which have not been recognized (2013: €54 million). These tax losses have limited carry forward in the Netherlands. The remaining carry-forward period is between two and nine years (2013: average six years). In 2014 €18 million was written off with regard to temporary differences as a result of the disposal of the lifting vessel *Svanen*. €13 million of recognized tax losses were also written off in 2014. This was in connection with the realized losses over the past three years, the business plans for the forthcoming three years and associated inherent uncertainties in the company plan (see page 142 to 145 continuity and liquidity). It is expected that the carry-forward losses can be utilized in the future. Besides carry-forward losses, Ballast Nedam's Dutch tax group has unrecognized pre-incorporation profit of foreign permanent establishments that is eligible for set-off to prevent double taxation.

At the end of the reporting period Ballast Nedam had approximately €96 million of foreign pre-incorporation profit that in principle is eligible for unlimited set-off. In early 2013 Ballast Nedam received a tax assessment from the Dutch tax authorities that confirmed pre-incorporation profit at €48 million for the periods up to and including 2008.

Ballast Nedam also has carry-forward losses abroad that are unrecognized because settlement of losses is considered improbable in the countries concerned.

The deferred tax asset in respect of fair value changes of derivatives where the hedge relationship was effective was less than €1 million (2013: less than €1 million).

Ballast Nedam intends to liquidate several more foreign companies in the next few years. The size of the possible liquidation losses cannot yet be reliably estimated.

6.2 Deferred tax liabilities

x € 1 million	2014	2013
Intangible assets	-	2
Property, plant and equipment	-	2
Liabilities held for sale	-	(4)
1 January	-	-
Movement through comprehensive income	1	-
Movement through income statement	-	-
31 December	1	-

Deferred tax liabilities arises from temporary differences between the accounting carrying amounts and tax base of assets and liabilities. These temporary differences were attributable to the items shown in the above table.

6.3 Current liabilities, income tax payable

The income tax payable consists of income tax due outside the tax group, and amounted to zero (2013: €1 million).

7 Inventories

x € 1 million	31 December 2014	31 December 2013
Land positions	130	142
Unsold stock under construction	4	5
Unsold stock delivered	7	10
Residential building projects	-	-
Finished product	8	12
Raw material & semi-finished goods	(1)	5
Inventories held for sale		
Total	148	174

The accumulated impairment losses for land positions amounted to €44 million (2013: €40 million). The adjustment of a number of land positions to lower net realizable value amounted to €4 million (2013: €1 million). Land positions were sold for a net amount of €7 million in 2014. Land positions are acquired and held for future development purposes, and are recognized at the lower of historical cost and net realizable value. The net realizable value is the higher of the current market value and the present value of the estimated future cash flows. The future cash flows are estimated using scenario and sensitivity analyses. The present value estimates are based on a discount rate of 9%. The €130 million carrying value of the land positions includes €50 million of pledged positions for the FGH loan of €29 million at the end of 2014 (see also note 12).

Prepayments on inventories

Prepayments on inventories amounted to €2 million (2013: €2 million) and were related to housebuilding projects in which the value of the work performed was lower than the amount of the instalments invoiced.

8 Work in progress

x € 1 million	31 December 2014	31 December 2013
Work in progress under current assets	52	135
Work in progress under current liabilities	(88)	(105)
Total	(36)	30
Project costs including recognized results	1 595	614
Instalments	(1 631)	(584)
Total	(36)	30
Instalments received	1 524	436
Outstanding instalments	107	148
Retained from instalments	-	-
Total	1 631	584

The valuation of work in progress is assessed periodically for each project by the project manager and the management. This assessment is made on the basis of records in project files, cost monitoring, including estimates of financial settlements of projects such as contract variations and claims. Substantial fluctuations may arise in 'work in progress' in the course of the year in view of its project-related nature.

The net gain on work in progress consists of all construction contracts on behalf of third parties where the expenses incurred plus the deferred profit, minus the recognized losses, exceed the instalments invoiced. This net gain decreased by €83 million relative to 2013.

The net loss on work in progress consists of all construction contracts on behalf of third parties where the expenses incurred plus the deferred profit, minus the recognized losses, are less than the instalments invoiced.

This net gain decreased by €17 million relative to 2013.

The total work in progress thus decreased by €66 million because of lower prepayments for projects and additional project on the A15 Maasvlakte-Vaanplein and A2 Maastricht projects.

The work in progress item predominantly has a term of less than 12 months.

9 Receivable

x € 1 million	31 December 2014	31 December 2013
Instalments	107	148
Trade receivables	62	64
Prepaid expenses	2	2
Receivables held for sale		
Total	171	214

As at 31 December 2014, instalments included zero (2013: zero) retentions related to work in progress. Retentions are stated at the present value.

Aging analysis of instalment and trade receivables

x € 1 million	31 December 2000	31 December 2013
0 - 30 days	106	145
31 - 60 days	24	37
61 - 90 days	11	12
91 - 365 days	19	13
Older than 1 year	16	12
	176	219
Write-down on bad debtors	(7)	(7)
Total	169	212

Ballast Nedam employs prepayments, guarantees and collateral on projects under construction in order to limit the credit risk on the above categories of instalments and trade receivables. The average payment period is 45 days (2013: 45 days). The total of outstanding instalments after the due date of the invoice amounts to approximately €52 million.

The provision for bad debtors amounted to €7 million (2013: €7 million) and has been deducted from trade receivables. €2 million of this is attributable to debtors in the category 91-365 days and €5 million is attributable to the category older than 1 year. The movements in the provision were as follows.

Voorziening dubieuze vorderingen

x € 1 million	31 December 2014	31 December 2013
1 January	7	6
Addition	3	3
Reversals	(2)	(2)
Utilization	(1)	-
31 December	7	7

At the end of the reporting period, as in the previous year, there were no known attachmentsof receivables.

10 Net cash

x € 1 million	31 December 2014	31 December 2013
Cash and cash equivalents	70	51
Escrow account	53	
Bank overdrafts	(3)	(22)
Total	120	29
Fully consolidated	87	(3)
Share in joint operations	33	32
Total	120	29

Position as at reporting date

The net cash consists of the balance of cash and bank loans that cannot be offset against one another, but which are treated together for cash management purposes. €52.8 million of the net cash is held on an escrow account as a result of the disposal of offshore activities and is not freely available due to the arrangements with respect to the refinancing agreement (€2 million in 2013).

Ballast Nedam has committed credit facilities with three banks for a total of €43 million. Ballast Nedam made use of these facilities in the course of the year under review. None of the facility was utilized as at year-end 2014 (as at 31 December 2013 this figure was €17 million).

Position in April 2015

The banking syndicate, comprising ING bank, Rabobank and Royal Bank of Scotland, expressed its support in April 2015 and defined the details of a refinancing agreement jointly with Ballast Nedam and other interested parties. The existing combined committed facility of guarantees and credit for three years was converted into a combined committed two-year facility of guarantees, cash and subordinated loans, in which the subordinated loans have a three-year term. See the notes concerning continuity and liquidity on pages 142 to 145.

11 Other liabilities

x € 1 million	31 December 2014	31 December 2013
VAT, payroll tax and social security contributions	17	23
Pension premiums	-	-
Charges relating to work in progress	93	108
Other	85	72
Total	195	203

The other items amounting to €85 million (2013: €72 million) included liabilities for holiday pay/owed holiday (€14 million) (2013: €15 million), accruals, amounts owed to joint venture partners and various other liabilities that cannot be allocated to the other liability categories.

12 Loans

x € 1 million	2014	2013
1 January	108	118
Loans drawn	48	14
Repayments	(14)	(15)
Sales of subsidiaries	(6)	-
Liabilities held for sale	(49)	(9)
31 December	87	108
Non-current	56	100
Current	31	8
31 December	87	108
Recourse loans	82	90
Non-recourse loans	5	18
31 December	87	108
Non-current		
Business loans	49	50
Land bank financing	4	36
PPP loan	-	2
Finance leases	2	3
Other loans	1	9
31 December	56	100
Current		
Business loans		1
Land bank financing	30	4
PPP loan		1
Finance leases		2
Other loans	1	
31 December	31	8

12.1 Loans per bank

x € 1 million	Currency	Maturity date	Interest	Facility	31 December 2014	31 December 2013
Rabobank	EUR	2017	5.40%	50	49	50
FGH Bank	EUR	2015	Euribor 3-month + margin	36	29	33
NIBC Bank	EUR	2016	Euribor 3-month + margin	7	3	5
NIBC Bank	EUR	2015	Euribor 3-month + margin	10		10
Bank Dutch municipalities (PPP)	EUR	2034	Euribor 3-month + margin	8		5
NIBC Bank (PPP)	EUR	2016	Euribor 1-month + margin	53		2
ING Bank (PPP)	EUR	2016	Euribor 1-month + margin	65		1
Institutional investors (pps)	EUR	2040	Constant	72		
Other	EUR			9	6	2
Total				310	87	108

Position as at the reporting date

Rabobank

The €49 million loan matures on 1 April 2017. The loan has an unchanged fixed interest rate of 5.4%. As security for the loan, mortgages were taken out on a number of registered properties in use by Ballast Nedam.

FGH Bank

Ballast Nedam has financing facilities of €36million with FGH Bank for a number of land positions, which have been placed in a separate company. The relevant land positions serve as security for the loan. The interest rate is three-month Euribor plus a margin of 200 basis points. The loan does not contain any financial covenants. The loan will be repaid in full or in part on the sale of the land positions. At year-end 2014, €29 million of this facility was being utilized.

FGH Bank also provided financing for various company buildings. At year-end 2014, approximately €1 million of this amount remained outstanding (2013: €1 million).

NIBC Bank

IJsseloord beheer B.V., in which Ballast Nedam has a 50% interest, has an overdraft facility of €14 million for the IJsseloord 2 project in Arnhem. The loan was extended in 2013 and now expires on 31 December 2016. The interest rate is three-month euribor plus a margin of 325 basis points. At year-end 2014, €6 million of this facility was being utilized. Ballast Nedam N.V. does not guarantee this loan.

Position as at April 2015

The banking syndicate, comprising ING bank, Rabobank and Royal Bank of Scotland, expressed its support in April 2015 and defined the details of a refinancing agreement jointly with Ballast Nedam and other interested parties. The existing combined committed facility of guarantees and credit for three years was converted into a combined committed two-year facility of guarantees, cash and subordinated loans, in which the subordinated loans have a three-year term. See the notes concerning continuity and liquidity on pages 142 to 145.

12.2 PPP loans per project

x € 1 million	2014	2013
Non-current		
PI2 BV		3
31 december		3

The loans represent Ballast Nedam's proportional share of finance for the 'Design, Build, Finance, Maintain, Operate' contracts of the PPP projects. The shares of the companies that are responsible for these projects, and all other receivables and assets of these companies, have been pledged as collateral.

Alongside its 20% participation in the Benelux Secondary PPP Fund 1 and its 4.8% participation in the A15 Maasvlakte-Vaanplein PPP project, Ballast Nedam is involved in the following PPP projects.

1) Waldwei. This project provides availability of the N31 motorway in the Netherlands, which opened in 2008. The remaining term of the concession is 8 years. Ballast Nedam has a 33% interest. 2) Zaanstad detention centre. This project consists of the building and provision of a detention centre for the Ministry of Security and Justice. The term is 28 years. Ballast Nedam has a 100% interest.

3) IXAS A9 Gaasperdammerweg. This project includes the design, construction, financing, maintenance and operations of the existing and new infrastructure of the A9 between Diemen and Holendrecht. Ballast Nedam has a 25% interest and will remain involved in the maintenance and operations for a further 20 years after the completion of the infrastructure.

At the end of the term the concession rights to the aforementioned PPP projects will transfer to the client. The PPP loans are zero due to the intended Zaanstad Penitentiary PPP project. This has been classified as an asset held for sale.

Capital contributions

At year-end 2014 the accumulated capital contributions amounted to €3 million (2013: €3 million). At the end of the reporting period, Ballast Nedam had unconditional capital contribution commitments of €21 million (2013: €9 million) in relation to the Zaanstad Detention Centre PPP project. The increase in the liabilities is due to the acquisition of the 25% interest in the IXAS A9 Gaasperdammerweg PPP project.

12.3 Finance leases

x € 1 million	2014	2013
Less than 1 year		2
1 - 5 years	2	1
More than 5 years		
Future lease instalments	2	3
Future finance expense		
Less than 1 year		2
1 - 5 years	2	2
More than 5 years		
Present value of finance leases	2	4

The finance expense attributable to financial leases was, as in the previous year, less than €1 million in 2014. The financial leases involve no constraints on financing or dividend policy.

13 Other long-term employee benefits

x € 1 million	Long-term illness	Long-service bonuses	Other remuneration	Total employee benefits	
				2014	2013
1 January	1	4		5	4
Addition					1
Interest accrual					
Utilization		(1)		(1)	
31 December 2014	1	3		4	5
of which recognized under current liabilities				4	5

Long-term illness and long-service bonuses

The discount rate of the provision for long-term illness and long-service bonuses was 1.5% (2013: 5%).

Other employee benefits

Other employee benefits concern pension contributions payable to various pension funds. Most pension liabilities have been placed with Stichting Pensioenfonds Ballast Nedam. Apart from a small number of very limited defined benefit schemes, Ballast Nedam now has no such schemes. Ballast Nedam has a number of defined contribution pension schemes, under which employees' rights are based on the number of years service and salary level. The obligations under these pension schemes are systematically covered by means of payments into funds or to insurance companies. Under IAS 19 these are recognized as defined contribution schemes. Ballast Nedam is obliged to pay the prescribed contribution for these schemes. Ballast Nedam cannot be compelled to make up any deficits other than through future premium adjustments and cannot claim any surpluses in the pension funds. The coverage ratio of the industry pension scheme for the building industry (bpfBouw) that is accounted for as a defined contribution pension scheme was estimated as 114.5% at the end of 2014.

x € 1 million	Reorganisatie	Garantie verplichtingen	Overig	Totaal
31 December 2012	17	9	17	43
Addition	11	4	3	18
Unwinding of discount	-	-	-	-
Reversals	(2)	(2)	(3)	(7)
Utilization	(9)	(6)	(7)	(22)
31 December 2013	17	5	10	32
Addition	10	4	2	16
Unwinding of discount	-	-	-	-
Reversals	(1)	(2)	(1)	(4)
Utilization	(13)	(3)	(7)	(23)
31 December 2014	13	4	4	21
Current (< 1 year)				
31 December 2013	15	5	6	26
31 December 2014	10	4	3	17

The €10 million addition to the reorganization provision relates to the ongoing reorganization at the Building & Development segment, several specialized companies and restructuring costs of Ballast Nedam Holding. In the next three years the provision will generate a cash outflow of €13 million, most of which will occur in 2015. A large part of the amounts released from the reorganization provision comprised payments for severance arrangements and the settlement of a rental guarantee (2013: €9 million).

The provision for warranties relates to work which has been delivered. Of the addition to the provision, €4 million (2013: €4 million) was charged to income. Guarantee provisions no longer required amounting to €2 million (2013: €2 million) were released to income and €3 million (2013: €6 million) in guarantee liabilities was released for the settlement of guarantee claims.

The remaining provisions related to other claims against Ballast Nedam. The release of €1 million (2013: €3 million) relates to several provisions no longer needed for potential claims. The release of €7 million (2013: €7 million) partly related to the settlement of claims.

The finance expenses related to unwinding of discount on long-term provisions are shown in the income statement. Provisions are stated with compound interest only if a reasonable estimate can be made of the release date of the funds. The interest rate used is 3% (2013: 5%). In 2014 the unwinding of discount amounted to less than €1 million (2013: idem).

The authorized capital consists of 45,000,000 ordinary shares and amounts to €45 million. The issued share capital consists of 19,667,500 ordinary shares each of a par value of €1.

In July 2014 a €30 million rights issue took place to strengthen the financial position of Ballast Nedam. This involved the issue of 9,667,500 new depositary receipts for ordinary shares with a par value of €1 at an issue price of €3.10 per new depositary receipt. This led to an increase of €18 million in the share premium reserve. The net proceeds of this rights issue amounted to €27 million.

At the shareholders' meeting of May 2014 it was decided to amend the articles of association, with the authorized share capital being changed from €120 million to €45 million divided into 45 million shares each of a par value of €1.

The total number of repurchased shares at year-end 2014 was 332,500 (2013: 332,500) and is stated at acquisition price. None of the company's own shares were repurchased in 2014 (2013: zero) and none were sold (2013: idem). Ballast Nedam's policy is to avoid potential dilution through option rights granted by repurchasing a proportional number of its own shares.

Share capital

Share capital	31 December 2014	31 December 2013
Shares in issue at 1 January	9 667 500	9 667 500
Issued shares	9 667 500	
Net change in repurchased shares		
Shares in issue at 31 December	19 335 000	9 667 500

Translation differences arise on the conversion of the investments in foreign activities, including semi-permanent financing, and on the differences between results translated at the average exchange rate during the year and the exchange rate prevailing at the end of the reporting period.

The statutory reserves of the associate relate to profits and/or reserves of the associates and joint ventures which are subject to legal restrictions on distribution or restrictions imposed by the articles of association.

The movement is explained by an increase in the shareholders' equity of associates and joint ventures for which the equity method is used and where payment is restricted through the influence of partners.

The hedging reserve comprises the cumulative net movement in the fair value of derivative financial instruments, for which the hedged transaction has yet to take place.

No dividend was paid in 2014. The Board of Management, with the approval of the Supervisory Board, proposes to refrain from distributing a dividend (2013: zero).

Share-based transactions, the option scheme, relates to the addition to the other reserves because of the employee benefits recognized in respect of options granted. In 2014, the movement in shareholders' equity amounted to €1,400,000 negative (2013: €900,000).

16 Assets and liabilities held for sale

Ballast Nedam measures assets held for sale at the lower of carrying amount and fair value less costs to sell. On 31 December 2014, Ballast Nedam identified its 20% interest in Benelux Secondary PPP Fund 1 and its 75% interest in the PI2 B.V. and Vastgoed Energie Explotatiemaatschappij B.V. PPP project as a group which is directly available for sale and which fits in with the strategy to strengthen the asset position of Ballast Nedam. The aforementioned companies are part of the Building & Development segment. The impact on the consolidated statement of financial position of Ballast Nedam is shown in the table below. It is expected that this sale will take place in the course of 2015. In 2013 Feniks Recycling Maatschappij B.V. and the 30% interest in Bontrup B.V. were identified as assets held for sale. In 2014 this led to the sale of the 30% interest in Bontrup B.V. and Ballast Phoenix Ltd, the British subsidiary of Feniks Recycling Maatschappij B.V.. Feniks Recycling Maatschappij B.V. itself is no longer identified as held for sale.

Compressed overview assets held for sale

x € 1 million	
Intangible assets	-
Property, plant and equipment	1
Financial assets	50
Deferred tax assets	1
	52
Current liabilities	-
Non-current liabilities	(51)
	(51)

7.9 Notes to the income statement

17 Total revenue

x € 1 million	2014	2013
Sale of goods	191	184
Services	85	73
Construction contract revenue	890	1 011
Other	-	(38)
Total	1 166	1 230

18.1 Other operating income

The other operating income amounted to €76 million in 2014. This relates principally to book profits on disposals in 2014 (2013: €3 million).

18.2 Costs of raw materials and subcontractors

The costs of raw materials and subcontractors comprise an expense of €4 million due to the impairment of a number of land positions to lower market value. In 2013 this expense amounted to €1 million. These costs also include project losses on the Mava /A15 (€66 million) and Avenue 2 (€20 million) projects, other infrastructure project losses and the Breda public transport terminal. For the Mava/A15, Avenue A2 and Breda public transport terminal projects there are wide variations in the forecasts of both revenues and costs.

18.3 Employee benefits

x € 1 million	2014	2013
Wages and salaries	181	213
Social security costs	28	30
Pension charges	20	24
Total	229	267
Pension charges, defined contribution plan	20	24
Pension charges	20	24

19 Finance income and expense

x € 1 million	31 December 2014	31 December 2013
Interest on bank deposits	-	-
Interest on hedging instruments	-	-
Capitalized interest on PPP receivables	-	-
Capitalized interest on other assets	-	-
Finance income	-	-
Unwind of discount on provisions	-	-
Interest charge on hedging instruments	-	-
Interest expenses	(7)	(7)
Finance expense	(7)	(7)

The tax charge was €34 million (2013: €3 million), most of which relates to the write-off of the deferred tax asset. A current charge of €2 million falls entirely outside the Dutch tax group. The Dutch tax group has approximately €261 million (2013: approximately €100 million) of carry-forward losses in the Netherlands, €0 million of which have been recognized (2013: €54 million). In 2014 €72 million of temporary differences were written off as a result of the disposal of the offshore activities and €54 million of recognized carry-forward losses.

Reconciliation with the effective tax rate

x € 1 million	2014		2013	
Profit before income tax		(69)		(37)
Nominal taxes (25%)	25.0%	17	25.0%	7
Additional tax-deductible losses	0.0%		5.4%	2
Deferred results not included in the fiscal unity	(57.4%)	(40)	(29.7%)	(11)
Deferred results not included outside the fiscal unity	0.0%		0.0%	3
Effect of tax rates of foreign jurisdictions	(2.9%)	(2)	0.0%	
Tax-exempt results	6.0%	6	0.0%	
Derecognition of carry-forward losses	(19.2%)	(14)	(5.4%)	(2)
Non-deductible expenses	(1.5%)	(1)	(5.4%)	(2)
Effective tax expense	(50.0%)	(34)	(10.1%)	(3)

Income tax due recognized in income statement

x € 1 million	2014		2013	
Current income tax				
Tax outside the fiscal unity		(2)		3
		(2)		3
Deferred taxation				
Tax-deductible losses				2
Derecognition of carry-forward losses		(13)		(2)
Recognized temporary differences		(18)		
Changes in estimates related to prior years				
Movement in provision for deferred taxation		(1)		
Total income tax expense		(34)		(3)

Deferred taxes recognized directly in comprehensive income

x € 1 million	2014	2013
Derivatives in net changes in hedging reserve	-	-
Total	-	-

The utilization of carry-forward losses was realized outside Ballast Nedam's Dutch tax group.

21 Earnings per share

	2014	2013
Shares issued at 1 January	10 000 000	10 000 000
Issued this year	9 667 500	
Repurchased own shares	(332 500)	(332 500)
Shares in issue at 31 December	19 335 000	9 667 500
Maximum shares issued on options		
Number shares diluted	19 335 000	9 667 500
Average number of issued shares	14 501 250	9 667 500
Average number of issued shares (diluted)	14 501 250	9 672 643
Profit for the period	(103)	(41)
Basic earnings per share (€)	(5.33)	(4.22)
Diluted earnings per share (€)	(5.33)	(4.22)

Based on the average share price the option scheme did not have a dilutive effect on the earnings per share in 2014.

Financial risk management

General

Ballast Nedam identifies various categories of financial risk factors with respect to currency, credit and liquidity. The risks concerned are not uncommon in the industry. Ballast Nedam also makes use of financial instruments, including derivatives, in its normal business operations. These are financial instruments entered into in order to hedge future transactions and cash flows and are recognized in the statement of financial position. Ballast Nedam does not trade these financial derivatives.

Ballast Nedam determines the fair value of derivatives on the basis of listed market prices when these are available. If they are unavailable, the fair value is determined by discounting the difference between the current market price of the hedged variable and the contracted price at a risk-free interest rate.

Treasury is a central responsibility at Ballast Nedam, and is organized as such. The treasury policy is aimed at creating and maintaining the best possible financial conditions for Ballast Nedam's operating activities, to which end the operating companies' bank accounts are held in a bank in two cash pools. Surplus cash is transferred to the money market on a daily basis, by contracting call funds and short-term deposits.

Financial risk factors

Market risks

Exchange risk

Ballast Nedam is exposed to foreign currency translation risk on revenue, project operating costs, loans and investments in associates, held in currencies other than the Group's functional currency. Most transactions of this kind are in USD. Forward exchange contracts with first-class banks may be contracted to hedge the transaction risk on cash flows generated by ordinary business activities. At year-end 2014, Ballast Nedam had no outstanding forward exchange contracts recognized at fair value in the statement of financial position.

Ballast Nedam is exposed to the following foreign currency translation risks in nominal amounts:

Foreign currency translation risk

x 1 million	31 December 2014		31 December 2013	
	USD	GBP	USD	GBP
Receivables	9		9	3
Loans				2
Bank overdrafts				
Trade payables	(6)		(6)	(2)
Other liabilities				(1)
Foreign currency translation risk on balance sheet items	3		3	2
Expected sales	13		14	22
Expected purchases	1		(4)	(14)
Future foreign currency translation risks	14		10	8
Hedging on foreign exchange contracts				
Net foreign currency translation risk	17		13	10

	2014		2013	
	Average exchange rate	Exchange rate on 31/12	Average exchange rate	Exchange rate on 31/12
EUR / foreign currency				
Exchange rates				
USD	1.330	1.215	1.328	1.377
GBP	0.806	0.780	0.849	0.832

A 10% increase in the exchange rate of the euro against USD and GBP would affect the shareholders' equity and income statement as follows, assuming that all other variables, including interest rates, remain unchanged.

Sensitivity to foreign currency risk

x 1 million	Equity	Profit for the period
31 December 2013		
USD	(2)	1
GBP		
31 December 2014		
USD	(1)	
GBP		

Interest risk

The aim of Ballast Nedam's interest policy is to limit the impact of interest rate changes on the company's profit. To this end Ballast Nedam hedges the exposure to interest risk on financing the long-term PPP loans with interest rate swaps. Cash flow hedge accounting is applied to the derivative financial instruments where the hedge relationship is effective. Furthermore, some of the loans have a fixed interest rate.

The interest risk is limited to potential movements in the market value of the loans taken up and issued, and of positive cash balances. The positive cash positions fluctuate throughout the year, but no impact of these fluctuations is included in the income statement from the sensitivity analysis. Loans are maintained until the maturity date. Since cash flow hedge accounting is used, the change in the values of the interest rate swaps for the effective portion of the hedging transaction up to the time of settlement is recognized in comprehensive income.

Interest-bearing financial instruments

The interest risk profile of the company's interest-bearing financial instruments as at the end of the reporting period was as follows:

Interest-bearing financial instruments

x € 1 million	Note	31 December 2014	31 December 2013
PPP receivables	16		7
Loans Rabobank		(49)	(50)
Other loans		(2)	(9)
Fixed interest		(51)	(52)
Cash and cash equivalents		123	51
Bank overdrafts		(3)	(22)
Loans		(36)	(49)
Variable interest		84	(20)
Effect of changes in variable interest on the income statement:			
interest rate rise of 100 basis points		1	-
interest rate fall of 100 basis points		(1)	-

The interest risk on the variable interest rate PPP project loans is hedged by means of interest rate swaps. Interest rate swaps expire in accordance with the due date of the hedged loans concerned. The swap interest rate for a subsidiary is 5.08%.

A rise or fall of 50 basis points in the derivative future variable interest rate would lead to a positive or negative adjustment of the fair value of the interest rate swaps of less than €1 million. Since cash flow hedge accounting is used, the change in the values of the interest rate swaps for the effective portion of the hedging transaction is recognized in comprehensive income.

Credit risk

Ballast Nedam actively pursues a policy designed to minimize credit risks. Credit risks consist of the risk that counterparties will not be able to meet contractual obligations relating to a financial instrument. Creditworthiness assessments are performed for all other clients requiring credit. Ballast Nedam employs prepayments, guarantees and collateral on projects under construction in order to limit the credit risk on instalments and trade receivables. At year-end 2014, there was no concentration of credit risks among debtors for substantial amounts.

Credit risk

x € 1 million	Note	31 december 2014	31 december 2013
PPP receivables	16		7
Other fair value investments		2	2
Other receivables		3	
Receivables		171	214
Cash and cash equivalents		70	51
Escrow account		53	
Total		299	274

Liquidity risk

Position as at the reporting date

The liquidity risk is the risk that Ballast Nedam will be unable to meet its financial obligations by the due dates. In the course of the year Ballast Nedam made use of committed cash facilities granted by various credit institutions and totalling €43 million. There is a risk that these credit institutions will not release all or part of these facilities.

Ballast Nedam controls the liquidity risk through timely periodic cash flow forecasting followed by adequate corrective measures and monitoring. The statement for < 1 year and 1-5 years includes the repayments of the Rabobank mortgage loan of €49 million (2017) and the FGH bank loan of €29 million (2015).

Liquidity risk liabilities

x € 1 million	Carrying amount	Contractual cash flows	< 1 year	1-5 years	> 5 years
Loans	108	(118)	(8)	(102)	(8)
Bank overdrafts	22	(22)	(19)	(4)	1
Trade payables	231	(231)	(231)		
Work in progress under current liabilities	105	(105)	(105)		
Prepayments on inventories	2	(2)	(2)		
Other liabilities	203	(203)	(203)		
Derivatives	-	-	-	-	-
Liquidity risk liabilities at 31 December 2013	671	(681)	(568)	(106)	(7)

x € 1 million	Carrying amount	Contractual cash flows	< 1 year	1-5 years	> 5 years
Loans	87	(94)	(35)	(56)	(3)
Bank overdrafts	3	(4)	-	(4)	-
Trade payables	191	(191)	(191)		
Work in progress under current liabilities	88	(88)	(88)		
Prepayments on inventories	2	(2)	(2)		
Other liabilities	195	(195)	(195)		
Derivatives	-	-	-	-	-
Liquidity risk liabilities at 31 December 2014	566	(574)	(511)	(60)	(3)

The immediately due amount of €35 million of loans includes an amount of €29 million of the FGH loan which is due in full on 1 August 2015. The other €6 million represents various loans which will be repaid within one year. Of the remaining liabilities €476 million is due within approximately three months (2013: €541 million).

Position in April 2015

Details of the developments relating to the refinancing in April 2015 can be found in the explanatory notes concerning continuity and liquidity on pages 142 to 145.

Ballast Nedam holds derivatives in order to hedge exposure to cash flow risks. Derivatives held for hedging the cash flow risk on variable interest rate PPP loans were obtained from the same financial institutions as the underlying loans. The table below shows the periods in which cash flows that are related to these derivatives are expected to occur.

Cash flow hedges

x € 1 million	Carrying amount	Contractual cash flows	< 1 year	1-5 years	> 5 years
Forward exchange contracts					
Market risk instruments					
Interest rate swaps	-	-	-	-	-
Cash flow hedges 31 December 2013	-	-	-	-	-

x € 1 million	Carrying amount	Contractual cash flows	< 1 year	1-5 years	> 5 years
Forward exchange contracts					
Market risk instruments					
Interest rate swaps	-	-	-	-	-
Cash flow hedges 31 December 2014	-	-	-	-	-

For derivative financial instruments that qualify for hedge accounting, changes in the fair value are recognized through comprehensive income. The cash flow hedging is zero in connection with the intended sale of the Zaanstad Penitentiary PPP project. This has been classified as an asset held for sale.

Financing risk

Position on the reporting date

Ballast Nedam's policy is aimed at maximizing the value of the business. This is achieved primarily by selecting and implementing promising projects. Ballast Nedam has set itself an objective with regard to the composition of the asset structure and within three years is aiming for a solvency of 15% (current solvency is 1.7%) and a leverage ratio of less than 2.0x in the medium term. At the end of 2014 Ballast Nedam had financial covenants in loan conditions, with which it was in compliance.

Ballast Nedam's policy is to avoid potential dilution through option rights granted by repurchasing a proportional number of its own shares. No changes were made to Ballast Nedam's capital management policy in the past year. The company and its subsidiaries are not subject to external capital requirements. Ballast Nedam monitors its financing structure among others by means of the solvency ratio. Details of the current financing risks can be found in the continuity section on pages 142 to 145 in the notes concerning the significant accounting policies.

Position in April 2015

The banking syndicate, comprising ING bank, Rabobank and Royal Bank of Scotland, expressed its support in April 2015 and defined the details of a refinancing agreement jointly with Ballast Nedam and other interested parties. The existing combined committed facility of guarantees and cash facility for three years was converted into a combined committed two-year facility of guarantees, cash and subordinated loans, in which the subordinated loans have a three-year term. See the notes concerning continuity and liquidity on pages 142 to 145.

Fair value estimates

As at 31 December 2014, Ballast Nedam had a number of derivatives recognized at fair value. The carrying amount of cash, receivables, current loans and other current liabilities approximates the fair value, due to the short term of these instruments.

The fair value of long-term loans with variable interest approaches the amortized cost.

The fair value of the Rabobank loan is higher than the carrying amount since the interest rate for loans of this kind was lower at the end of the reporting period.

Fair value

x € 1 million	31 December 2014		31 December 2013	
	Carrying amount	Fair value	Carrying amount	Fair value
PPP receivables			7	7
Loans	87	87	108	107
Bank overdrafts	3	3	22	22
Trade payables	191	191	231	231
Income tax payables				
Work in progress under current liabilities	88	88	105	105
Prepayments on inventories	2	2	2	2
Other liabilities	195	195	203	203
Derivatives	-	-	-	-
	566	566	678	677

The above values are based on level 2 of the valuation methods described in the following section. The loans with fixed interest rates and the PPP receivables are discounted at the relevant interest rate curve as at 31 December 2014 plus the relevant risk margin.

Valuation methods

The table below shows the valuation methods used for financial instruments that are recognized at fair value. The levels are defined as follows. Level 1 refers to (unadjusted) market prices in active markets for identical assets or liabilities. Level 2 involves assets measured on the basis of prices or price derivatives that do not meet the definition for Level 1. The assets shown under Level 3 are measured on the basis of cash flow models.

Valuation methods

x € 1 million	31 December 2014			31 December 2013		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Other investments						-
Derivatives		-			-	
Total		-			-	-

There were no transfers from Level 1 to Level 2 or 3, or vice versa, in 2014 (2013: idem). Changes in the value of other fair value investments are recognized in the income statement. The valuation methods are zero in connection with the intended sale of the Zaanstad Penitentiary PPP project. This has been classified as an asset held for sale.

Off-statement of financial position commitments

Guarantees

x € 1 million	31 December 2014		31 December 2013	
Guarantees	277		252	
Total	277		252	

Letters of intent and guarantees issued on Ballast Nedam's behalf by financial institutions in connection with the execution of projects and for prepayments received are included in 'Guarantees'.

In 2014 €277 million of guarantees were outstanding (2013: €252) of which €62 million related to joint ventures.

Lease and rental commitments

x € 1 million	31 December 2014			31 December 2013		
	< 1 year	1-5 years	> 5 years	< 1 year	1-5 years	> 5 years
Lease commitments						
Other operating assets	5	9	-	9	13	-
Rental commitments						
Offices	5	12	8	5	15	10
Purchase commitments						
Land purchases	10	22	7	4	25	15
Other	-	-	-	-	-	-
Capital contributions						
PPPs	-	-	-	-	9	-
Total	20	43	15	18	62	25

Ballast Nedam has contingent liabilities concerning the acquisition of land and subsequent payments on land positions amounting to €144 million (2013: €155 million). It is not yet certain that Ballast Nedam will make the acquisition or subsequent payments. Operating lease costs in 2014 amounted to €11 million (2013: €12 million).

Liabilities

Subsidiaries hold joint and several liability for projects executed by partnership firms. Some subsidiaries are joint and severally liable for liabilities to a number of banks. On the basis of credit and guarantee facilities, there is an obligation to refrain from issuing any collateral. Subsidiaries forming part of the Ballast Nedam tax group for Dutch corporation and value added tax purposes hold joint and several liability for this.

Other matters

Anna van Buerenplein Car Park (pAnnaB) / Babylon Den Haag BV (Babylon)

The construction consortium pAnnaB received a judgement from the district court in The Hague at the end of 2013 according to which it is liable for damage amounting to around €13 million set in separate damage assessment proceedings. In parallel with these proceedings pAnnaB appealed against this judgement. pAnnaB has notified its professional indemnity insurer of the Babylon claims.

Related party transactions

The parties related to Ballast Nedam are the company's management (Board of Management and Supervisory Board), its subsidiaries, associates, joint ventures, Stichting Pensioenfonds Ballast Nedam and the directors and senior officials of these entities.

The main task of Stichting Pensioenfonds Ballast Nedam is to implement the pension scheme for the employees of Ballast Nedam. Stichting Pensioenfonds Ballast Nedam uses the services of employees of Ballast Nedam companies. The actual expenses are passed on. Ballast Nedam buys and sells goods and services from and to various related parties in which Ballast Nedam holds an interest of 50% or less, or with natural or legal persons holding at least 10% of the Ballast Nedam shares. The shareholder Hurks and Ballast Nedam make up the Breda public transport terminal construction consortium and Ballast Nedam has insurance contracts with the shareholder Delta Lloyd. All these transactions are executed at arm's length, in a comparable manner as for transactions with third parties.

Interests in joint business activities

In joint business activities, mainly comprising construction or development consortia, Ballast Nedam assumes its share of the assets, liabilities, revenues and costs.

Ballast Nedam has recognized the following interests in joint business activities in the consolidated statement of financial position.

x € 1 million	31 December 2014	31 December 2013
Non-current assets	12	47
Current assets	92	178
Non-current liabilities	(5)	(22)
Current liabilities	(145)	(235)
Net assets and liabilities	(46)	(32)

The revenue and the cost of sales relating to the share in joint business activities amounted to around 25% (2013: 30%) of total revenue and cost of sales. The total liabilities to third parties of companies for which Ballast Nedam holds joint and several liability, such as partnerships, excluding bank guarantees issued by those companies, amounted to €607 million at the end of 2014 (2013: €709 million), of which the €150 million portion of Ballast Nedam (2013: €257 million) is included in the consolidated statement of financial position. The entities below were included in the consolidation of the statement of financial position and income statement of Ballast Nedam in 2014. Entities with a participation rate of 100% are subsidiaries. The other entities relate to joint business activities. Only the principal entities are included for practical reasons. A full list of the subsidiaries included in the consolidation has been filed at the commercial register, at the offices of the Chamber of Commerce in Utrecht. Details of the material joint venture and associated interests in which Ballast Nedam has participating interests can be found in note 5.

In general, the payment of dividend and/or depositing of temporary liquidity surpluses from joint ventures and associates depends on the authorizations of other shareholders.

The main subsidiaries and joint business activities are determined on the basis of their revenue contribution, risk profile, strategic importance and contribution to results.

Overview main subsidiaries and joint operation

Name	Location	Share
Ballast Nedam Infra B.V.	Nieuwegein	100%
Ballast Nedam International Projects B.V.	Nieuwegein	100%
Ballast Nedam International Product Management B.V.	Leerdam	100%
Ballast Nedam Specialistisch Grondverzet B.V.	Maarssen	100%
Ballast Nedam Specialiteiten B.V.	Leerdam	100%
Ballast Nedam Grondstoffen B.V.	Nieuwegein	100%
Ballast Van Oord Grondstoffen V.O.F.	Nieuwegein	50%
Bouwcombinatie Pro N329 V.O.F.	Nieuwegein	50%
Combinatie Versterken Bruggen V.O.F.	Nieuwegein	50%
A-Lanes A15 Mobility V.o.f.	Rotterdam	33,3%
A-Lanes Civil V.O.F.	Nieuwegein	33,3%
A-Lanes Roads V.O.F.	Nieuwegein	33,3%
Avenue2 Infra V.O.F.	Maastricht	50%
Ballast Nedam Engineering B.V.	Nieuwegein	100%
Haitsma Beton B.V.	Kootstertille	100%
Rademakers Gieterij B.V.	Klazienaveen	100%
Recycling Maatschappij "Feniks" B.V.	Amsterdam	100%
TBS Soest B.V.	Soest	100%
Ballast Nedam Bouw & Ontwikkeling Holding B.V.	Nieuwegein	100%
Ballast Nedam Ontwikkelingsmaatschappij B.V.	Nieuwegein	100%
Ballast Nedam Vleuterweide B.V.	Nieuwegein	100%
Gebiedsontwikkeling Oud Beijerland Oost C.V.	Nieuwegein	49%
Gebiedsontwikkeling Oud Beijerland Zuid C.V.	Nieuwegein	49%
Ballast Nedam Langedijk B.V.	Nieuwegein	100%
V.O.F. de Groene Loper	Nieuwegein	50%
Ballast Nedam Sigma B.V.	Nieuwegein	100%
V.O.F. De Leidse Schans	Capelle a/d IJssel	50%
Ballast Nedam Bouw & Ontwikkeling B.V.	Nieuwegein	100%
Bouwcombinatie IJsseloord 2 V.O.F.	Arnhem	50%
Bouwcombinatie voor de nieuwbouw Erasmus MC V.O.F.	Nieuwegein	50%
Groote Dok Oost V.O.F.	Nieuwegein	50%
OVT-Breda V.O.F.	Eindhoven	50%
Bouwcombinatie OVTerminal Arnhem V.O.F.	Nieuwegein	50%
Bouwcombinatie Archimedes Bouw V.O.F.	Nieuwegein	50%
Heddes Bouw & Ontwikkeling B.V.	Hoorn	100%
Laudy Bouw & Ontwikkeling B.V.	Sittard	100%
Avenue2 V.O.F.	Nieuwegein	50%
Ballast Nedam Beheer B.V.	Nieuwegein	100%
Ballast Nedam Concessies B.V.	Nieuwegein	100%

Board of Management and Supervisory Board

x € 1 thousand	2014					2013				
	Gross salary	Bonus	Pension charges & social security costs	Reimbursement	Total	Gross salary	Bonus	Pension charges & social security costs	Reimbursement	Total
Board of Management										
E. van der Noordaa ⁽¹⁾	268		60	3	331					
P. van Zwieten	394		83	4	481	364		82	5	451
T.A.C.M. Bruijninx ⁽²⁾	1 185		110	3	1 298	496		109	5	610
R. Malizia						759		76	4	839
	1 847		253	10	2 110	1 619		267	14	1 900
Supervisory Board										
A.N.A.M. Smits ⁽³⁾	33			2	35	45			2	47
J. Bout	32			2	34	30			2	32
L.W.A.M. van Doorne	41			2	43	31			2	33
C.M. Insinger	35			2	37	22			1	23
J.S.T. Tiemstra ⁽⁴⁾	4				4					
J.C. Huis in 't Veld ⁽⁵⁾						29			2	31
	145			8	153	157			9	166
Total	1 992		253	18	2 263	1 776		267	23	2 066

⁽¹⁾ as of June 1, 2014 – ⁽²⁾ until January 1, 2015 – ⁽³⁾ until November 14, 2014 – ⁽⁴⁾ as of November 14, 2014 – ⁽⁵⁾ until October 31, 2013

The bonuses of the directors relate to the years in which the expense was recognized. Members of the Board of Management are entitled to the use of a company car. The remuneration of the members of the Supervisory Board is in proportion to their term of office in the Supervisory Board. No loans were granted to members of the Board of Management or the Supervisory Board. The gross salary of P. van Zwieten includes a payment of one gross month's salary net as a result of 25 years' employment. The gross salary of T.A.C.M. Bruijninx includes the contractual severance payment (€0.7 million).

Year granted	2014	2013	2012	2011	2010
Value in €			589 000	480 900	473 250
Number			100 000	70 000	75 000
Exercise price in €			12.67	15.29	13.43
Grant date			09/03/2012	11/03/2011	12/03/2010
Share price at grant date in €			13.27	15.88	14.10
Exercise period from			09/03/2015	11/03/2014	12/03/2013
to			08/03/2018	10/03/2017	11/03/2016
Volatility			6-years 37%	5-years 36%	4-years 37%
Risk-free interest rate			4%	4%	4%
Conditions			Employed by Ballast Nedam during exercise	Employed by Ballast Nedam during exercise	Employed by Ballast Nedam during exercise
Minimum holding			5%	5%	5%

The Supervisory Board granted options to members of the Board of Management in accordance with the option scheme that was approved at the Extraordinary General Meeting of Shareholders on 26 October 2006. The purposes of the scheme are to allow managing directors to be granted options as an instrument for long-term loyalty and to ensure that the interests of individual managing directors mirror those of the shareholders. Options are therefore granted on condition that the managing directors themselves hold depositary receipts for shares.

Dispositary receipts for shares and granted options

	Depositary receipts for shares		Options granted in year	
	2014	2013	2014	2013
E. van der Noordaa				
T.A.C.M. Bruijninx		17 000		
P. van Zwieten	5 282	5 282		
Amount	5 282	22 282		

Costs of option scheme

x € 1 thousand	2014	2013
T.A.C.M. Bruijninx	(1 471)	82
P. van Zwieten	59	59
R. Malizia		(1 041)
Total	(1 412)	(900)

Events after the reporting date

The banking syndicate, comprising ING bank, Rabobank and Royal Bank of Scotland, expressed its support in April 2015 and defined the details of a refinancing agreement jointly with Ballast Nedam and other interested parties. The existing combined committed facility of guarantees and cash facility for three years was converted into a combined committed two-year facility of guarantees, cash and subordinated loans, in which the subordinated loans have a three-year term. See the notes concerning continuity and liquidity on pages 142 to 145.

In addition to the refinancing a €20 million rights issue will take place in the second half of 2015. This rights issue is 50% underwritten by Strukton Groep N.V. and 50% by the banking syndicate. A letter of intent was signed in April 2015 with Strukton Groep N.V. and Strabag SE, partners in the A15 Maasvlakte-Vaanplein project, under which Ballast Nedam will reduce its economic share of the project from 40% to 10%. Strukton Groep N.V. and Strabag SE are each increasing their share to 45%. This change will be effective in the second half of 2015. The legal participation remains unchanged: the three parties will each take a 33.33% share of the A-Lanes A15 consortium.

A letter of intent was signed in April 2015 with Strukton Groep N.V., our partner in the A2 Maastricht project, for the takeover of Ballast Nedam's share in the infrastructure activities in the project. The share of Strukton Groep N.V. in the property development of the A2 Maastricht project will be transferred to Ballast Nedam.

These two planned transactions will be developed during the forthcoming period into final agreements which will be submitted to the stakeholders for consent. Rijkswaterstaat has undertaken to lend its cooperation.

The two planned transactions are not expected to have any significant impact on the liquidity as compared to the situation prior to the transactions, other than as stated below. The transactions result in an expected additional outgoing cash flow of approximately €10 million in 2016 and of approximately €21 million in 2017 due to the additional investment in real estate. On the basis of the current project forecasts, the expected effect on assets and results in 2015 is approximately €10 million positive. It should be noted that as a result of the reduction of its economic share to 10%, Ballast Nedam proportionately waives any future claim proceeds which were not recognized on the reporting date.

The following disposals took place in the first quarter of 2015.

On 1 April Ballast Nedam sold 75% of its interest in SPC from the Zaanstad Penitentiary PPP project to a subsidiary of HICL Infrastructure Company Limited for €11.5 million.

On 27 March 2015 Ballast Nedam sold its 20% share in the Benelux Secondary PPP Fund 1 for approximately €4.5 million to its joint venture partner DG Infra Yield.

7.10 Company statement of financial position (before appropriation of result)

x € 1 million	Note	31 December 2014	31 December 2013
Financial assets			
Subsidiaries	22	279	310
Long term receivables from Subsidiaries	22		
Deferred tax assets	23		32
		279	342
Current assets			
Receivables		1	3
Receivables from subsidiaries		44	31
Cash and cash equivalents		1	1
		46	35
Current liabilities			
Trade payables		(4)	(3)
Other liabilities		(11)	(23)
Debts to subsidiaries		(296)	(253)
		(311)	(279)
Current assets minus current liabilities		(265)	(244)
		14	98
Non-current liabilities			
Provisions	24	3	8
		3	8
Shareholders' equity			
	25		
Share capital		79	60
Share premium		60	52
Repurchased own shares		(5)	(5)
Currency translation reserve			
Reserves of associates		33	36
Hedging reserve		(5)	(3)
Other reserves		(48)	(9)
Surplus for the year		(103)	(41)
Shareholders' equity		11	90
		14	98

Note: See notes to the company financial statements on pages 142 to 162.

7.11 Company income statement

x € 1 million	2014	2013
Profit of subsidiaries after tax	(29)	(10)
Other results after tax	(74)	(31)
Profit for the period	(103)	(41)

The profit from subsidiaries after taxation represents Ballast Nedam's share of the profit after taxation of its subsidiaries.

7.12 Notes to the company statement of financial position and income statement

Significant accounting policies

The company financial statements of Ballast Nedam N.V. form part of the 2014 financial statements of Ballast Nedam N.V and have been prepared in accordance with the option provided in Section 362, paragraph 8, of Book 2 of the Netherlands Civil Code. The same accounting policies have been used in preparing these company financial statements as were used for the consolidated financial statements. The valuation of assets and liabilities, the translation of foreign currencies and the determination of the net result are in accordance with the financial reporting policies as set out on pages 11 to 20 of the consolidated financial statements. Subsidiaries are included in the company financial statements in accordance with the equity method. If Ballast Nedam's share in the losses exceeds the value of the interest in an associate, the carrying amount of the investment is written down to nil in Ballast Nedam N.V.'s statement of financial position and only the portion of any further losses for which Ballast Nedam N.V. has a legal or constructive obligation will be recognized.

x € 1 million	Interests in subsidiaries	Long-term receivables from subsidiaries	Total
31 December 2012	314	4	318
Profit for the period	(10)		(10)
Investments			
Disposals			
Acquisition of non-controlling interest			
Conversion of capital	4	(4)	
Repayment			
Dividend received			
Net changes in hedging reserve			
Foreign currency translation differences	2		2
31 December 2013	310		310
Profit for the period	(29)		(29)
Investments			
Disposals			
Acquisition of non-controlling interest			
Conversion of capital			
Repayment			
Dividend received			
Net changes in hedging reserve	(4)		(4)
Foreign currency translation differences	2		2
31 December 2014	279		279
Reclassification of negative shareholders' equity Subsidiaries			
Total	279		279
Carrying amount as at 31 December 2013	310		310
Carrying amount as at 31 December 2014	279		279

The interests in subsidiaries are direct interests, of which the main ones are shown in the organization chart.

A list of interests as referred to in Section 379 of Book 2 of the Netherlands Civil Code has been filed at the Commercial Register in Utrecht. The Annual Report has a list of the significant group companies and interests.

23 Deferred tax asset

x € 1 million	2014	2013
1 January	32	32
Movement through equity	-	-
Movement through income statement	(32)	-
31 December	-	32

The Dutch tax group has approximately €261 million of carry-forward losses (2013: approximately €100 million) in the Netherlands, none of which have been recognized (2013: €54 million). These tax losses have limited carry forward in the Netherlands. The remaining carry-forward period is between two and nine years (2013: average six years). The utilization of carry-forward losses depends on future taxable profits.

24 Provisions

x € 1 million	Reorganization	Other	Total
31 December 2012		9	9
Addition	1	2	3
Interest accrual	-	-	-
Reversals	-	(1)	(1)
Utilization	-	(3)	(3)
31 December 2013	1	7	8
Addition	-	1	1
Interest accrual	-	-	-
Reversals	-	-	-
Utilization	(1)	(5)	(6)
31 December 2014		3	3
Current (< 1 year)			
31 December 2013	1	7	8
31 December 2014		3	3

The remaining amounts of the provisions and additions related to other claims against Ballast Nedam. The release of €6 million (2013: €3 million) related to the consequences of the infringements of the competition regulations up to and including 2001.

x € 1 million	Issued share capital	Share premium	Repurchased own shares	Currency translation reserve	Reserves of associates	Hedging reserve	Other reserves	Profit for the period	Equity attributable to owners of the company	Non-controlling interest	Total equity
31 December 2012	60	52	(5)		36	(4)	33	(41)	131		131
Profit for the period								(41)	(41)		(41)
Foreign currency translation differences									-		-
Effective portion of change in fair value of hedging instruments						(1)			(1)		(1)
Effective portion of changes in fair value of hedging instruments, associates							2		2		2
Net change in fair value of hedging instruments, transferred to income statement									-		-
Net change in fair value of hedging instruments, associates, transferred to income statement									-		-
Comprehensive income						1		(41)	(40)		(40)
Dividend paid									-		-
Option scheme							(1)		(1)		(1)
Repurchased own shares			-						-		-
Transactions with shareholders			-				(1)		(1)		(1)
Appropriation of 2012 result					-		(41)	41	-		-
Other											
31 December 2013	60	52	(5)		36	(3)	(9)	(41)	90		90
Profit for the period								(103)	(103)		(103)
Foreign currency translation differences									-		-
Effective portion of change in fair value of hedging instruments						(4)			(4)		(4)
Effective portion of changes in fair value of hedging instruments, associates							2		2		2
Net change in fair value of hedging instruments, transferred to income statement									-		-
Net change in fair value of hedging instruments, associates, transferred to income statement									-		-
Comprehensive income						(2)		(103)	(105)		(105)
Dividend paid									-		-
Option scheme							(1)		(1)		(1)
Repurchased own shares			-						-		-
Transactions with shareholders			-				(1)		(1)		(1)
Appropriation of 2013 result					-		(41)	41	-		-
Rights issue / other	9	18			(3)		3		27		27
Change in nominal value	(49)	49							-		-
31 December 2014	20	119	(5)		33	(5)	(48)	(103)	11		11

The authorized capital consists of 45,000,000 ordinary shares and amounts to €45 million. The issued share capital consists of 19,667,500 ordinary shares each of a par value of €1.

At the shareholders' meeting of May 2014 it was decided to amend the articles of association, with the authorized share capital being changed from €120 million to €45 million divided into 45 million shares each of a par value of €1.

The total number of repurchased shares at year-end 2014 was 332,500 (2013: 332,500) and is stated at acquisition price. None of the company's own shares were repurchased in 2014 (2013: zero) and none were sold (2013: idem). Ballast Nedam's policy is to avoid potential dilution through option rights granted by repurchasing a proportional number of its own shares.

The legal reserves comprise the currency translation reserve, the reserves of the associates and the hedging reserve.

Translation differences arise on the conversion of the investments in foreign activities, including semi-permanent financing, and on the differences between results translated at the average exchange rate during the year and the exchange rate prevailing at the end of the reporting period.

The statutory reserves of the associates relate to profits and/or reserves of the associates, joint ventures and construction consortia which are subject to legal restrictions on distribution or restrictions imposed by the articles of association. The movement is explained by an increase in the shareholders' equity of joint ventures and construction consortia where payment is restricted through the influence of partners.

The hedging reserve comprises the cumulative net movement in the fair value of derivative financial instruments, for which the hedged transaction has yet to take place.

No dividend was paid in 2014. The Board of Management, with the approval of the Supervisory Board, proposes to refrain from distributing a dividend (2013: idem).

Share-based transactions, the option scheme, related to the addition to the other reserves because of the employee benefits recognized in respect of options granted. In 2014, the movement in shareholders' equity amounted to €1,400,000 negative (2013: €900,000).

Off-balance-sheet commitments

Guarantees

x € 1 million	31 December 2014	31 December 2013
Guarantees	277	252
Total	277	252

Letters of intent and guarantees issued on Ballast Nedam's behalf by financial institutions in connection with the execution of projects and for prepayments received are included in 'Guarantees'.

In 2014 €277 million of guarantees were outstanding (2013: €252), of which €62 million related to joint ventures.

Rental commitments

x € 1 million	31 December 2014			31 December 2013		
	< 1 year	1 - 5 years	> 5 years	< 1 year	1 - 5 years	> 5 years
Lease commitments						
Other operating assets	1	1	-	1	1	-
Rental commitments						
Offices	2	8	8	5	15	10
Total	3	9	8	6	16	10

Liabilities

Ballast Nedam N.V. has filed a declaration of joint and several liability as referred to in Section 403, paragraph 1(f), of Book 2 of the Netherlands Civil Code with the office of the Commercial Register of the Chamber of Commerce in favour of Ballast Nedam ICT B.V. and Ballast Nedam Beheer B.V.. Ballast Nedam N.V. is thereby liable for the obligations of Ballast Nedam ICT B.V. and Ballast Nedam Beheer B.V. to a maximum of €25 million.

In connection with credit and guarantee facilities, Ballast Nedam N.V. has given undertakings not to furnish any security in the form of charges on fixed assets.

Ballast Nedam N.V. has issued guarantees for a number of subsidiaries' contracts, totalling approximately €3 billion (2013: less than €3 billion). This often involves the entire contract sum for long-term projects.

Together with the subsidiaries which form the tax group, Ballast Nedam N.V. bears joint and several liability for corporation tax and value added tax liabilities in the Netherlands.

Audit fee

The following fees of Ernst & Young Accountants LLP were charged to the company, its subsidiaries and other companies in the consolidation, as set down in Section 382a of Book 2 of the Netherlands Civil Code (in 2013 this was Ernst & Young Accountants LLP).

Audit fee

x € 1 million	2014	2013
Control of annual report	2	1
Other control assignments		
Other non-control assignments		
Total	2	1
Fiscal advice KPMG Meijburg	1	1
Total	3	2

Employees

At year-end 2014, Ballast Nedam N.V. had 193 employees (2013: 159) employees.

Managing directors and supervisory directors

For notes on the remuneration of supervisory directors and members of the Board of Management, see the section on transactions with related parties in the notes to the consolidated financial statements.

Events after the reporting date

The banking syndicate, comprising ING Bank, Rabobank and Royal Bank of Scotland, expressed its support in April 2015 and defined the details of a refinancing agreement jointly with Ballast Nedam and other interested parties. The existing combined committed facility of guarantees and cash facility for three years was converted into a combined committed two-year facility of guarantees, cash and subordinated loans, in which the subordinated loans have a three-year term. See the explanatory notes on continuity and liquidity on pages 142-145.

After the refinancing a rights issue of €20 million will take place in the second half of 2015. This rights issue will be 50% underwritten by Strukton Groep N.V. and 50% by the banking syndicate.

A letter of intent has been signed with Strukton Groep N.V. and Strabag SE, partners in the A15 Maasvlakte- Vaanplein project, under which Ballast Nedam will reduce its economic share of the project on the implementation of the agreement from 40% to 10%. Strukton Groep N.V. and Strabag SE are each increasing their share to 45%. This change will be effective in the second half of 2015. The legal participation remains unchanged: the three parties will each take a 33.33% share of the A-Lanes A15 consortium.

A letter of intent was signed in April 2015 with Strukton Groep N.V. and Strabag SE, partners in the A15 Maasvlakte-Vaanplein project, under which Ballast Nedam will reduce its economic share of the project on the implementation of the agreement from 40% to 10%. Strukton Groep N.V. and Strabag SE are each increasing their share to 45%. This change will be effective in the second half of 2015. The legal participation remains unchanged: the three parties will each take a 33.33% share of the A-Lanes A15 consortium.

A letter of intent was signed in April 2015 with Strukton Groep N.V., our partner in the A2 Maastricht project, for the takeover of Ballast Nedam's share in the infrastructure activities in the project. The share of Strukton Groep N.V. in the property development of the A2 Maastricht project will be transferred to Ballast Nedam.

These two planned transactions will be developed during the forthcoming period into final agreements which will be submitted to the stakeholders for consent. Rijkswaterstaat has undertaken to lend its cooperation.

The two planned transactions are not expected to have any significant impact on the liquidity as compared to the situation prior to the transactions, other than as stated below. The transactions result in an expected additional outgoing cash flow of approximately €10 million in 2016 and of approximately €21 million in 2017 due to the additional investment in real estate. On the basis of the current project forecasts, the expected effect on assets and results in 2015 is approximately €10 million positive. It should be noted that as a result of the reduction of its economic share to 10%, Ballast Nedam proportionately waives any future claim proceeds which were not recognized on the reporting date.

The following disposals took place in the first quarter of 2015. On 1 April Ballast Nedam sold 75% of its interest in SPC from the Zaanstad Penitentiary PPP project to a subsidiary of HICL Infrastructure Company Limited for €11.5 million. On 27 March 2015 Ballast Nedam sold its 20% share in the Benelux Secondary PPP Fund 1 for approximately €4.5 million.

Signature

The supervisory directors have signed the financial statements in fulfilment of their legal obligation pursuant to Section 101, paragraph 2, of Book 2 of the Netherlands Civil Code and the managing directors have signed the financial statements in fulfilment of their legal obligation pursuant to Section 101, paragraph 2, of Book 2 of the Netherlands Civil Code and Section 5:25c, paragraph 2c, of the Financial Supervision Act.

Nieuwegein, 30 April 2015

Board of Management,
E. van der Noordaa
P. van Zwieten

Supervisory Board,
L.W.A.M van Doorne
C. Insinger
J. Bout
J.S.T. Tiemstra

CAMPUS (Y)OURS LEIDEN, LEIDEN

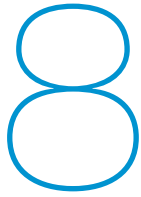
Masterpiece of quality and sustainability

Between mid-February and the end of April 2015, VOF De Leidse Schans, a partnership between VORM and Ballast Nedam, delivered no fewer than 700 flats on the (Y)OURS Leiden campus. That brings the construction of phase 1 of the campus close to completion. (Y)OURS Leiden is a real eye-catcher. It is clearly visible from Lammenschansweg with its colourful façades and unusual brick-work. The internal heat generation facility makes the campus one of the most sustainable in Europe. The flats in blocks B, C and D are connected to this installation, which obtains its heat from the earth and from solar energy. The parties are proud of the quality delivered; the use of prefabricated bathrooms produced in the Ursem Modulaire Bouwsystemen plant contributed to the success. The flats are in great demand. Many students have already moved in, making the campus a lively place.



Other information

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Other information

8.1 Independent auditor's report

To: the shareholders and supervisory board of Ballast Nedam N.V.

Report on the audit of the financial statements 2014

Our opinion

We have audited the financial statements 2014 of Ballast Nedam N.V. (the Company), based in Nieuwegein. The financial statements include the consolidated financial statements and the company financial statements.

In our opinion:

- The consolidated financial statements give a true and fair view of the financial position of Ballast Nedam N.V. as at 31 December 2014, and of its result and its cash flows for 2014 in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Dutch Civil Code.
- The company financial statements give a true and fair view of the financial position of Ballast Nedam N.V. as at 31 December 2014, and of its result for 2014 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The consolidated financial statements comprise:

- The consolidated statement of financial position as at 31 December 2014.
- The following statements for 2014: consolidated statements of profit and loss, consolidated statements of other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows.
- The notes comprising a summary of the significant accounting policies and other explanatory information.

The company financial statements comprise:

- The company balance sheet as at 31 December 2014.
- The company profit and loss account for 2014.
- The notes comprising a summary of the significant accounting policies and other explanatory information.

Material uncertainty regarding continuity

We would draw your attention to the notes concerning continuity and liquidity included in the accounting policies which explain the developments and uncertainties relating to business continuity. Those conditions indicate the existence of material uncertainty on the basis of which serious doubt could arise regarding Ballast Nedam N.V.' going-concern assumption. That situation does not affect our opinion.

The availability of sufficient funds and tests to establish whether it will be possible to continue to comply with financing agreements are significant to our audit. That test is largely based on the management board's expectations and estimates. The assumptions are influenced by subjective elements such as the estimated expected future cash flows, forecast results and margins from operating activities. The assumptions applied are liable to uncertainties. On the one hand they have to do with expectations regarding future economic and market developments, order book development, the outcomes of additional work and claim negotiations and the settlement of current legal proceedings. On the other hand, there are uncertainties in relation to the elaboration of the outline agreement on financing and refinancing, rights issue and other planned transactions, and the attitude of Ballast Nedam N.V.'s key financial backers, should it turn out that the financial covenants (yet to be determined) cannot be obtained owing to unfavourable developments.

We used our own internal expects when evaluating the assumptions applied and the forecasts prepared by the management board in the 2015-2017 business plan which is to be funded. We discussed the realisation of the forecasts with managing directors and controllers at divisional and holding level, paying specific attention to the assumptions applied in relation to future turnover and orders on hand, the scale and timing of the expected significant incoming and outgoing cash flows, as well as the key uncertainties in that area. We also scrutinised communications to the banks and evaluated the adequacy and conditions of the available and proposed outline agreement.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the "Our responsibilities for the audit of the financial statements" section of our report.

We are independent of Ballast Nedam N.V. in accordance with the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Materiality

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

Based on our professional judgment we determined the materiality for the financial statements as a whole at € 5.8 million. The materiality is based on 0.5 % of revenue in financial year 2014. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

We agreed with the supervisory board that misstatements in excess of € 0.3, which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Scope of the group audit

Ballast Nedam N.V. is head of a group of entities. The financial information of this group is included in the consolidated financial statements of Ballast Nedam N.V.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities to be able to express an opinion on the financial statements as a whole. Decisive were the geographical structure and segmentation of the group, size and/or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

Our group audit was directed in particular towards the Infrastructure, Building and Development, and Specialized companies and Supplies operating segments. Owing to the size and/or risk profile of the activities of those segments, we carried out most of the audit procedures in respect of the financial reporting of those segments ourselves. With respect to some partnerships we used the work of component auditors, both within the EY network and other, non-EY auditors, all of whom are familiar with the applicable legislation for conducting audit procedures. Where audit procedures were carried out by component auditors, we guarantee that we were involved in those procedures so as to obtain sufficient and appropriate audit information to be used as the basis of our assessment for the group as a whole.

The auditor responsible for the group and the other senior members of the group's audit team visited component auditors who are responsible for significant partnerships, such as the A15 Maasvlakte-Vaanplein project and the Avenue A2 project, to assess relevant parts of the audit documentation and the component auditor's report.

By performing the procedures mentioned above at group entities, together with additional procedures at group level, we have been able to obtain sufficient and appropriate audit evidence about the group's financial information to provide an opinion about the consolidated financial statements.

Our key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the supervisory board. The key audit matters are not a comprehensive reflection of all matters discussed.

These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter(s) described in the 'Material uncertainty regarding continuity' paragraph, we selected the aspects described below as key points of the audit.

Valuation of work in progress

The valuation of work in progress is influenced by subjective elements such as the estimate of the costs to be incurred and expected revenue (including from additional work), technical progress and actual or potential claims. This is prompted in part by the nature of the activities, which may be influenced by the complexity of projects, the extent to which estimates were involved in the tender process and developments during the realization of a project. Revenue recognition and correct and complete recognition of the profits or losses of projects, the assessment of receivables and actual or potential claims, as well as the completeness of liabilities and provisions related to the projects are therefore significant to our audit.

The revenue recognition and profit or loss recognition process, including appropriate cut-off of revenues, requires the management board to make important estimates. We tested the internal control measures in relation to project management and the estimation process in respect of project results, and also carried out other audit procedures. They included, among others, audit procedures relating to contractual conditions, actual costs, revenue and additional work and actual or potential claims and disputes. We also carried out procedures relating to project calculations and profit forecasts and their assessment by the management board. In the process, we discussed various financial and other risks and current claims and the associated estimation uncertainties with a number of project officers and the management board of the segments, and assessed whether sufficient account is taken of them in the financial overviews. We also carried out procedures relating to the assessment of receivables, anticipated additional work and actual or potential claims and the completeness of the liabilities arising from projects and the required information concerning work in progress and related estimates.

We used the work of component auditors, both within the EY network and other, non-EY audit firms, with respect to major projects such as A15 Maasvlakte-Vaanplein, Avenue A2 and OV-Terminal Breda, which are being implemented in partnerships. In view of the importance of those projects to Ballast Nedam N.V., we were involved in the audit concerned in our role of group auditor throughout the audit process. We visited the other auditors to assess the relevant parts of the audit documentation and the other auditor's report.

Information concerning work in progress and estimates is set out in note 8 to the financial statements.

Valuation of strategic land positions

The valuation of land positions is heavily influenced by market developments and the housing market in the Netherlands, as well as by other subjective factors. Strategic land positions are generally not developed until after a lengthy period, partly because of changes within provinces and municipalities in the area of land-use planning.

Ballast Nedam N.V. tests the valuation of land positions for impairments several times a year. That test is significant to our audit in view of the nature of the procedures, the complexity of the estimation process, the assumptions applied to any such estimate, and the degree of subjectivity thereof. The net realisable value is based on the present value of future cash flows, which depends on the estimate of, among other things, the chance of a project being realised, the time realisation is expected to take, the discount rate applied and the estimate of sales prices and construction costs. The valuation process requires the management board to make important estimates. The valuation is substantiated internally with qualitative descriptions and key indicators. Additionally, the calculation models for strategic land positions are updated annually.

We tested the internal control measures relating to the estimation process as regards valuation, and also carried out other audit procedures, including audit procedures to establish whether the correct source data were used for the valuation and to gain an understanding of the calculation models used for determining the net realisable value. We discussed the source data, risks of the land positions and the associated estimation uncertainties with various project officers and the management board and assessed whether sufficient account is taken of them in the net realisable value. We used our own real estate valuation specialists to help us with the assessment of the assumptions applied as the basis for determining the net realisable value.

We also examined the notes provided by Ballast Nedam N.V. regarding the assumptions which have the greatest influence on the determination of the net realisable value, such as the details and impact of development plans and the anticipated development of land and house prices. We carried out tests to establish whether those notes are adequate and provide sufficient information regarding the selection of assumptions for the valuation.

Information concerning strategic land positions is set out in note 7 to the financial statements.

Restructuring provision

Ballast Nedam N.V. has formed restructuring provisions in connection with current restructuring and disposals. There is a degree of estimation uncertainty associated with the provisions, with the risk that the recognition criteria are not being met. This is why the restructuring provision is a significant area of our audit. The valuation of the restructuring provision is based on the restructuring plan and the announced concomitant phasing out of activities and sale of divisions of Ballast Nedam N.V.

We tested the internal control measures relating to the estimation process as regards the valuation of the restructuring provision, and also carried out other audit procedures aimed at testing the provision to ensure it meets the recognition criteria prescribed in the applicable accounting standards.

Information concerning the restructuring provision is set out in note 14 to the financial statements.

Disposal programme

As part of the 2014-2016 business plan Ballast Nedam N.V. disposed of a number of supply and specialist companies. As a further extension of the disposal programme, the activities of Ballast Nedam Equipment Services and Ballast Nedam Offshore were sold at the end of 2014. Correct and complete revenue recognition and recognition of the profits or losses of disposals as well as the timing of their recognition are significant to our audit.

We carried out specific audit procedures concerning disposals. They included audit procedures relating to contractual conditions, conditions regarding the transfer of control and economic risks, revenue, transaction-related costs and recognition in the financial statements. We also carried out procedures relating to the information prepared by the management board regarding those disposals as set out in the financial statements. We paid particular attention to the complete and accurate representation of the disposals which took place during the financial year. Information concerning the disposals is set out in note 1 to the financial statements.

Assessment of deferred tax assets

A deferred tax asset is recognised for deductible tax losses insofar as it is probable that there will be sufficient future taxable profit with which tax losses can be offset. Its assessment is significant to our audit because the estimation process is complex and the assumptions are influenced by subjective elements such as expected margins from operating activities and profit for tax purposes. Those estimates are based on assumptions, including expectations of future economic and market developments.

We concentrated on the assumptions in the forecasts which have the greatest effect on the profit for tax purposes, such as the EBIT margin, foreign pre-incorporation profits and losses and non-deductible or deferred items. The underlying forecasts also provide a basis for the 2015-2017 business plan. We engaged our own internal tax experts when carrying out our procedures.

The information provided by the company on tax on profits and deferred taxes is set out in note 6 to the financial statements.

Compliance, Integrity and Fraud

Incidents relating to compliance, integrity and fraud can lead to financial and operational risks and reputational damage. Risks in the area of bribes, corrupt influencing and purchase fraud play a key role here. Establishing that Ballast Nedam N.V.'s controls in this area are effective is therefore significant to our audit.

We engaged an internal forensic expert when carrying out our procedures. We examined the compliance framework implemented within Ballast Nedam N.V. in 2014. During the discussions with the Chief Compliance Officer ('CCO'), we reviewed the new compliance reports registered in 2014 and discussed the CCO's handling of reports already registered. We also tested the internal control measures in the area of project acceptance, project management, payments and purchases. The possible impact of registered compliance reports on the audit of the financial statements was evaluated and, if considered necessary, additional audit measures were initiated within the divisions in order to mitigate the possible risks for the audit of the financial statements.

Responsibilities of management and the supervisory board for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code, and for the preparation of the management board report in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

The supervisory board is responsible for overseeing the company's financial reporting process.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not have detected all errors and fraud.

We have exercised professional judgment and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included e.g.:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.
The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company ceasing to continue as a going concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures.
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the supervisory board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

We provide the supervisory board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the supervisory board, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

Report on other legal and regulatory requirements

Report on the management board report and the other information

Pursuant to legal requirements of Part 9 of Book 2 of the Dutch Civil Code (concerning our obligation to report about the management board report and other information):

- We have no deficiencies to report as a result of our examination whether the management board report, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of the Dutch Civil Code, and whether the information as required by Part 9 of Book 2 of the Dutch Civil Code has been annexed.
- We report that the management board report, to the extent we can assess, is consistent with the financial statements.

Engagement

We were engaged by the supervisory board as auditor of Ballast Nedam N.V. on 16 May 2013, as of the audit for year 2013 and have operated as statutory auditor ever since that date.

Utrecht, 30 April 2015

Ernst & Young Accountants LLP

Signed by W.H. Kerst

8.2 Profit appropriation and dividend policy

Sections concerning profit appropriation

Clause 23 of the Ballast Nedam Articles of association governs profit appropriation. The text of this clause is as follows.

- The portion of profit available for distribution that the company may distribute to shareholders and other entitled parties is limited to the amount of the distributable reserves.
- Distribution of profit will take place after adoption of the financial statements that demonstrates the legitimacy of distribution.
- Subject to approval of the Supervisory Board, the Board of Management determines which portion of the profit presented in the financial statements is to be added to the reserves. The remaining portion of the profit is at the disposal of the General Meeting of Shareholders.
- Any shares held by the company in its own capital are not counted when calculating the profit appropriation, except where the shares are encumbered with usufruct, or depositary receipts for shares have been issued with the company's consent.
- To the extent that profit is available in the company, the Board of Management may resolve, with the approval of the Supervisory Board, to distribute an interim dividend in anticipation of the expected dividend, subject to the provisions of the first bullet point above, as demonstrated in an interim statement of assets and liabilities as referred to in Section 105, paragraph 4, of Book 2 of the Netherlands Civil Code.
- Resolutions to distribute interim or final dividends may propose distribution in full or in part in the form of cash or of shares in the company.
- The General Meeting of Shareholders may, on the proposal of the Board of Management and with the approval of the Supervisory Board, resolve to make distributions chargeable to the distributable reserves. The provisions of the previous bullet point then apply *mutatis mutandis*.
- Dividends and interim dividends are made payable on a date set by the Board of Management within fourteen days of adoption of the dividend or interim dividend.
- Any dividends and interim dividends which remain unclaimed for five years after becoming payable accrue to the company.

Dividend policy

The basic principle of Ballast Nedam's dividend policy is that 50% of the net profit is distributed as dividend, provided that the leverage ratio is less than 2, in accordance with the agreements with the banks.

8.3 Board members of the Ballast Nedam Administration Office

P.C. van der Linden (Chairman)

Mr Van der Linden was born in 1953. He served as chief executive officer (CEO) of the listed company Batenburg Techniek N.V. until April 2014. For some years he chaired the metal and technology industry pension fund on behalf of the employers. He also held a number of supervisory directorships.

Mr Van der Linden is now a supervisory director at the HW Wonen housing association and chairman of the Supervisory Board of Stichting Pensioenfonds voor Personeelsdiensten (StiPP).

Mr Van der Linden was appointed as a member and chairman of the board on 25 April 2014. His current term of office ends on 25 April 2018*.

W.F.C. Baars

Mr Baars was born in 1948. He has held various management positions at ABN AMRO Bank, most recently as Director-General. His subsequent posts included chairmanship of NIVE and of the Supervisory Board of Van der Hoop Bankiers.

During the reporting year Mr Baars was an independent consultant, a member of the Financial Service Providers Disputes Committee, a member of the Supervisory Board of Golf Team Holland and a board member of Stichting Waarborgfonds HBO.

Mr Baars was first appointed to the Board of the Administration Office on 1 June 2009. He was reappointed on 19 May 2011 and his current term of office expires on 19 May 2015*.

L.H. Keijts

Mr Keijts was born in 1952. He began his career as a public participation officer with the Provincial Council for Spatial Planning in Zuid-Holland. Since 1981 he has held various positions at the Ministry of Transport, Public Works and Water Management. Between 1996 and 1999 he was Deputy Director-General for Spatial Planning at the Ministry of Housing, Spatial Planning and the Environment. He then moved to the same position at the Ministry of Transport, Public Works and Water Management, later being appointed Director-General for Water in 2001.

From 2003 to 1 January 2010 he was Director-General for Public Works and Water Management at the Ministry of Transport, Public Works and Water Management. Mr Keijts has been Chairman of the Board of Management of the Portaal housing association since 1 January 2010.

Mr Keijts was first appointed to the Board of the Administration Office on 8 April 2010. He was reappointed on 25 April 2014 and his current term of office expires on 25 April 2018*.

** In any event up to and including the first Meeting of Holders of Depositary Receipts for shares held after four years have elapsed since his appointment.*



CALAND TOWER BAMBOO CAR PARK

Urban, natural and futureproof

The car park was built by Ballast Nedam Parking using a prefabricated structure. Moke Architecten designed the façade in consultation with the Arcade housing association.

The bamboo gives the functional building a gentle and friendly appearance, both inside and out. During the preparation and construction of the car park, allowance was made for it to be expanded in future from over a hundred spaces to 250 spaces.

8.4 Report of the Ballast Nedam Administration Office

This report complies with the provisions of Section 15 of the Terms of Administration of the Ballast Nedam Administration Office (Stichting Administratiekantoor van Aandelen Ballast Nedam, referred to as 'the Administration Office') and best practice provisions IV.2.6 and IV.2.7 of the Dutch Corporate Governance Code.

In 2014, the Administration Office arranged for the performance of the customary administrative activities regarding the registered shares in the capital of Ballast Nedam N.V. as referred to below.

SGG Netherlands N.V. (P.O. Box 11063, 1001 GB Amsterdam), as the trust office of the Administration Office, performs the work associated with the administration of the shares. The Administration Office itself is located at the address of Ballast Nedam N.V.

The total costs of the activities of the Administration Office in 2014 were 63,170 euros, including the fees paid to the members of the Board of the Administration Office. Pursuant to Section 9.1 of the Terms of Administration of the Administration Office, these costs were borne by Ballast Nedam N.V.

8.4.1 Number of depositary receipts for shares

The nominal value of registered shares held in administration at 31 December 2014 was 19,667,500 euros. In respect of these shares, 19,654,835 bearer depositary receipts have been issued with the same nominal value. At year-end 2014, depositary receipts had been issued for 99.72% of the capital in issue of Ballast Nedam N.V.

The number of registered shares in the capital of Ballast Nedam N.V. in the custody of the Administration Office increased as a result of the rights issue in 2014 to 19,654,835.

8.4.2 Board

In accordance with Section 4 of the articles of association of the Administration Office, the Board of the Administration Office consists of three independent members, and in 2014 the members of the Board of the Administration Office were:

- Dr W. van Voorden (Chairman, to 25 April 2014)
- P.C. van der Linden (Chairman, from 25 April 2014)
- W.F.C. Baars
- L.H. Keijts

The main and secondary positions held by the members of the Board of the Administration Office are stated in Section 8.3 *Board members of the Ballast Nedam Administration Office* on page 222. In 2014 fees for members of the Board amounted to 7,500 euros per year and the fee for the chairman of the Board was 9,000 euros per year, excluding the annual indexation in accordance with the collective labour agreement for the building industry.

8.4.3 Board meetings

The Board also engaged in consultations with the Board of Management of Ballast Nedam N.V., in which it received information on the company's performance. There were three meetings of the Board of the Administration Office in 2014, two of which were attended by the Board of Management at the invitation of the Board of the Administration Office. Furthermore, a meeting of holders of depositary receipts for shares was held prior to the Annual General Meeting of Shareholders of Ballast Nedam N.V., and prior to the Extraordinary General Meeting of Shareholders.

The first meeting of the Board of the Administration Office was held on 23 April 2014 and was attended by the two members of the Board of Management of Ballast Nedam N.V.. At this meeting the Board of the Administration Office discussed the general performance of Ballast Nedam N.V. and Ballast Nedam N.V.'s annual figures for 2013, following their publication on 7 March 2014. The Board of the Administration Office adopted the balance sheet and income statement of the Administration Office for the 2013 financial year and approved the report of the Administration Office for 2013. Prior to this meeting the board of the Administration Office met in preparation for the meeting of holders of depositary receipts for Shares and the General Meeting of Shareholders held two days later.

The second meeting of the Board of the Administration Office was held on 31 October 2014. This meeting discussed Ballast Nedam N.V.'s half-yearly figures and trading update for the third quarter of 2014. This meeting was attended by the Board of Management of Ballast Nedam N.V.. The company's intention to liquidate the Ballast Nedam Administration Office was also announced at this meeting. This intention was also announced at the Extraordinary General Meeting of Shareholders of 14 November 2014.

8.4.4 Meeting of Holders of Depositary Receipts of the Administration Office held on 23 April 2014

The following items were on the agenda of the meeting of holders of depositary receipts:

- Commentary by the board on the report for 2013;
- Statement on the proposed voting behaviour of the Board of the Administration Office at the Annual General Meeting of Shareholders of Ballast Nedam N.V.;
- Reappointment of Mr L.H. Keijts as a member of the Board;
- Retirement of Mr W van Voorden and appointment of Mr P.C. van der Linden as a member of the Board.

The Board reported on its activities in respect of 2013 and explained its proposed voting behaviour at the Annual General Meeting of Shareholders of Ballast Nedam N.V.. The above agenda items were discussed at the meeting of holders of depositary receipts. During this meeting the retirement of Mr Van Voorden was also discussed and the board proposed to appoint Mr Van der Linden as a member of the board after the shareholders' meeting.

8.4.5 Participation of the Board in the General Meeting of Shareholders

The Board of the Administration Office took part in discussions on the matters raised at the General Meeting of Shareholders held on 25 April 2014. The Board asked questions and voted on the agenda items and, in accordance with the objects set out in the articles of association of the Administration Office, based its voting behaviour primarily on the interests of holders of depositary receipts for shares. In exercising its voting right it took account of the interests of Ballast Nedam N.V. and the business associated with the company. After careful consideration, the Board of the Administration Office resolved to support all the proposals made at the General Meeting of Shareholders. A vote of thanks was given to Mr Bruijninx.

Almost 100% of the persons entitled to vote in respect of the share capital were present or legally represented at this meeting. The Board of the Administration Office represented 2,161,332 depositary receipts for shares at the General Meeting of Shareholders held on 25 April 2014. That amounts to 22.36 percent of the voting share capital.

8.4.6 Participation of the Board in the Extraordinary General Meeting of Shareholders of June 2014

At this Extraordinary General Meeting of Shareholders held on 27 June 2014 the Supervisory Board informed the General Meeting of Shareholders of its intention to appoint Mr Noordaa as a member of the Board of Management.

Almost 100% of the persons entitled to vote in respect of the share capital were present or legally represented at this meeting. The Board of the Administration Office represented 7,608,113 depository receipts for shares at the Extraordinary General Meeting of Shareholders held on 27 June 2014. That amounts to 78.70% of the voting share capital.

MARGARETHA ZELLE AQUEDUCT, LEEUWARDEN

Precision job

On behalf of the Province of Friesland, Ballast Nedam is working on the new aqueduct for the intersection of the western approach road and the Harninxma canal. The new aqueduct comprises a dual carriageway and a cycle path. The project is being carried out by Ballast Nedam Infrastructure and built with struts and slabs supplied by Haitsma Beton.

The struts are multifunctional because they operate as a retaining wall and as a substructure for the viaduct over the entrance to the aqueduct. The slabs are unique due to the complex moulding technique; the aqueduct is a diagonal intersection. They have been fitted as vision panels against the shell of the aqueduct. Struts and slabs were produced from high-strength concrete with polypropylene fibres. This addition reduces spattering and they are fire-resistant for 120 minutes. The elements are particularly heavy; the struts weigh between 62 and 70 tons and the slabs approximately 38 tons.



8.4.7 Participation of the Board in the Extraordinary General Meeting of Shareholders of November 2014

At this Extraordinary General Meeting of Shareholders held on 14 November 2014, notice was given of the company's intention to dissolve the trust office. During this Extraordinary General Meeting of Shareholders the Board of the Administration Office asked questions and voted on the proposed amendment to the articles of association, the proposed appointment of Mr Tiemstra as a supervisory director and the granting of discharge to Mr Smits. The Board of the Administration Office voted on the agenda items and, in accordance with the objects set out in its articles of association, based its voting behaviour primarily on the interests of holders of depository receipts for shares. In exercising its voting right it took account of the interests of Ballast Nedam N.V. and the business associated with the company. After careful consideration, the Board of the Administration Office resolved to support all the proposals made at this Extraordinary General Meeting of Shareholders. A vote of thanks was also given to Mr Smits, who stepped down as a supervisory director at the end of this meeting.

Almost 100% of the persons entitled to vote in respect of the share capital were present or legally represented at this meeting. The Board of the Administration Office represented 10,163,729 depository receipts for shares at the Extraordinary General Meeting of Shareholders held on 14 November 2014. That amounts to 52.57% of the voting share capital.

Nieuwegein, April 2015

The Board
P.C. van der Linden
W.F.C. Baars
L.H. Keijts

8.5 About this report: reporting principles applied

We report on financial and operational matters with reference to the business plan, of which the CSR matters form an integral part. We observe a phasing with thirteen periods for the current year. The reports are:

- a daily liquidity report;
- a periodic financial report;
- an extensive quarterly report.

The Board of Management discusses the course of events quarterly with the divisional directors, with reference to the financial and operational reports, which always describe the risk profile. The divisional managements conduct similar discussions with the management teams of the business units.

We increasingly record sustainability information using an integrated information system comparable to Ballast Nedam's financial reporting systems. The quantitative data for energy and CO₂, waste and materials and safety are currently integrated into the financial reporting system

Boundary, scope and structure of the report

This report contains qualitative and quantitative data relating to the 2014 calendar year. This publication is a translation of the official annual report, which was published in the Dutch language. In the event of discrepancies, the version in Dutch shall prevail. In preparing the report, we take into account all activities Ballast Nedam performs worldwide, including foreign business units. The joint business activities are consolidated in accordance with IFRS 11, with a distinction being drawn between joint ventures and joint operations.

The following particular features apply to the chapter on corporate social responsibility. For the environment theme, we limit our reporting to Dutch operations. The details concerning Personnel & Organization (P&O) relate to employees who are employed at Ballast Nedam. The determination of the safety ratios also includes the hired employees. When we report on the number of 'considerate builders' projects and waste management plans, a project/plant always counts as one (i.e. including joint business activities) if it is active at the year-end. Social return projects are included if manpower has been deployed in 2014 on a social return basis.

The structure of the report can be found under *Report structure* on page 5.

Reporting principles and verification

Ballast Nedam applies the reporting system for integrated sustainability reporting and focuses particularly on the requirements that are relevant to our activities. It was therefore decided to dispense with certification. The CO₂ footprint has been verified by the external auditor EY; the assurance report is presented in Section 8.6 on page 230. On page 81 you can see the objectives of our CSR policy.

Dutch Corporate Governance Code

Ballast Nedam endorses the principles of the Dutch Corporate Governance Code ('the Code') and, with a few exceptions, applies the best practice provisions of the Code. The reporting on this can be found in Section 6.1.1. *Dutch Corporate Governance Code* on page 110. A detailed statement of compliance with the Code can be found at www.ballast-nedam.nl.

IFRS: International Financial Reporting Standards

The Ballast Nedam consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards, which have been compulsory for all publicly listed companies in the European Union since 1 January 2005.

BRAKKESTEIN MONASTERY GARDEN

Unique collaboration

Ballast Nedam was commissioned by the Dutch Province of Jesuit Priests to build the new 'Hofgebouw' in the Brakkenstein Monastery Garden in Nijmegen. The contract resulted from close collaboration between the two parties, with the aim of fulfilling a new social purpose for this unique, historical site.

The Brakkenstein Monastery Garden plan had already been developed and the search for an investor brought Ballast Nedam into contact with the priests. They were looking for ways of creating a suitable living environment for older priests, recognizing that their number is set to diminish over time.



8.6 Independent assurance report

Assurance report with limited assurance of the independent auditor

To: the Board of Management of Ballast Nedam N.V.

Introduction

We have performed an assurance-engagement with a limited level of assurance on the Scope 1 and 2 CO₂ emissions in the Carbon Footprint 2014 of the Dutch operations of Ballast Nedam N.V. for the period from the 1st of January until the 31st of December 2014 (hereinafter: Carbon Footprint). This Carbon footprint has been included in the Section 5.4 Energy and CO₂ in the Annual Report 2014 of Ballast Nedam N.V.

The Carbon Footprint contains an amount of emissions from Scope 1 en 2 of 41 kilo tones CO₂-equivalents for the year 2014.

Limitations in our scope

The quantification of CO₂ emissions is subject to inherent uncertainty due to the incomplete scientific knowledge used in the determination of emissions factors and global warming potentials.

No assurance engagement was performed on the information of the Carbon footprint for the years 2008-2013 which are presented in the Annual Report. We therefore do not provide assurance on the comparative Carbon footprint information for the years 2008-2013.

Criteria

Ballast Nedam N.V. has defined criteria to establish its Carbon Footprint. These criteria are included under the heading 'CO₂ footprint measurement system' in Section 5.4 of the 2014 Annual Report. The criteria have been established in accordance with the ISO 14064-1, the GreenhouseGas Protocol – Revised edition of the WRI and WBCSD and the 'Handbook CO₂ Performanceladder version 2.2' (Dutch version) of Stichting Klimaatvriendelijk Aanbesteden en Ondernemen. We deem these reporting criteria suitable for our assurance engagement.

Management's responsibilities

The Board of Management of Ballast Nedam N.V. is responsible for the preparation of the Carbon Footprint in accordance with the criteria of Ballast Nedam N.V., as disclosed in section 'CO₂ footprint measurement system' in Section 5.4 of the Annual Report 2014.

This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation of a Carbon Footprint in accordance with ISO 14064-1 and the GreenhouseGas Protocol – Revised edition that is free from material misstatement, whether due to fraud or error.

Auditor's responsibilities

Our responsibility is to express a conclusion on the CO₂ emissions from Scope 1 and 2 as presented in the Carbon Footprint based on the procedures we have performed and the evidence we have obtained. We conducted our limited assurance engagement in accordance with Dutch Auditing Standard 3410 Assurance engagements on emission reports. This law and standard require, among other things, that we comply

with ethical requirements, including requirements relating to independence, issued by our professional institute. That standard requires that we plan and perform this engagement to obtain limited assurance about whether the CO₂ emissions from Scope 1 and Scope 2 as presented in the Carbon Footprint are free from material misstatement.

A review is focused on obtaining limited assurance. The procedures performed in obtaining limited assurance are aimed on the plausibility of information which does not require exhaustive gathering of evidence as in engagements focused on reasonable assurance. The performed procedures consisted primarily of making inquiries of management and other within the entity, as appropriate, applying analytical procedures and evaluating the evidence obtained. Consequently a review engagement provides less assurance than an audit.

Procedures

The main procedures we performed were:

- Evaluating whether the reporting criteria of Ballast Nedam N.V. as disclosed in the Carbon Footprint in section 'CO₂ footprint measurement system' in Section 5.4 of the Annual Report 2014 are suitable for the preparation of the Carbon Footprint;
- Evaluating whether Ballast Nedam N.V.'s methods for developing estimates are appropriate and had been consistently applied;
- Obtaining an understanding of Ballast Nedam N.V.'s control environment and information systems relevant to emissions quantification and reporting, including design of particular control activities such as consolidating data at Corporate level;
- Evaluating the plausibility of the CO₂ emission data, mainly by performing analytical reviews and the gathering of data on a test basis to agree the underlying evidence with the Carbon Footprint;
- Undertaking site visits to assess data collection methods, source data and relevant assumptions applicable to the sites by holding interviews with employees responsible for gathering data to be reported in the Carbon Footprint;
- Evaluating the overall presentation of the Carbon Footprint.

We believe that the assurance evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Conclusion

Based on the procedures we have performed, and with due consideration of the limitations described in the paragraph 'Limitations in our scope', nothing has come to our attention that causes us to conclude that the CO₂ emissions from Scope 1 and 2 as presented in the Carbon Footprint 2014 of the Dutch activities of Ballast Nedam N.V. for the period from the 1st of January until the 31st of December 2014 is not prepared, in all material respects, in accordance with the criteria of Ballast Nedam N.V. as disclosed in section 'CO₂ footprint measurement system' in Section 5.4 of the Annual Report 2014.

Rotterdam, 30 April 2015

Ernst & Young Accountants LLP

Signed by H. Hollander

8.7 Management as at March 2015

Ballast Nedam

- Board of Management	E. van der Noordaa P. van Zwieten
Company Secretary	O.P. Padberg
Personnel & Organisation	R.M.A. van Dinther
Finance, Investor Relations	P. van Zwieten
Corporate finance	J. Bongartz
Communication & Investor relations	I. van der Meijden
ICT	R.J. Kathmann
Legal	O.P. Padberg
Insurance	A.C.M. van Haastrecht
Compliance	Y. Hopman
Sustainable Business Innovation	F.J.M. Schoenmakers

Ballast Nedam infrastructure

	J. Niks (a.i.) J. de Bie
- Ballast Nedam Infra Speciale Projecten (NL)	S.R. Lefevre
- Ballast Nedam Infra Speciale Projecten (International)	J. Niks
- Ballast Nedam Beton & Waterbouw	S.D. Dekker
- Ballast Nedam Industriebouw	R.M. Franken
- Ballast Nedam Wegenbouw	H.J.P. Bocxe
- Ballast Nedam Engineering	W.M. 't Hart

Ballast Nedam Building & Development

	A.M. de Backker R.J. Suhlmann
- Ballast Nedam Bouw & Ontwikkeling Speciale Projecten	E. de Kuiper
- Ballast Nedam Beheer	W.A.G.M. van Gurp
- Ballast Nedam Concessies & Ontwikkeling	M. Klinkhamer
- Ballast Nedam Bouw & Ontwikkeling North/West	N.P.A. Doodeman
- Ballast Nedam Bouw & Ontwikkeling South	O.J.M. Senden

Ballast Nedam Specialized Companies & Supplies H.P. van der Meer
L.B. van Rietschoten

- Ballast Nedam Funderingstechnieken J.K. Verhoeve
- Gebr. van Leeuwen J.K. Verhoeve
- Ballast Nedam Specialistisch Grondverzet W.E.R. Huntjens
- Ballast Nedam Milieutechniek W.E.R. Huntjens
- Dibec P.G.M. Ballast
- Ballast Nedam Infra Specialiteiten H. Veerman
- Ballast Nedam Materieel J. Hoffmann
- Ballast Nedam Grondstoffen W.J.M. Duijnste
- Recycling Maatschappij Feniks A.C.G. van Beurden
- Ballast Nedam Participatie P.S. van der Bijl
- Haitsma Beton W.H. Comello
- Hoco Beton P. van den Bosch
- TBS Soest J.I. Vas
- Rademakers Gieterij J. Buurman (a.i.)
- iQwoning® J.L.S.M. Pijnenburg



8.8 Organization structure as at March 2015

The list below shows the important group companies and associates. A list of associates as referred to in Sections 379 and 414 of Book 2 of the Netherlands Civil Code has been filed at the office of the Commercial Register in Utrecht.

Ballast Nedam N.V.

Ballast Nedam Infra B.V.

Infrastructure	Specialized Companies & Supplies
Ballast Nedam Infra B.V., Speciale Projecten	Ballast Nedam Asfalt B.V.
Ballast Nedam International Projects B.V.	Ballast Nedam Environmental Engineering B.V.
- <i>Ballast Nedam Infra Suriname B.V.</i>	Ballast Nedam Funderingstechnieken B.V.
- <i>Ballast Nedam Africa B.V.</i>	Ballast Nedam Infra Specialiteiten B.V.
- <i>Ballast Nedam Ghana B.V.</i>	Ballast Nedam International Product Management B.V.
- <i>Ballast Nedam Curaçao B.V.</i>	Ballast Nedam Materieel B.V.
- <i>Ballast Nedam Emirates B.V.</i>	Ballast Nedam Milieutechniek B.V.
- <i>Ballast Nedam Oman B.V.</i>	Ballast Nedam Specialistisch Grondverzet B.V.
	Dibec B.V.
Ballast Nedam Infra Noord West B.V.	Gebr. Van Leeuwen Harmelen B.V.
Ballast Nedam Infra Noord Oost B.V.	
Ballast Nedam Infra Midden Zuid B.V.	Ballast Nedam Grondstoffen B.V.
Ballast Nedam Infra Zuid West B.V.	- <i>Zand- en Grindhandel Verkaik V.O.F.</i>
	- <i>N.V. Immobiliën en Grindexploitatie maatschappij Bichterweerd (Belgium)</i>
Ballast Nedam Infra Zuid Oost B.V.	- <i>N.V. Algri (Belgium)</i>
	- <i>N.V. Lugo (Belgium)</i>
Ballast Nedam Parking B.V.	- <i>Großküinkel Rurkies GmbH (Germany)</i>
- <i>ModuPark V.O.F. (66.66 %)</i>	
Ballast Nedam Gebiedsontwikkeling B.V.	Ballast Van Oord Grondstoffen v.o.f. (50%)
Ballast Nedam Infra Business Development B.V.	- <i>V.o.f. Zandexploitatie Echten (25%)</i>
- <i>Bouwcombinatie Pro N329 V.o.f. (50%)</i>	Concrete Valley B.V. (50%)
- <i>Combinatie Versterken Bruggen V.O.F. (50%)</i>	- <i>microbeton B.V.</i>
- <i>A-Lanes A15 Mobility V.o.f. (33.3%)</i>	- <i>Waco Lingen Beton B.V.</i>
- <i>A-Lanes Civil v.o.f. (33.3%)</i>	- <i>MBX B.V.</i>
- <i>A-Lanes Roads V.O.F. (33.3%)</i>	
- <i>Avenue2 Infra v.o.f. (50%)</i>	Ballast Nedam Participatie B.V.
	- <i>Asfaltcentrales</i>
Ballast Nedam Equipment Services B.V.	- <i>Graniet Import Benelux B.V. (9%)</i>
Ballast Nedam Engineering B.V.	- <i>Nederlandse Frees Maatschappij B.V. (17%)</i>
	- <i>Traffic Service Nederland B.V. (25.2%)</i>
	Haitsma Beton B.V.
	Rademakers Gieterij B.V.
	Recycling Maatschappij "Feniks" B.V.
	TBS Soest B.V.
	Ursem Modulaire Bouwsystemen B.V. (41%)

Ballast Nedam Bouw & Ontwikkeling Holding B.V.

Building & Development

Ballast Nedam Ontwikkelingsmaatschappij B.V.

- *Ballast Nedam Vleuterweide B.V.*
- *Gebiedsontwikkeling Oud Beijerland Oost C.V. (49%)*
- *Gebiedsontwikkeling Oud Beijerland Zuid C.V. (49%)*
- *Coberco Kwartier Beheer B.V. (50%)*
- *Ballast Nedam Langedijk B.V.*
- *V.o.f. de Groene Loper*
- *Ballast Nedam Sigma B.V.*
- *V.O.F. De Leidse Schans (50%)*

Ballast Nedam Bouw & Ontwikkeling B.V.

- *Bouwcombinatie IJsseloord 2 v.o.f. (50%)*
- *Bouwcombinatie voor de nieuwbouw Erasmus MC v.o.f. (50%)*
- *Groote Dok Oost v.o.f. (50%)*
- *OVT-Breda VOF (50%)*
- *Bouwcombinatie OV-Terminal Arnhem v.o.f. (50%)*
- *Pi2 DBMO B.V. (6.5%)*
- *Bouwcombinatie Archimedes Bouw v.o.f. (50%)*

Heddes Bouw & Ontwikkeling B.V.

Hollestelle Vastgoed Ontwikkeling B.V.

Laudy Bouw & Ontwikkeling B.V.

Zomers Bouwbedrijf B.V.

Specialized Companies & Supplies

Hoco Beton B.V.

IQ Woning B.V.

Internal joint ventures (Infrastructure / Building & Development)

Avenue2 V.O.F. (50%)

Ballast Nedam Beheer B.V.

Ballast Nedam Concessies B.V.

- *Vastgoed Energie Exploitatiemaatschappij B.V.*
- *Biomethaan B.V.*
- *Wind24 B.V.*
 - *Wind Invest (50%)*

Public-Private Partnership (PPP)

Wâldwei.com B.V. (33.33%)

A-lanes A-15 Holding B.V. (4.8%)

Benelux Secondary PPP Fund I B.V. (20%)

Pi2 B.V.

IXAS B.V. (25%)

Others

Ballast Nedam ICT B.V.

Definitions

Assets

The term assets is used in the financial statements to encompass non-current and current assets.

DBFMO: Design-Build-Finance-Maintain-Operate

A contract form in which a market party or a consortium of market parties takes responsibility not only for financing, designing and constructing a building, but also for maintaining the building and supplying all or some of the technical services for a given period (e.g. 25 or 30 years).

EBITDA

Earnings before Interest, Taxation, Depreciation and Amortization.

EBITA

Earnings before Interest, Taxation and Amortization.

EBIT

Earnings before Interest and Taxation.

Financial assets

PPP receivables plus other investments and other receivables (long term).

GRI: Global Reporting Initiative

International guidelines for organizations on how to report on sustainability.

IFRS: International Financial Reporting Standards

With effect from 1 January 2005 all publicly listed companies in the European Union are required to prepare consolidated financial statements in accordance with these new standards.

Cost of sales

The costs of raw materials and subcontractors plus personnel expenses and other operating expenses.

Net financing position

Net cash less the current portion of long-term loans, and the long-term loans.

Net cash

Cash and cash equivalents plus deposits less bank overdrafts and money market loans.

PPP receivables

Receivables pursuant to Public Private Partnerships (PPPs).

Liabilities

The term liabilities is used in the financial statements to encompass non-current and current liabilities.

Capital employed

Non-current assets plus current assets minus current liabilities excluding net cash.

Credits

Production supervision

Ballast Nedam N.V.
Communicatie & Investor relations

Design and production

Boomvanmourik (www.boomvanmourik.nl)

Translation

Taalcentrum VU (www.taalcentrum-vu.nl)

Photography

Leeuwarden Vrij-Baan: Margaretha Zelle Aqueduct, page 12 and 226
Petra Boogerd: Head office of a.s.r., page 24
Rijkswaterstaat: A9 Gaasperdammerweg, page 27
Portpictures.nl: A15 Maasvlakte-Vaanplein, Botlek Bridge, page 32
Fred Meijer: Penitentiary Inrichting, page 38
Niels Ursem: Campus Uilenstede, page 45 and 76
Xander Richters (Schiphol Group): E & F Pier overlay, Schiphol, page 71
and Hilton Amsterdam Airport Hotel, page 95
Sherman Ismail: Nobo Otrabanda Hospital, page 74
Maarten Meuleman: Arnhem Public transport terminal, page 103
Aad Verschoor: Westerlee Road Tunnel, page 114
Henk Versteegh: Sheet piling Amsterdam-Rhine Canal, page 118
Royal Haskoning DHV: Katwijk coastal works, page 127
Gerdi Kraus: Campus (Y)ours Leiden, page 210

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