NOT FOR DISTRIBUTION INTO OR IN
THE UNITED STATES OF AMERICA

Koninklijke BAM Groep N.V.

*(a public company with limited liability (*naamloze vennootschap*) incorporated under the laws of the Netherlands, with its statutory seat in Bunnik, the Netherlands)*

---

5 for 7 rights offering of 96,569,057 new ordinary shares at an issue price of EUR 2.58 per ordinary share

---

This document (the "**Prospectus**") relates to the issuance of 96,569,057 new ordinary shares in the capital of Koninklijke BAM Groep N.V. ("**Royal BAM Group**" or the "**Company**") with a nominal value of EUR 0.10 each at an issue price of EUR 2.58 (the "**Issue Price**") per share (the "**Offer Shares**"). Subject to applicable securities laws and the terms set out in this Prospectus, existing holders of ordinary shares in the capital of Royal BAM Group (the "**Ordinary Shares**") as at the Record Date (as defined below) are being granted transferable subscription rights to subscribe for the Offer Shares (the "**Rights**"). The offer to subscribe for Offer Shares through the exercise of Rights is referred to as the "**Rights Offering**".

Each Ordinary Share held immediately after the close of trading in Ordinary Shares on Euronext Amsterdam by NYSE Euronext ("**Euronext Amsterdam**") at 17:40 hours, Central European Time ("**CET**"), on 31 May 2010 (the "**Record Date**") will entitle its holder to one Right. Eligible Persons (as defined in "Selling and transfer restrictions") will be entitled to subscribe at the Issue Price for 5 Offer Shares for every 7 Rights held. Eligible Persons may, subject to applicable securities laws, subscribe for Offer Shares by exercising Rights from 9:00 hours CET on 1 June 2010 until 15:00 hours CET on 14 June 2010 (the "**Exercise Period**"). If an Eligible Person has not exercised these by the end of the Exercise Period, they may no longer be exercised. Once an Eligible Person has validly exercised his Rights, that exercise cannot be revoked or modified, except for certain circumstances as set out in "The Offering—Exercise Period".

Royal BAM Group has applied for admission to trading of the Rights on Euronext Amsterdam. Trading is expected to commence under the symbol "**BAMRI**" at 9:00 hours CET on 1 June 2010 and will continue until 13:15 hours CET on 14 June 2010. All transactions in the Rights prior to the closing date on 18 June 2010 (the "**Closing Date**") are at the sole risk of the parties involved.

ING and Rabobank are acting as joint global coordinators (the "**Joint Global Coordinators**"). After the Exercise Period has ended, the Offer Shares that were issuable upon the exercise of Rights but that have not been subscribed for during the Exercise Period (the "**Rump Shares**") will be offered for sale in the Netherlands and certain other jurisdictions by way of private placements by ING, Rabobank and RBS (the "**Joint Bookrunners**"), subject to the terms and conditions of the underwriting agreement between Royal BAM Group and the Joint Bookrunners (the "**Underwriting Agreement**") and subject to applicable securities laws. The offer and sale of the Rump Shares is referred to as the "**Rump Offering**", and together with the Rights Offering, the "**Offering**". The Rump Offering, if any, is expected to commence at 8:00 hours CET on 15 June 2010 and to end no later than 17:30 hours CET on 15 June 2010. Any Rump Shares not sold in the Rump Offering will be subscribed and paid for at the Issue Price by the Joint Bookrunners in accordance with the terms and conditions of the Underwriting Agreement. See "The Offering" and "Plan of distribution".

Royal BAM Group may adjust the dates, times and periods of the Offering given in this Prospectus in consultation with the Joint Bookrunners. If Royal BAM Group should decide to do so, Royal BAM Group will make this public through a press release published in the Netherlands and which is placed on its website.

The Offering is subject to a number of conditions. See "The Offering" and "Plan of distribution". If any or all of the conditions are not met or waived by the Joint Bookrunners prior to payment for and delivery of the Offer Shares, the Joint Bookrunners may, at their discretion, terminate the Offering and their obligation to subscribe for any Rump Shares. In such event, the Offering will be withdrawn. Consequently, (i) both the exercised and unexercised Rights will lapse without compensation to their holders, (ii) subscriptions for, and allotments of Offer Shares that have been made, will be disregarded and (iii) any subscription payments made and received by Royal BAM Group, the Subscription, Listing and Paying Agent or the Joint Bookrunners will be returned without interest or compensation. The lapsing of Rights will be without prejudice to the validity of any trades in Rights that have been settled. Any non-settled trades in Rights that have occurred on Euronext Amsterdam will be deemed null and void. There will be no refund or compensation in respect of Rights purchased in the market or in any other manner. The Joint Bookrunners, Royal BAM Group, the Subscription, Listing and Paying Agent and Euronext Amsterdam do not accept any responsibility or liability with respect to the withdrawal of the Offering or the related annulment of any transactions in Rights or Offer Shares on Euronext Amsterdam.

Neither Royal BAM Group, nor the Joint Bookrunners have taken, and they will not take any action to permit a public offer of the Rights or the Offer Shares (together the "**Offer Securities**") in any jurisdiction outside the Netherlands. The Offering is only made in those jurisdictions in which, and only to those persons to whom, the Offering may be lawfully made. The Offering will be made in reliance on Regulation S under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"). Potential investors in the Offer Securities should carefully read "Selling and transfer restrictions".

Investing in the Offer Shares and trading in the Rights involves risks. See "Risk factors" for a description of factors that should be considered before investing in the Offer Shares or trading in the Rights.

The statutory pre-emptive rights (*wettelijke voorkeursrechten*) of the holders of Ordinary Shares in respect of the Offering have been excluded.

Royal BAM Group has applied for admission to listing and trading of the Offer Shares on Euronext Amsterdam. Trading is expected to commence on 18 June 2010. The Ordinary Shares are listed on Euronext Amsterdam under the symbol "**BAMNB**". On 28 May 2010, the closing price of the Ordinary Shares on Euronext Amsterdam was EUR 5.33.

The Offer Securities will be delivered in book-entry form through the facilities of Nederlands Centraal Instituut voor Giraal Effectenverkeer B.V. ("**Euroclear Nederland**").

This Prospectus constitutes a prospectus for the purposes of Section 3 of the European Union Directive 2003/71/EC (the "**Prospectus Directive**") and has been prepared in accordance with chapter 5.1 of the Dutch Financial Markets Supervision Act (*Wet op het financieel toezicht*; the "**FMSA**") and the rules promulgated thereunder. This Prospectus has been filed with and approved by the Netherlands Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten*; the "**AFM**").

The Offer Securities have not been, and will not be, registered under the Securities Act and may not be exercised, offered or sold in the United States of America or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act) unless the Offer Securities are registered under the Securities Act, or an exemption from the registration requirements of the Securities Act is available. For a description of the restrictions on resale and transfer of the Offer Securities, see "Selling and transfer restrictions".

Joint Global Coordinators

ING **Rabobank**

Joint Bookrunners

ING **Rabobank** **RBS**

Prospectus dated 31 May 2010

TABLE OF CONTENTS

SUMMARY

This summary should be read as an introduction to this Prospectus only. Any decision to invest in the Offer Securities should be based on the consideration of this Prospectus as a whole including the information incorporated by reference into this Prospectus and not just this summary. Civil liability will attach to Royal BAM Group in respect of this summary, including any translation hereof, only if this summary is misleading, inaccurate or inconsistent when read together with the other parts of this Prospectus (including the information incorporated by reference herein). Where a claim relating to information contained in, or incorporated by reference into, this Prospectus is brought before a court in a state party to the agreement relating to the European Economic Area (an "**EEA State**"), the plaintiff may, under the national legislation of that EEA State, be required to bear the costs of translating this Prospectus or any document included by reference herein before the legal proceedings are initiated.

SUMMARY OF THE BUSINESS

Royal BAM Group

Royal BAM Group, through its operating companies, is engaged in residential and non-residential construction, property development, civil engineering, public-private partnerships, mechanical and electrical contracting, and consultancy and engineering. The Group employed 26,952 employees (fte) at 31 March 2010. At 31 December 2008, it was market leader (by revenue) in the Dutch and Belgian construction markets, belonged to the top six construction groups in the United Kingdom, Germany and Ireland (by revenue), and it was one of the larger construction groups in Europe over 2008 (source: internal Royal BAM Group analysis based on a comparison of the Group's 2008 revenues and the 2008 revenues of certain large competitors, as derived from their 2008 financial statements).

For the financial year ended 31 December 2009, the Group reported revenue of EUR 8,353.1 million (quarter ended 31 March 2010: EUR 1,542.2 million) and a net result of EUR 31.3 million (quarter ended 31 March 2010: EUR 9.9 million). The Group's order book at 31 December 2009 amounted to EUR 11,219.0 million (31 March 2010: EUR 11,515.0 million).

The Group operates in six sectors: construction, property, civil engineering, public-private partnership ("**PPP**"), mechanical and electrical contracting, and consultancy and engineering. The Group considers the Netherlands, the United Kingdom, Germany, Belgium and Ireland as its home markets. In these countries, it has a presence through approximately 25 operating companies, which have national and regional offices and management, and independent operations. The Group occasionally operates outside its home markets.

In addition, the Group holds a 21.5% interest in Van Oord N.V. ("**Van Oord**"), a Dutch company with worldwide dredging activities. The Group expects negotiations for the disposal of its interest in Van Oord to be resumed in the summer of 2010.

Certain defining elements of the Group's business are: project acquisitions, contracts, project execution, order book, joint ventures, subcontractors, PPP projects and maintenance.

Key strengths

Royal BAM Group believes that its key strengths are the following:

- Fundamentally attractive industry: Royal BAM Group believes that in the medium- to longer term a variety of economic and demographic factors will cause an increased demand for construction, civil engineering and property services from which the Group should be able to benefit due to the Group's relatively large scale, its capital base, its local presence, and its know-how and experience.
- Diversified product portfolio throughout the value chain: the Group offers a wide range of different core activities across its geographical areas which allows it to engage in cross-selling and to offer integral solutions.
- Leading market positions in its home markets: the Group's sectors occupy leading positions in most of its five highly fragmented home markets.
- BAM's position in the PPP sector offers opportunities for growth: the Group is an important PPP player in its home markets and is in a strong position for winning tenders for new PPP projects.
- Extensive in-depth knowledge, experience and social responsibility: the Group's projects are executed by employees having strong management skills and in-depth knowledge and experience in core sectors, with a great emphasis on corporate social responsibility.

Reasons for the Offering and use of proceeds

The Offering provides the Group with greater financial flexibility going forward, strengthens the Group's balance sheet and improves its solvency, which is among other things beneficial for winning tenders for new projects in general.

Royal BAM Group intends to use approximately EUR 150 million from the net proceeds of the Offering to make equity contributions into new and existing PPP projects. The investment of part of the net proceeds of the Offering in new PPP projects is an important element in order to facilitate growth, especially since increased PPP activity may secure significant future revenues for other sectors of the Group. PPP projects tend to generate construction and engineering work, as well as long-term maintenance activities. The exact amount that will be used for equity investment in PPP projects depends on the success of Royal BAM Group in winning PPP tender procedures.

The remainder of the Offering proceeds will be used for general corporate purposes.

Strategy

The Group aims to become one of the best construction businesses in Europe, known for its collective force as well as its local services. Royal BAM Group's strategy is focused on growth along the following lines, in order of priority:

- Strengthening the Group's presence in its home markets;
- Building on the wide range of services offered by the Group in its home markets; and
- Developing new concepts and products in the sectors with growth opportunities.

Royal BAM Group believes that it is possible, within the limits of the current economic realities, to further expand its business, both organically and through acquisitions. By 2020, the ambition of the Group is to occupy a strong and independent position in the European construction industry. It strives to be a European leader, with high quality operating businesses, a strong balance sheet and a level of profitability that is amongst the highest in the industry.

The Group has set the following medium-term financial objectives, which are subject to favourable economic conditions: an annual turnover of approximately EUR 9 billion (excluding acquisitions), a result before tax of 4%, a solvency level of 25% (excluding PPP debts because they are non-recourse) and a significant reduction in net debt (excluding non-recourse PPP debts) and working capital (including property positions).

Risk factors

Before investing in the Offer Securities, prospective investors should consider carefully, together with the other information in this Prospectus, the factors and risks attaching to an investment in the Offer Securities as described in "Risk Factors". The risks described below are the risks which Royal BAM Group currently considers to be material for the Group, but these risks are not the only risks the Group faces.

Risks relating to the industry in which the Group operates

- Due to the cyclical nature of the business in which the Group operates, changes in general economic conditions or business conditions in specific industries may adversely affect the Group's business and the Group is likely to continue to be negatively impacted by the current economic downturn and may be increasingly impacted.
- Certain credit insurers are in the process of reducing, or have expressed their intention to reduce their exposure to the construction industry by lowering credit limits granted to parties, in particular suppliers. This may result in refusals to supply products to the Group on pre-agreed (credit) terms or on commercially acceptable terms, in increased difficulties in selling homes that the Group is developing or in demands for direct recourse from purchasers.
- The Group's business may be affected by risks associated with all businesses operating in the same markets as the Group. These may include, but are not limited to, trends in the construction industry and general economic conditions.
- The construction industry is a complex business in which missing deadlines, contract disputes or general litigation are not uncommon, exposing the Group to financial liability.
- Commodity prices, in particular of lumber, fuel, bitumen, cement, stone and steel, may fluctuate and unexpected shortages may occur.
- The performance of the Group is subject to weather conditions in the geographical markets in which the Group operates its business.

Risks relating to the Group's business

- The performance of the Group's property sector is likely to continue to be negatively impacted by the current economic downturn and it cannot be excluded that additional impairments may occur.
- As the working capital of the Group strongly fluctuate during the year, the Group may incur additional financing costs as a result of an increase in indebtedness.
- The Group's financial flexibility is restricted by its level of indebtedness and the financial covenants in its financing arrangements, which could materially adversely affect its strategy, its operational flexibility, its growth potential or ability to pay dividends in the future and there can be no assurance that the Group will meet its financial covenants contained in its existing credit facilities in the future.
- The uncommitted nature of bank guarantee and surety facilities may result in non-availability of sufficient guarantee and surety facilities for the Group.
- A deterioration of the Group's solvency may make it more difficult to attract business and clients in general, affecting the Group's business, its financial condition (including its working capital) and results of operations.
- The Group is dependent on government policies and spending for a substantial portion of its revenues and any change in governmental policies, programmes or procurement methodologies could adversely affect its revenues and profitability.
- The Group is exposed to a risk of default by and lack of funds and credit of counterparties, in particular its subcontractors, partners, clients and suppliers.
- The Group's order books are not necessarily indicative for its future revenue or result due to possible cancellations or scope adjustments.
- The Group operates in very competitive markets and may lose business to competitors or otherwise be unable to compete favourably.
- The Group is exposed to liabilities from projects operated in joint ventures and does not have full control in some of its key strategic partnerships and joint ventures, which may limit the conduct of the Group's business.
- Any failure of management information and internal control systems may adversely affect the ability of Royal BAM Group to implement its business strategy throughout the organisation of the Group and adequately respond to unfavourable developments within its Group Companies.
- The value of the Group's strategic land positions may be adversely affected by (a lack of) changes in local zoning plans (*bestemmingsplannen*), the inability to further develop land positions in the near future, general macro-economic conditions, environmental issues or the illiquid nature of land positions.
- If calculations or estimates of the overall risks, revenues or costs on any particular project or contract prove inaccurate or if circumstances change, then lower than anticipated profits may be achieved or a loss may be incurred on such projects or contracts.
- Bidding for large scale (long-term) projects exposes the Group to an inherent risk of significant loss on such projects.
- The Group has long-term PPP projects for non-residential and infrastructural assets that are based on key assumptions which may not prove to be correct.
- Unsuccessful tender procedures may result in significant non-recoverable costs.
- Legal proceedings in which the Group is involved or may become involved in the future could adversely affect the Group.
- The Group's operations in the construction industry carry a risk of performance and product liability.
- Violations of laws could result in damages, fines or other sanctions.
- A major catastrophic incident in relation to one of the Group's projects could subject the Group to liability and significant reputational harm.
- Environmental regulations and claims relating to its current and former operations and properties could force the Group to incur significant costs.
- Asbestos-related litigation may have a material adverse effect on the Group's financial results.
- Any failure of the Group's safety and environmental programmes or policies could subject the Group to potential liabilities and reputational damage.

- The Group may incur liabilities as a result of past acquisitions and former and planned disposals.
- The Group's pension plans may be subject to negative developments.
- The Group's business could suffer if the Group is, or employer organisations representing the Group are, unsuccessful in negotiating new collective labour arrangements. Strikes or other industrial actions could disrupt its operations or make it more costly to operate its business.
- The Group may suffer losses not covered by insurance.
- Royal BAM Group is a holding company with no operation. It relies on its operating Group Companies to provide itself with funds necessary to meet its financial obligations and to declare and pay dividends.
- The Group may have exposure to tax liabilities which are greater than currently anticipated and the recorded tax assets may not be fully recoverable.
- The Group's results of operations and financial position could be adversely affected by material fluctuations in EUR/GBP exchange rates.
- Interest rate exposure, as well as derivative counterparty risk, may have an adverse effect on the financial position and results of the Group.
- Future declining results of Van Oord could have a negative impact on the value of Royal BAM Group's participation in Van Oord, possible future dividends and the potential proceeds of a sale of this participation.
- The anti-takeover provisions in Royal BAM Group's articles of association could delay or deter a change of control.

Risks relating to the Offer Securities and the Offering

- The market price of the Offer Securities may fluctuate and may decline below the Issue Price.
- Royal BAM Group cannot assure that a trading market will develop for the Rights and, if a market does develop, the Rights may be subject to greater volatility than the Ordinary Shares. If the Offering fails completely, Rights will become worthless.
- If a holder of Ordinary Shares does not exercise all of his Rights, his percentage ownership of Ordinary Shares will be significantly diluted. Shareholders in certain jurisdictions are excluded from the Offering and may thus suffer dilution.
- In case closing of the Offering does not take place on the Closing Date and the Offering is withdrawn, whether or not as a result of a (premature) termination of the Underwriting Agreement by the Joint Bookrunners, both the exercised and the unexercised Rights will be forfeited without compensation to their holders and the subscriptions for and allocation of Offer Shares that have been made will be disregarded.
- In case the Rump Offering is unsuccessful, the Joint Bookrunners may obtain a significant interest in Royal BAM Group and their interests may conflict with the interests of other shareholders.
- Issuance of additional equity by issuing new ordinary shares could lead to a dilution of shareholders' stakes.
- Shareholders in certain jurisdictions are excluded from the Offering. This may have a negative impact on the market price of the Ordinary Shares and may negatively influence the development of a trading market.

SUMMARY OF THE OFFERING

The summary below describes the principal terms of the Offering. Certain terms and conditions described below are subject to important limitations and exceptions. See "The Offering"

Issuer	Koninklijke BAM Groep N.V., a public company with limited liability (*naamloze vennootschap*) under the laws of the Netherlands, with its statutory seat in Bunnik, the Netherlands.
Number of Ordinary Shares outstanding at the date of this Prospectus	135,196,679
Number of Offer Shares to be issued	96,569,057
Number of Ordinary Shares outstanding after the Issue of the Offer Shares	231,765,736

Offering	The Offering comprises of 96,569,057 new ordinary shares, with a nominal value of EUR 0.10 each, which are being offered as described in this Prospectus.
Issue Price	EUR 2.58 per Offer Share.
Rights	Subject to applicable securities laws, each Ordinary Share held immediately after the close of trading on Euronext Amsterdam on the Record Date will entitle its holder to one Right in registered form. Eligible Persons will have the right, until the end of the Exercise Period, to subscribe for 5 Offer Shares for every 7 Rights held. No fractional Offer Shares will be issued. No rights will be granted to Royal BAM Group. A holder of Ordinary Shares as at the Record Date will customarily receive details of the aggregate number of Rights to which he will be entitled from the financial intermediary through which he holds his Ordinary Shares. Shareholders should contact the financial intermediary through which they hold the Ordinary Shares if they are entitled to receive Rights but have received no information from their financial intermediary with respect to the Rights Offering. Persons who hold their Ordinary Shares in registered form with an entry in the share register should follow the written instructions received from Royal BAM Group. If they have not received any instructions by 3 June 2010, they should contact Mr. P.F. Jaeger of Royal BAM Group, Runnenburg 9, 3981 AZ Bunnik, the Netherlands, telephone number +31 (0)30 659 8988. The statutory pre-emptive rights (*wettelijke voorkeursrechten*) of holders of Ordinary Shares in respect of the Offering have been excluded for the purpose of the Offering. The terms and conditions of the Rights are exhaustively described in “The Offering”.
Record Date	The Record Date is immediately after the close of trading on Euronext Amsterdam at 17:40 hours CET on 31 May 2010. Until the close of trading in the Ordinary Shares on the Record Date, the Ordinary Shares will trade *cum*-Rights. As from 9:00 hours CET on 1 June 2010, the Ordinary Shares will trade *ex*-Rights.
Exercise Period	From 9:00 hours CET on 1 June 2010 up to 15:00 hours CET on 14 June 2010. The time until which notification of exercise instructions may be validly given may be earlier than the end of the Exercise Period, depending on the financial intermediary through which the Rights are held. Once an Eligible Person has exercised his Rights, he cannot revoke or modify that exercise unless Royal BAM Group amends a material term of the Offering or amends this Prospectus in any material respect leading to a supplement to this Prospectus within the meaning of Section 5:23 FMSA being published. If an Eligible Person has not exercised his Rights by the end of the Exercise Period, they can no longer be exercised.
Subscription, Listing and Paying Agent	ING Bank N.V.

Subscription	An Eligible Person, who wishes to exercise his Rights, should instruct the financial intermediary through which he holds the Rights in accordance with the instructions received from the financial intermediary. The financial intermediary will be responsible for collecting exercise instructions from Eligible Persons and for informing the Subscription, Listing and Paying Agent. An Eligible Person holding Ordinary Shares in registered form directly in the share register will be instructed by Royal BAM Group regarding the procedures that must be followed to exercise his Rights.
Payment and Delivery	Payment for the Offer Shares must be made to the Subscription, Listing and Paying Agent no later than the Closing Date. A holder of Rights should pay the Issue Price per Offer Share for the Offer Shares subscribed for in accordance with the instructions received from the financial intermediary through which he holds the Rights. The financial intermediary will pay the Issue Price to the Subscription, Listing and Paying Agent, who will in turn pay it to Royal BAM Group. Financial intermediaries may require payment to be provided to them prior to the Closing Date. Delivery of the Offer Shares will take place through the book-entry form system of Euroclear Nederland. Payment for Offer Shares subscribed for by exercising Rights granted to holders of Ordinary Shares in registered form, must be made to Royal BAM Group prior to the end of the Exercise Period. These Offer Shares will be delivered in registered form. Neither Royal BAM Group nor the Joint Bookrunners are liable for any action or failure to act by a financial intermediary through which Ordinary Shares or Rights are held, or by the Subscription, Listing and Paying Agent in connection with any subscriptions or purported subscriptions. Application has been made for admission to listing and trading of the Offer Shares on Euronext Amsterdam.
Trading in Rights	Trading in Rights on Euronext Amsterdam is expected to commence at 9:00 hours CET on 1 June 2010 and will continue until 13:15 hours CET on 14 June 2010. The transfer of the Rights will take place through the book-entry form system of Euroclear Nederland. An Eligible Person who wishes to sell one or more Rights should instruct the financial intermediary through which he holds the Rights in accordance with the instructions received from it. Eligible Persons with Ordinary Shares in registered form should follow the instructions from Royal BAM Group. All transactions in Rights prior to the Closing Date are at the sole risk of the parties concerned. See "The Offering—Trading in Rights".

The Rump Offering	After the Exercise Period has ended, the Joint Bookrunners will, subject to the terms and conditions of the Underwriting Agreement, commence the Rump Offering, if any, in which they will offer for sale by way of private placements in the Netherlands and certain other jurisdictions the Offer Shares that were issuable upon the exercise of Rights but that have not been subscribed for during the Exercise Period. The Rump Offering is expected to commence at 8:00 hours CET on 15 June 2010 and to end no later than 17:30 hours CET on 15 June 2010. Any Rump Shares not sold in the Rump Offering will be subscribed and paid for by the Joint Bookrunners at the Issue Price in accordance with the terms and conditions of the Underwriting Agreement.
Unexercised Rights Payment	If, upon completion of the Rump Offering, the aggregate proceeds for the Rump Shares offered and sold in the Rump Offering, minus the selling expenses and any applicable taxes, exceed the aggregate Issue Price for such Rump Shares (such amount, the "**Excess Amount**"), each holder of a Right that was not exercised at the end of the Exercise Period will be entitled to receive a part of the Excess Amount in cash *pro rata* to the number of unexercised Rights reflected in each such holder's securities account (the "**Unexercised Rights Payment**"), but only if that amount is equal to or exceeds EUR 0.01 per unexercised Right. The Unexercised Rights Payment, if any, will be distributed to holders of unexercised Rights as soon as practicable after the Closing Date. Unexercised Rights Payments, if any, will be made in euro only without interest and after withholding of any applicable taxes. If Royal BAM Group has announced that an Excess Amount is available for distribution to holders of unexercised Rights, and a holder of such rights has not received any payments within a reasonable time following completion of the Offering, he should contact the financial intermediary through which he holds unexercised Rights or, if he holds Ordinary Shares in registered form, Royal BAM Group. Pursuant to the Underwriting Agreement, the Joint Bookrunners will use their best efforts to place the Rump Shares in, and to realise an Excess Amount from, the Rump Offering. If the Rump Offering takes place, neither Royal BAM Group, nor the Joint Bookrunners, nor the Subscription, Listing and Paying Agent, nor any other person procuring subscriptions for the Offer Shares, will be responsible for any lack of Excess Amount arising from any placement in the Rump Offering.

Conditions to the Offering	The Offering is subject to certain conditions. If any or all of the conditions are not met or waived by the Joint Bookrunners prior to payment for and delivery of the Offer Shares, the Joint Bookrunners may, at their discretion, terminate the Offering and their obligation to subscribe for any Rump Shares. In such event, the Offering will be withdrawn. Consequently, (i) both the exercised and unexercised Rights granted will lapse without compensation to their holders, (ii) subscriptions for, and allotments of Offer Shares that have been made will be disregarded, and (iii) any subscription payments made and received by the Company, the Subscription, Listing and Paying Agent or the Joint Bookrunners will be returned without interest or compensation. The lapsing of Rights will be without prejudice to the validity of any trades in Rights that have been settled. Any non-settled trades in Rights that have occurred on Euronext Amsterdam will be deemed null and void. There will be no refund or compensation in respect of Rights purchased in the market or in any other manner.
Dilution	If a holder of Ordinary Shares does not participate in the Offering, his proportionate capital and voting interest in Royal BAM Group will be diluted by up to 42% by the issue of the Offer Shares.
Joint Global Co-ordinators	ING and Rabobank
Joint Bookrunners	ING, Rabobank and RBS
Trading of Rights	Application has been made for admission to listing and trading of the Rights on Euronext Amsterdam. Trading is expected to commence under the symbol "BAMRI" at 9:00 hours CET on 1 June 2010 and will continue until 13:15 hours CET on 14 June 2010.
Codes for Rights	Symbol: "BAMRI" ISIN code: NL0009486554 Common code: 051413768
Codes for Ordinary Shares and Offer Shares	Symbol: "BAMNB" ISIN code: NL 0000337319 Common code: 025410653
Ranking and Dividends	The Offer Shares will, upon issue, rank *pari passu* in all respects with the Ordinary Shares. The Offer Shares will be eligible for any dividends which Royal BAM Group may declare on Ordinary Shares after the Closing Date.
Selling and transfer restrictions	Royal BAM Group and the Joint Bookrunners are not taking any action to permit a public offering of the Rights or the Offer Shares in any jurisdiction outside the Netherlands. The Offering is only made in those jurisdictions in which, and only to those persons to whom, the Offering may be lawfully made. The Offering will be made in reliance on Regulation S under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"). The Offer Securities have not been, and will not be, registered under the Securities Act and may not be exercised, offered or sold in the United States of America or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act) unless the Offer Securities are registered under the Securities Act, or an exemption from the registration requirements of the Securities Act is available. For a description of the restrictions on resale and transfer of the Offer Securities, see "Plan of distribution" and "Selling and transfer restrictions".

Lock up Arrangement	Subject to certain exemptions, Royal BAM Group has agreed certain lock-up arrangements with the Joint Bookrunners. These arrangements will be effective from the date of the Underwriting Agreement until 180 calendar days following the Closing Date. See "Plan of distribution—Lock-up arrangements".
Governing law	Laws of the Netherlands.
Competent court	Amsterdam, the Netherlands.

EXPECTED TIMETABLE FOR THE OFFERING

The expected timetable below describes the principal events of the Offering. Certain events described below are subject to important limitations and exceptions. See "The Offering".

Record Date	Immediately after the close of trading on Euronext Amsterdam at 17:40 hours CET, on 31 May 2010
Ex-Rights trading in Ordinary Shares commences on Euronext Amsterdam	9:00 hours CET on 1 June 2010
Exercise Period commences	9:00 hours CET on 1 June 2010
Trading in Rights commences on Euronext Amsterdam	9:00 hours CET on 1 June 2010
Trading in Rights ceases on Euronext Amsterdam	13:15 hours CET on 14 June 2010
End of Exercise Period	15:00 hours CET on 14 June 2010(1)
Rump Offering expected to commence	8:00 hours CET 15 June 2010
Rump Offering expected to end no later than	17:30 hours CET 15 June 2010
Allotment of Offer Shares	Expected 15 June 2010
Listing of and start of trading in the Offer Shares on Euronext Amsterdam	Expected 18 June 2010
Payment for and delivery of Offer Shares (the "**Closing Date**")	Expected 18 June 2010(2)

(1) The time until which notification of exercise instructions may be validly given may be earlier, depending on the financial intermediary through which a person holds his Rights.
(2) Financial intermediaries may require payment to be provided by holders of Rights exercising such Rights, prior to the Closing Date.

Royal BAM Group may adjust the dates, times and periods given in the timetable and throughout this Prospectus in consultation with the Joint Bookrunners. If Royal BAM Group should decide to do so, it will make this public through a press release published in the Netherlands, which will be placed on its website.

SUMMARY OF FINANCIAL AND BUSINESS INFORMATION

The following selected consolidated financial information for each of the three years in the period ended 31 December 2009, 2008 and 2007 is derived from Royal BAM Group's audited consolidated financial statements incorporated by reference in this Prospectus. The selected consolidated financial information for each of the three month periods ended 31 March 2010 and 2009 is derived from Royal BAM Group's unaudited consolidated interim financial statements for the first quarter of 2010 and the first quarter of 2009 incorporated by reference in this Prospectus. The consolidated interim financial statements for the first quarter of 2010 have been reviewed. The financial information should be read in conjunction with the consolidated financial statements and the related notes that have been incorporated in this Prospectus, and with the rest of this Prospectus, including "Operating and Financial Review". The consolidated financial statements have been prepared in accordance with International

Financial Reporting Standards (IFRS) as adopted in the EU, including IFRS-interpretations, as issued by the International Financial Reporting Interpretation Committee (IFRIC).

Consolidated income statement
(x EUR 1,000, except for weighted average number of Ordinary Shares)

	Three months ended 31 March 2010	Three months ended 31 March 2009	Year ended 31 December 2009	Year ended 31 December 2008	Year ended 31 December 2007 (1)
Revenue	1,542,171	1,771,548	8,353,092	8,834,766	8,538,555
Raw materials and consumables	(261,545)	(315,441)	(1,309,717)	(1,527,092)	(1,460,963)
Subcontracted work and other external charges	(816,392)	(975,320)	(4,920,481)	(4,925,038)	(4,809,986)
Personnel expenses	(373,343)	(397,746)	(1,602,095)	(1,590,562)	(1,538,926)
Amortisation and depreciation	(27,879)	(25,329)	(102,731)	(95,460)	(95,707)
Impairments	-	-	(134,331)	(100,000)	1,000
Other operating expenses	(70,330)	(53,723)	(320,569)	(364,829)	(305,450)
Exchange rate differences	(272)	(146)	(2,712)	1,623	(1,346)
Total operating expense	1,549,761	(1,767,705)	(8,392,636)	(8,601,358)	(8,211,378)
Operating result	(7,589)	3,844	(39,544)	233,408	327,177
Finance income	25,195	12,289	13,327	27,162	40,276
Finance expense	(14,058)	(12,700)	(55,342)	(58,081)	(74,943)
Result from associates	7,944	6,186	28,732	50,015	49,243
Result before tax	11,492	9,619	(52,827)	252,504	341,753
Income tax	(1,537)	(762)	89,058	(86,686)	(71,462)
Net result continued operations	9,954	8,857	36,231	165,818	270,291
Result (from sale) of discontinued operations	-	-	-	-	80,748
Net result	9,954	8,857	36,231	165,818	351,039
Attributable to:					
Shareholders of the company continued operations	9,873	8,313	31,268	161,873	268,275
Shareholders of the company discontinued operations	-	-	-	-	80,748
Minority interest	82	544	4,963	3,945	2,016
	9,954	8,857	36,231	165,818	351,039
Weighted average number of Ordinary Shares (x 1,000)					
Basic	135,197	135,193	135,195	133,834	124,825
Fully diluted	135,543	135,543	135,543	135,543	135,541
Net income per Ordinary Share (continued operations)					
Basic	0.07	0.06	0.23	1.21	2.15
Fully Diluted	0.07	0.06	0.23	1.20	2.01

(1) The consolidated income statement for the year ended 31 December 2007 is limited to continued operations (excluding Flatiron which was presented as discontinued operations) for purposes of comparability (see "Operating and financial review—Material factors affecting result of operations—Acquisitions and divestments").

Consolidated cash flow statement
(x EUR 1,000)

	Three months ended 31 March 2010	Three months ended 31 March 2009	Year ended 31 December 2009	Year ended 31 December 2008	Year ended 31 December 2007
Cash flow from operating activities	(244,320)	(28,069)	537,897	330,115	156,169
Interest paid	(17,058)	(24,545)	(112,105)	(121,450)	(112,872)
Income tax paid	9,871	(31,575)	(51,918)	(81,596)	(117,728)
Net cash flow from operating activities	(251,506)	(84,189)	373,874	127,069	(74,431)
Net cash flow from investing activities	(50,725)	(67,316)	(285,447)	(213,014)	(184,990)
Net cash flow from financing activities	30,814	64,509	103,762	86,781	297,870
Increase/decrease in net cash position	(271,417)	(86,996)	192,189	836	38,449
Net cash position at beginning of the period	715,152	509,735	509,735	566,261	551,163
Exchange rate difference on net cash position	1,980	7,667	13,228	(57,362)	(23,351)
Net cash position at end of the period	445,716	430,406	715,152	509,735	566,261

Consolidated balance sheet
(x EUR 1,000, except nominal value)

	Three months ended 31 March 2010	Three months ended 31 March 2009	Year ended 31 December 2009	Year ended 31 December 2008	Year ended 31 December 2007
Property, plant and equipment	416,705	437,531	425,724	430,189	434,692
Intangible assets	825,288	819,902	818,355	802,310	905,358
PPP receivables	539,734	468,147	498,293	421,348	460,726
Associates	202,656	192,611	196,062	183,992	154,642
Other financial assets	64,626	62,375	66,160	60,577	66,576
Derivative financial instruments	17	174	1	670	14,239
Pension plan assets	83,584	68,948	76,669	61,295	60,176
Deferred tax assets	119,668	52,976	108,005	53,750	21,344
Non-current assets	2,252,277	2,102,664	2,189,269	2,014,131	2,117,753
Inventories	1,748,264	1,900,686	1,737,445	1,808,620	1,671,386
Trade and other receivables	2,102,777	2,246,585	2,110,349	2,258,877	2,401,988
Income tax receivable	41,910	20,484	50,887	6,171	21,008
Derivative financial instruments	988	4,821	2,107	3,047	365
Cash and cash equivalents	568,113	540,861	718,700	651,018	772,804
Non-current assets held for sale	92	73	84	69	168
Current assets	4,462,153	4,713,509	4,619,572	4,727,802	4,867,719
Total assets	6,714,431	6,816,173	6,808,841	6,741,933	6,985,472
Share capital	469,379	469,362	469,379	469,362	447,889
Reserves	(204,675)	(228,419)	(181,396)	(245,348)	(35,063)
Retained earnings	596,933	631,700	587,059	623,387	580,723
Equity attributable to Company's shareholders	861,637	872,643	875,042	847,401	993,549
Minority interest	1,582	6,001	6,172	5,730	10,802
Group equity	863,219	878,644	881,214	853,131	1,004,351
Borrowings	1,681,804	1,816,734	1,714,728	1,768,840	1,826,607
Derivative financial instruments	133,649	135,142	94,437	136,319	16,892
Employee benefit obligations	133,460	136,862	133,462	133,997	173,495
Provisions	87,099	97,550	94,107	79,774	84,399
Deferred tax liabilities	61,363	79,485	57,882	79,053	72,660
Non-current liabilities	2,097,375	2,265,773	2,094,616	2,197,983	2,174,053
Borrowings	564,474	368,413	392,097	361,110	372,016
Trade and other payables	3,117,255	3,231,542	3,361,352	3,217,569	3,299,712
Derivative financial instruments	4,044	3,067	2,609	2,179	2,274
Provisions	51,338	51,498	57,658	78,329	83,381
Income tax payable	16,725	17,236	19,295	31,632	49,685
Current liabilities	3,753,837	3,671,757	3,833,011	3,690,819	3,807,068
Total equity and liabilities	6,714,431	6,816,173	6,808,841	6,741,933	6,985,472
Capital base	1,063,358	1,074,381	1,076,763	1,098,174	1,265,795
Ordinary Shares, nominal value:					
Authorised	20,000	20,000	20,000	20,000	20,000
Issued and outstanding	13,520	13,519	13,519	13,519	12,991

Working capital

Royal BAM Group believes that its working capital is sufficient for its present requirements; that is, for at least twelve months following the date of this Prospectus.

Current trading

In May 2010, BAM PPP was designated preferred bidder for the Camden Building Schools for the Future (BSF) project.

Except for the amendments to the Existing Facilities, which are subject to certain market customary conditions and the completion of the Offering, there has been no significant change in the financial or trading position of the Group between 31 March 2010 and the date of this Prospectus.

RISK FACTORS

Before investing in the Offer Securities, prospective investors should carefully consider all of the information in this Prospectus, including the following risks and uncertainties in addition to the other information set out in this Prospectus. If any of the following risks actually occurs, the Group's business, prospects, results of operations or financial condition could be materially adversely affected. In that event, the value of the Offer Securities could decline and an investor could lose part or all of the investor's investment. The risks described below are the risks which Royal BAM Group currently considers to be material for the Group, but these risks are not the only risks the Group faces. Additional risks and uncertainties not presently known to the Group or that it currently deems immaterial may also have a material adverse effect on the Group's business, prospects, results of operations or financial condition and could negatively affect the price of the Offer Securities. All of these factors are contingencies which may or may not occur. The Group may face a number of the risks described below simultaneously.

Prospective investors should carefully review the entire Prospectus and should form their own views before making an investment decision with respect to any Offer Securities. Furthermore, before making an investment decision with respect to any Offer Securities, prospective investors should consult their own stockbroker, bank manager, lawyer, auditor or other financial, legal and tax advisers to carefully review the risks associated with an investment in the Offer Securities and consider such an investment decision in light of the prospective investor's personal circumstances.

Risks relating to the industry in which the Group operates

Due to the cyclical nature of the business in which the Group operates, changes in general economic conditions or business conditions in specific industries may adversely affect the Group's business and the Group is likely to continue to be negatively impacted by the current economic downturn and may be increasingly impacted

The construction industry is cyclical and influenced by various economic factors. Although the Group provides services to a broad range of commercial, industrial and governmental clients, cyclicality in construction markets as well as fluctuations in general economic conditions could have a material adverse effect on its business, operating results and financial condition.

Cyclicality in the construction markets can often be linked to general economic conditions in the markets that the Group serves. In periods of slow growth or decline, the Group's clients are more likely to decrease expenditures on construction projects, lose their creditworthiness or become insolvent and the Group is more likely to experience decreased revenue as a result. These cyclical downturns have affected the Group's client industries in the past, are affecting them at present and are likely to affect them in the future.

The current economic downturn has negatively affected the construction industry. In the current economic environment, the number of newly built residential and non-residential buildings has decreased markedly, and may possibly decrease further, negatively impacting the property sector. Furthermore, the civil engineering, mechanical and electric contracting and consultancy and engineering sectors are sensitive to changes in the economy. Downturns (or lack of improvement) in the economy in any of the Group's geographic markets, including, but not limited to, the Netherlands (where, in the financial year ended 31 December 2009, the Group derived 45% of its revenue), the United Kingdom, Germany, Belgium and Ireland could adversely affect its business, prospects, financial condition (including its working capital) or results of operations.

In addition, the Group may experience heavy competition from other construction companies which may offer discounts on normal rates, resulting in below-market prices.

Royal BAM Group expects that the performance of the Group, including, but not limited to, its ability to attract new orders and maintain margins, is likely to remain under pressure as consumer and business sentiment is negatively affected by the current economic downturn in global macro-economic conditions. As the economic turmoil may affect the Group's clients, this may lead to a delay in or cancellation of orders. The current economic downturn may have a delayed and increasingly negative effect on the Group's future results. The current order books could also be negatively affected by a delay in and cancellation of orders.

The effect of the current economic turmoil on the Group's clients may furthermore lead to a delay in or a cancellation of orders. Unemployment, the lack of consumer trust and the (reduced) availability of residential mortgage financing or credit and funds in general has impaired, and may continue to impair, the ability of clients, in particular in the residential sector, to purchase homes. This lack of sales of homes may lead to entire development projects not commencing as the minimum sale threshold could not be achieved. The macro-economic downturn and the difficulties in the credit market are expected to prolong this risk for the Group. Any restriction of the credit terms extended to its clients could further result in loss of clients, business and revenues to the Group.

It may be that the Group develops and orders the construction of properties which remain vacant and cannot be sold or let. The Group may be financially affected by a lack of sales, including the lack of bulk sales to housing associations or financial investors.

Finally, revaluations of assets, including impairments of goodwill, property positions or other assets, may occur in the future given the uncertain market developments.

Certain credit insurers are in the process of reducing, or have expressed their intention to reduce their exposure to the construction industry by lowering credit limits granted to parties, in particular suppliers. This may result in refusals to supply products to the Group on pre-agreed (credit) terms or on commercially acceptable terms, in increased difficulties in selling homes that the Group is developing or in demands for direct recourse from purchasers

The ability of the Group to operate successfully depends on its ability to obtain products and components from suppliers. The Group procures lumber, iron, bitumen, stone, steel, building supplies and building components such as plumbing, heating, floor and window materials, from a variety of manufacturers and suppliers.

As a consequence of the current economic downturn and the deteriorating economic conditions in the construction industry, many suppliers have been facing difficulties in obtaining credit insurance on their receivables from market parties, such as the Group. As a result, this may affect the willingness of the Group's suppliers and potential suppliers to extend favourable credit terms to the Group and, in some cases, the Group's suppliers and potential suppliers may require prepayments or shorter credit terms from the Group.

To the extent the Group's available cash is limited, it may not be able to obtain products or components from suppliers or it may have to procure products or components on less favourable terms. Also, due to the current economic downturn, there is a risk that suppliers will offer the Group less favourable terms and that the number of available suppliers in the industry may be reduced due to insolvencies, which could thereby limit the availability of suppliers and further limit the Group's ability to obtain or negotiate favourable terms with suppliers.

The Group's business may be affected by risks associated with all businesses operating in the same markets as the Group. These may include, but are not limited to, trends in the construction industry and general economic conditions

The Group's business may be affected by the general risks associated with all business operating in the same markets as the Group. The markets in which the Group operates depend on numerous factors, many of which are beyond its control and the exact effect of which cannot be accurately predicted. These factors include general economic and political developments (both on national and local level), including the extent of any governmental regulation and taxation, the further development or expansion of norms for new buildings (so-called NEN-norms, see http://www.nen.nl), the availability of construction permits and the time period to obtain them as well as of environmental restrictions.

Furthermore, the markets in which the Group operates may be affected by trends in real estate improvement, remodelling and construction. Trends in these areas are in turn dependent upon a number of factors that the Group cannot control, including, but not limited to, mortgage and other interest rates and their tax deductibility, the availability of credit to finance construction, economic activity and consumer confidence levels, the extent of unsold new buildings, vacancy rates for commercial properties, commercial investments, inflation, changes in property values, demographic trends, tax policy, employment levels, gross domestic product growth and other commodities and the economy generally in each of the markets in which the Group operates.

The construction industry is a complex business in which missing deadlines, contract disputes or general litigation are not uncommon, exposing the Group to financial liability

The construction industry is highly schedule-driven, and failure to meet schedule requirements within contracts could adversely affect the Group's financial exposure and/or reputation. A substantial number of the Group's contracts are subject to specific completion schedule requirements with penalties charged in the event the construction schedules are not achieved. Failure to meet any such schedule requirements could result in the Group incurring significant contractual penalties and/or may damage the Group's reliability within the industry and client base. Missing deadlines causes delays, impacting the liquidity position of the Group. For large projects, the risks associated with agreed performance and completion milestones are inherently larger.

The Group's contracts may require extra or change order work as directed by the client even if the client has agreed in advance on the scope or price of the work to be performed. This process may result in disputes on whether the work performed is beyond the scope of the work included in the original project plans and specifications or, if the client agrees that the work performed qualifies as extra work, the price the client is willing to pay for the extra work. Even when the client agrees to pay for the extra work, the Group may be required to fund the cost of such work for a period of time until the change order is approved and funded by the client. If the

Group is not able to receive payment for the additional work, this will impact the Group's results adversely. The impact of this risk is inherently larger with large or complex projects.

In the course of the Group's operations, the Group is exposed to potentially significant litigation including, but not limited to, regulatory violations, breach of contract, contractual disputes and also, in the case of homebuilding, defective title or for incorrect or incomplete description of properties. Insurance, if any, may be insufficient to cover the particular claim or loss. In the experience of Royal BAM Group, when market conditions are unfavourable, clients and other parties may be more likely to litigate in relation to disputes or losses. There is no guarantee that the Group will be able to maintain commercial insurance in an amount that it believes to be appropriate against risks commonly insured against by persons carrying on similar businesses, on acceptable terms in the future. In addition, even with such insurance in place, the risk remains that the Group may incur liabilities to clients and other third parties which exceed the limits of the insurance cover or are not covered by it.

Commodity prices, in particular of lumber, fuel, bitumen, cement, stone and steel, may fluctuate and unexpected shortages may occur

The market price and availability of commodity products which the Group uses for its operations, such as lumber, steel, cement, bitumen, stone and other products and commodities used in such products, as well as fuel which the Group uses for the distribution and transportation of its building materials, can fluctuate. They have fluctuated, quickly and significantly in the past and they may adversely affect the Group's results of operations in the future. To the extent that such increases in the future cannot be (fully or in part) passed on to clients, increases in the price of commodities increase the Group's operating costs and reduce its operating profit. The Group may not be successful in attempting to create the contractual possibility to pass on all or part of material price increases to its clients.

The performance of the Group is subject to weather conditions in the geographical markets in which the Group operates its business

Adverse weather conditions may impact the Group's results. Weather conditions constitute a specific risk. They particularly affect road construction and, to a lesser extent, other construction activities. The weather is also a contributing factor in the seasonal fluctuations in turnovers and results. Consequently, the performance and revenues of the Group fluctuate strongly during the year, with the last three quarters of the year generally showing stronger results than the first quarter. The seasonal effects also cause fluctuations in working capital, which creates special requirements on the Group's cash management.

The weather conditions during the first quarter of 2010 were more severe than normal during the months of January, February and March, and work could not be carried out on a significant number of business days. This has had a negative impact on the Group's activities and results in the first quarter of 2010.

Risks relating to the Group's business

The performance of the Group's property sector is likely to continue to be negatively impacted by the current economic downturn and it cannot be excluded that additional impairments may occur

The current economic downturn has negatively affected the property sector throughout the Group. Revenue in the property sector declined from EUR 1,205.1 million over the financial year ended 31 December 2008 to EUR 823.9 million over the financial year ended 31 December 2009 primarily due to a significant decrease in the number of houses sold. The number of houses sold in 2007, 2008 and 2009 amounted to 5,334, 3,231 and 1,983 respectively. The property sector reported a loss before tax of EUR 266.6 million for the financial year ended 31 December 2009, consisting of an operational loss of EUR 132.3 million and property related impairments of EUR 94.3 million. On 31 December 2009, the Group had 727 unsold houses under construction (2008: 974) and 62 unsold completed houses (2008: 72).

Royal BAM Group expects that the performance of the property sector is likely to remain under pressure as consumer and business sentiment is further negatively affected by the downturn in global macro-economic conditions. For instance, the decrease in the number of houses sold in 2009 will negatively affect the property sector's revenue and results in 2010 as a result of the time lag between the sale of a house and the recognition of revenue and result by transferring risk and reward to the client (e.g., transfer of land and achievement of milestones).

Royal BAM Group tested goodwill for impairment by comparing the carrying amount of cash generating units including allocated goodwill, with the recoverable amount of these cash generating units. Based on these calculations and a strongly declined outlook of the property market on 31 December 2008, Royal BAM Group has impaired the goodwill relating to its subsidiary AM B.V. ("**AM**") and AM's subsidiaries for an amount of EUR 100.0 million as of 31 December 2008.

In the financial year ended 31 December 2009, it became apparent that a recovery of the property market would take longer than initially expected. The estimated future cash flows have been adjusted accordingly, resulting in an additional impairment of EUR 40.0 million of goodwill relating to AM and impairments on property positions of EUR 70.0 million and on other property related assets of EUR 24.3 million. On 31 December 2009, the goodwill relating to AM amounted to EUR 111.0 million, the book value of land and building rights amounted to EUR 813.8 million and the book value of property development amounted to EUR 900.5 million.

It cannot be excluded that additional impairments will occur in the future given the uncertain market developments.

As the working capital of the Group strongly fluctuates during the year, the Group may incur additional financing costs as a result of an increase in indebtedness

The working capital available to the Group strongly fluctuates due to a number of reasons, including but not limited to the general economic downturn, delayed or failed payments by clients, increasing inventory, adjustment of payment terms, seasonality in rewarding orders, seasonality in payment behaviour of clients, in particular clients in the public sector, and any changes in such payment behaviour and weather conditions and seasonality in general.

A significant and/or continuous increase in working capital requirements could create liquidity problems which could lead to an increase in indebtedness and additional financing costs.

The Group's financial flexibility is restricted by its level of indebtedness and the financial covenants in its financing arrangements, which could materially adversely affect its strategy, its operational flexibility, its growth potential or ability to pay dividends in the future and there can be no assurance that the Group will meet its financial covenants contained in its existing credit facilities in the future

The Group has a high level of indebtedness. On 31 December 2009, the Group had a total consolidated gross indebtedness of EUR 2,106.8 million, total consolidated assets of EUR 6,808.8 million and total net cash position of EUR 715.2 million. The gross indebtedness consisted of EUR 1,173.8 million (31 December 2008: EUR 1,047.6 million) non-recourse debt and EUR 933.0 million (31 December 2008: EUR 1,082.3 million) recourse debt. The net debt of the Group amounted to EUR 1,388.1 million at 31 December 2009 compared to EUR 1,478.9 at 31 December 2008. Royal BAM Group has entered into a EUR 550 million revolving credit facility dated 31 July 2007, in respect whereof consent was granted by Royal BAM Group's banking syndicate in April 2010 for this facility to be amended and restated subject to certain market customary conditions and the condition of completion of the Offering being met, whereby the total commitments to be made available to the Group under the Revolving Credit Facility will be reduced by EUR 75 million from EUR 550 million to EUR 475 million (the "**Revolving Credit Facility**").

Generally, the Group's indebtedness could require it to dedicate a substantial portion of its cash flow from operations to make interest and principal payments on its indebtedness, which reduces the availability of the Group's cash to fund working capital, to make capital expenditures, limit the Group's flexibility in acquisitions and other growth possibilities, and for other general corporate purposes. In addition the Group's vulnerability to general adverse economic and industry conditions could be increased and the Group's ability to obtain future financing could be limited.

Royal BAM Group and certain of its Group Companies have entered into the following committed credit facilities: (i) the Revolving Credit Facility, (ii) an originally EUR 150 million subordinated term loan facility dated 7 June 2005, as amended and restated and increased to EUR 200 million on 31 July 2007, in respect whereof consent was granted by Royal BAM Group's banking syndicate in April 2010 for this facility to be amended and restated subject to certain market customary conditions and the condition of completion of the Offering being met (the "**Subordinated Term Loan Facility**"), and (iii) a EUR 360 million term loan facility dated 27 May 2009, in respect whereof consent was granted by Royal BAM Group's banking syndicate in April 2010 for this facility to be amended and restated subject to certain market customary conditions and the condition of completion of the Offering being met (the "**Term Loan Facility**" and, together with the Revolving Credit Facility and the Subordinated Term Loan Facility, the "**Existing Facilities**").

There can be no assurances that the Group can comply with the financial covenants in the Existing Facilities or other committed facilities entered into to finance specific projects over the shorter or longer term. A breach of any of these restrictions or covenants, in the short or long-term, could cause a default with respect to the Group's outstanding debt and, if unremedied, result in the accelerated maturity of some or all of the Group's indebtedness, potentially requiring the Group to dispose of assets at less than fair value. Any cross-default provisions in the Group's indebtedness could magnify the effect of an individual default if such a provision were exercised by the Group's lenders. In addition, over the shorter or longer term, adverse changes in the value of the Group's commercial assets could cause the amount of any proceeds of any disposals, if available, to be insufficient to repay existing debt in full, and the Group may be unable to fund the payment of any shortfall out of other funds.

Also, the working capital of the Group may be adversely affected. If over the shorter or longer term the Group is unable to dispose of sufficient assets to fund repayment of debt due in the event of an acceleration of maturity, the Group risks becoming insolvent or otherwise ceasing its operations.

The uncommitted nature of bank guarantee and surety facilities may result in non-availability of sufficient guarantee and surety facilities for the Group

In the construction industry it is market practice to use bank guarantees and surety bonds to secure contractual obligations towards clients. It is therefore of importance to the Group to have sufficient guarantee and surety facilities available. These facilities are agreed on a bilateral basis with a bank or surety company and can be terminated by any of them at any time. This termination could result in non-availability of sufficient guarantee and surety facilities which could have a negative impact on the acquisition of projects by the Group. A change in market conditions may adversely affect the Group's ability to continue to benefit from current, and negotiate new bank guarantee and security facilities.

A deterioration of the Group's solvency may make it more difficult to attract business and clients in general, affecting the Group's business, its financial condition (including its working capital) and results of operations

Royal BAM Group believes that solvency is of key importance for every business with operations in the construction industry. The ability of the Group to operate successfully depends on its ability to attract business and clients in general, to sell homes which are being developed by the Group, to enter into partnership agreements relating to infrastructure, PPP and other projects with other (construction) companies, to procure materials and products from suppliers and to retain services from subcontractors on favourable (credit) terms. A limited deterioration of the Group's solvency may make this more difficult or financially less attractive.

The Group is dependent on government policies and spending for a substantial portion of its revenues and any change in governmental policies, programmes or procurement methodologies could adversely affect its revenues and profitability

The Group's home markets are the Netherlands, United Kingdom, Germany, Belgium and Ireland. The Group is dependent on national and local government policies in its home markets, among other government policies, with regard to investments in civil engineering and social infrastructure, most notably in the education, transport, health, public utility, secure establishment and defence segments through direct government contracts, joint ventures and PPPs.

Especially in the civil engineering and PPP sectors, the Group is to a large extent depending on public sector spending since this is of major importance to major infrastructural projects. The level of public spending may decline as a consequence of budget reductions. A lack of sufficient spending in the public sector may have an adverse effect on the Group's financial position, including its working capital.

Each of the governments of the Netherlands, the United Kingdom, Germany, Belgium and Ireland or any local governmental agencies may decide in the future to change certain of its policies and programmes, including reducing present or future investments in civil and social infrastructure projects or other areas in which the Group would expect to compete for work. The Netherlands, for example, will hold general elections on 9 June 2010 and may experience a change of leadership which could result in the implementation of new policies and programmes. Such policies or programmes may lead to a reduction in investment in civil and social infrastructure. The period between the fall of the Dutch government on 20 February 2010 and the installation of a new government could also be detrimental as many activities and policies have been suspended for the time being.

Each of the governments of the Netherlands, the United Kingdom, Germany, Belgium and Ireland or any local governmental agencies could also change its procurement methodologies, which could have an adverse impact on the Group. For example, should any of these governments or any local governmental agencies cease to enter into PPPs, the Group may not be able to capture all of that potential future business through an alternate procurement method. Similarly, if these governments or any local governmental agencies move towards certain contracting models, such as fixed price contracts, the Group may take on additional commercial risks in connection with these projects which may involve reduced margins. Accordingly, if there are changes in governmental policies, programmes or procurement methodologies, the Group may be unable to maintain the existing levels of government work or be unable to maintain existing levels of profitability in relation thereto.

The Group is exposed to a risk of default by and lack of funds and credit of counterparties, in particular its subcontractors, partners, clients and suppliers

The Group is exposed to a risk of default by and lack of funds and credit of its counterparties, in particular its clients who have agreed to purchase services from the Group, partners with whom the Group works in joint ventures and other partnerships, its subcontractors for whose default the Group may be liable, and others with whom the Group has entered into financial and other arrangements.

This risk has been exacerbated by the current macro-economic downturn which has caused significant operational and financial difficulties for financial and other corporate institutions, and has led to an overall lack of availability of credit and funds in the market, or, where this is available, has made borrowing conditions more onerous.

This lack of availability, or the more onerous conditions, of credit and funds may impair the ability of clients of the Group to honour their pre-existing arrangements and fulfil their contractual obligations.

The primary contractual obligation of subcontractors is to finalise a portion of a project. The Group is dependent on many subcontractors and suppliers of raw materials and components in most of its businesses. By way of illustration, in the financial year ended 31 December 2009, approximately 75% of the Group's revenues was derived from operations performed by subcontractors and suppliers of raw materials and components. In addition, for many large projects, the Group also enters and has entered into joint venture agreements with other companies, such as other construction companies, to execute these projects. These subcontractors and joint venture partners not only have to remain financially sound to complete their jobs, but they must also possess the skills and sophistication to perform their jobs efficiently and free of defects. The Group could experience a material adverse effect on its business if subcontractors, joint venture partners and other parties with whom it has entered into agreements fail to complete jobs correctly and effectively or in a timely manner, or otherwise fail to meet their obligations vis-à-vis the Group (whether or not caused by insolvency) or if the Group is unable to find qualified subcontractors and joint venture partners in the future.

Poor performance or defaults by a major subcontractor or joint venture partner may lead to project delays, unanticipated additional costs and, possibly, penalties incurred by the Group and claims against the Group. Disputes with subcontractors, joint venture partners and other parties with whom the Group has entered into agreements, that have failed to complete jobs properly or otherwise have failed to meet their obligations have resulted, and in case of failure to do so in the future may result, in litigation. Even if the Group were to be successful in litigation, it may not be able to collect damages if the party found liable is insolvent at that time. If any of these circumstances were to occur in connection with a major project or in relation to several projects at the same time, the Group's construction business may be disrupted or it may incur significant additional costs.

Furthermore, the Group's exposure to default by counterparties with whom the Group has or will deposit cash or securities may increase if economic conditions further deteriorate.

The Group's order books are not necessarily indicative for its future revenue or result due to possible cancellations or scope adjustments

The amounts of the Group's order books are not necessarily indicative of its future revenue or result related to the performance of such work. Cancellations or scope adjustments occur from time to time. Moreover, the present levels of the order books are not necessarily indicative for future levels of the order books. As a result, there can be no assurance that the Group's order books will result in revenue in the future and that any cancellations or scope adjustments will not have an adverse effect on the Group's financial condition and results of operations.

The Group operates in very competitive markets and may lose business to competitors or otherwise be unable to compete favourably

The markets in which the Group operates are very competitive and may possibly become even more competitive in the future. The Group competes with many major national and international contractors in each market in which it operates on contract price levels, quality of construction, efficiency, client service and support (including maintenance), desirable sites and suitable land, technical knowledge, reputation, availability of credit and funding, degree of risk assumption and the development of integrated, full-package business concepts. In addition, each regional market generally has a number of smaller, locally-based contractors capable of undertaking all projects, except for the largest and most complicated projects. European public procurement rules require governmental entities to publicly announce construction projects for which they seek tenders and to allow any contractor from an EU Member State to tender for such projects, which makes it possible for contractors who have no local presence in the relevant area to compete for and obtain such projects there.

If the Group is not able to maintain project sales to existing clients, including important public sector bodies, introduce new products or concepts, attract new clients, respond to client trends, improve operating efficiency, reduce operating and overhead expenses, or increase net margins, it may not be able to compete successfully.

Increasing competition from existing competitors in the sectors in which the Group operates or a further consolidation in the markets could add pressure on prices and margins and increase competition for the Group. Companies that compete with the Group may have greater financial and other resources. The Group may not be able to respond effectively to such competitive pressures, or to continue to operate and enter into arrangements on economically competitive or viable terms.

The Group is exposed to liabilities from projects operated in joint ventures and does not have full control in some of its key strategic partnerships and joint ventures, which may limit the conduct of the Group's business

As is customary in the construction industry, many projects and services are generally taken on in the form of partnerships (in the Netherlands frequently in the form of *vennootschappen onder firma*) with other companies, resulting in joint and several liability for each of the partners and hence the risk to the Group of being held liable for (mis)conduct of others. Accordingly, if the joint venture is found liable and one or more of the joint venture partners is unable or unwilling to pay its proportional share, the Group may be liable for more than its proportional share in the joint venture.

Containing such risks at the level of the legal entity that is the partner in these partnerships may not be possible as a result of existing statements of joint and several liability issued by Royal BAM Group in relation to its Group Companies in connection with the consolidated financial reporting of the Group or in consequence of specific requirements from the relevant principal.

In addition, a majority of the strategic land positions are being held in joint ventures. The development, encumbrance or disposal of such positions depends on the relevant joint venture arrangements, but flexibility is generally more limited than if the Group had held these assets directly.

In addition, the Group cannot assure potential investors that its strategic or joint venture partners will wish to continue their partnerships with the Group in the future or that the Group will be able to pursue its stated strategies with respect to its joint ventures and the markets in which they operate. Furthermore, the Group's partners may be subject to a change of control, which may affect their strategies in connection with the respective joint venture. In some cases, the Group may receive less information on the business activities of these companies than it would on one of its wholly-owned Group Companies.

Any failure of management information and internal control systems may adversely affect the ability of Royal BAM Group to implement its business strategy throughout the organisation of the Group and adequately respond to unfavourable developments within its Group Companies

The Group is organised on a decentralised basis, leaving certain management decisions to the discretion of its operating companies. Royal BAM Group has implemented management information and internal control systems to ensure that its business strategy is implemented throughout the organisation of the Group and to be able to adequately respond to unfavourable developments within its Group Companies. These systems combine elements that are specific to each individual operating company, with elements that are in place on a Group wide uniform basis. At times, a failure of Royal BAM Group's management information systems and control procedures has resulted in a delay to adequately respond to unfavourable developments within the Group.

It cannot be excluded that in the future, failure of management information and internal control systems may occur, which may adversely affect Royal BAM Group's ability to successfully implement its business strategy throughout the organisation of the Group or to adequately respond to unfavourable developments within any of its Group Companies.

The value of the Group's strategic land positions may be adversely affected by (a lack of) changes in local zoning plans (**bestemmingsplannen*****), the inability to further develop land positions in the near future, general macro-economic conditions, environmental issues or the illiquid nature of land positions***

The book value of the Group's strategic land positions is based on certain assumptions, such as a possibility of developing (at least part of) the positions. As the development of the strategic land positions often depends on public bodies, in particular city councils, amending the relevant zoning plans (*bestemmingsplannen*), the non-occurrence of such amendments in the future may materially affect the value of the land positions concerned.

There may be other factors, such as successful appeals by nearby residents or a lack of liquidity, which limit or impede the Group to further develop its strategic land positions in the medium to long-term future and consequently realise positive financial returns.

In addition, the value of the Group's strategic land positions depends on general macro-economic conditions, which in the short-term do not appear to be favourable.

Pollution or soil problems may have a negative effect on the land positions' value as well.

Land positions can be relatively illiquid as a result of economic, real estate market or other conditions, meaning that it is uncertain if and when the positions will be developed, encumbered or sold and if and when — as a result — cash will be generated from these land positions. Illiquidity may affect the Group's ability to value, to dispose of or liquidate parts of its land positions in a timely manner and at satisfactory prices as a result.

If calculations or estimates of the overall risks, revenues or costs on any particular project or contract prove inaccurate or if circumstances change, then lower than anticipated profits may be achieved or a loss may be incurred on such projects or contracts

A significant proportion of the Group's business depends on costs being accurately calculated and controlled, and projects being completed on time, such that costs are contained within the pricing structure of the relevant contract. In case of wrong or inaccurate calculations or estimates or a lack of control, lower than anticipated profits may be achieved or a loss may be incurred, and the Group may incur penalties if the performance schedule is not met.

Cost overruns can be due, among other things, to inefficiency, poor design where the contractor or the Group has design responsibilities, miscalculations, cost escalation, lack of cost control, lack of project control or (not agreed) cost overruns by subcontractors, limited possibility to pass on price increases to clients, unforeseen changes in the construction plans, inherent price risks relating to the procurement of land, materials and subcontracting of work or other factors which results in lower profit or a loss on a project. A significant number of contracts is based in part on cost calculations that are subject to a number of assumptions. If estimates of the overall risks or calculations of the revenues or costs prove inaccurate or circumstances change, lower profits may be achieved from or greater losses may be incurred on such contracts.

The Group may also run into construction and administrative cost overruns which it may not be able to pass on to the client. If members of the Group should exceed contract deadlines, the Group may be faced with additional costs as a result of standard penalty clauses included in those contracts. There can be no assurance that the Group's results of operations and financial condition will not, in the aggregate, suffer a material adverse effect if it experiences cost overruns in future fixed price or not-to-exceed contracts. Issuance of parent company guarantees to and/or on behalf of its Group Companies, in certain circumstances, results in a transfer of risk to Royal BAM Group.

Bidding for large scale (long-term) projects exposes the Group to an inherent risk of significant loss on such projects

The Group is requested to bid in various sectors for technically complicated projects, including, but not limited to, PPP projects. These projects, for which the Group provides development, including design, technical and construction expertise, are typically performed over a lengthy time period that could last from several months to several years. The contracts for these projects are inherently risky because of the possibility of underbidding, the fact that the Group assumes substantially all of the risks associated with completing the project and the ensuing post-completion warranty obligations. Under these contracts, the Group typically also assumes the project's technical risk, meaning that it must tailor mechanical and electrical engineering design to satisfy the technical requirements of a project even though, at the time the Group is awarded the project, it may not have previously developed a similar design.

Moreover, under these contracts the Group sometimes assumes risks relating to soil conditions, including the risk that soil is not suitable for intended use or that soil is polluted due to works carried out by the Group. In addition, the revenue, cost and gross profit realised on such contracts can vary from the Group's original projections because of changes in conditions, including but not limited to unanticipated technical problems encountered by the Group or subcontractors which may require that the Group spend its own time, money and other resources to remedy the problem, changes in the cost of components, materials or labour, difficulties in obtaining required governmental permits or approvals and project modifications creating unanticipated costs.

These risks are exacerbated if the duration of the project is long-term because there is more time for, and an increased risk that, the circumstances upon which the Group originally bid and developed a price will change in a manner that increases its costs which it may not be able to pass on. In addition, the Group may bear the risk of delays or defects caused by unexpected conditions or events. The Group's long-term projects often make the Group subject to penalties if it cannot complete portions of the project in accordance with agreed-upon time limits.

The Group has long-term PPP projects for non-residential and infrastructural assets that are based on key assumptions which may not prove to be correct

In the course of its business, the Group has long-term PPP projects for non-residential and infrastructural assets. The financial success of these investments is dependent on various assumptions about future revenue and costs from the non-residential and infrastructural assets in which the investments are made. If these assumptions prove to be incorrect, the Group is vulnerable to partial or total loss of the value of the investments made. As the projects in which these investments are made are highly leveraged, small changes in the assumptions underpinning these investments can have a significant impact on the value of the Group's equity stakes in these projects.

Unsuccessful tender procedures may result in significant non-recoverable costs

The Group obtains a large number of its projects in tender procedures initiated by the relevant client. The Group sometimes fails to win certain tender procedures in which it has invested significant costs and time. Although in some cases, the Group is paid for part of its costs, the Group may still face significant costs which it cannot recover if a tender procedure is not won. Such costs generally are higher if the project is more complex.

Legal proceedings in which the Group is involved or may become involved in the future could adversely affect the Group

In addition to a number of legal proceedings inherently connected with the performance of its operations, the Group is currently involved in legal proceedings which, if adversely resolved, may have a significant effect on its business, prospects or the financial position of the Group. For further information on pending legal proceedings, see "Business—Legal and arbitration proceedings".

In general, Royal BAM Group cannot exclude that pending or future legal proceedings may be resolved in a way that is detrimental to the Group and that lead to significant liabilities.

The Group's operations in the construction industry carry a risk of performance and product liability

The Group's operations may result in product and performance liability, whether based on liability towards clients for the Group's or for sub-contractor's non-conformity and non-performance, towards employees under the statutory provisions on employer's liability or towards other third parties.

The Group relies on manufacturers and other suppliers to provide it with the materials it uses in its construction operations. As the Group does not have direct control over the quality of the materials manufactured or supplied by third party suppliers, it is exposed to risks relating to the quality of such materials. The Group may use these materials in its constructions that are subsequently alleged to have quality problems or to have caused personal injury or other damage, subjecting the Group to potential reputational damage or claims from clients or third parties or requiring the Group to take appropriate corrective action in respect of affected products.

There can be no assurance that the Group will be able to obtain insurance coverage to address certain of these types of liabilities, on acceptable terms in the future, if at all, or that any such insurance will provide adequate coverage against potential claims. Product and performance liability claims can be expensive to defend and can divert the attention of management and other personnel for significant time periods, regardless of the ultimate outcome. Any litigation, moreover, carries an inherent risk of an adverse outcome.

Violations of laws could result in damages, fines or other sanctions

The Group's operations are affected by various statutes, regulations and laws in markets in which it operates. The Group is subject to various laws applicable to businesses generally, including, but not limited to, laws affecting tax, land use, zoning, the environment, occupational health and safety, product safety, quality and liability, transportation, labour and employment practices (including pensions) and competition. In addition, building codes may affect the products that the Group is permitted to use, and consequently, changes in building codes may affect the saleability and marketability of the Group's products. There can be no assurance that the Group will not incur material costs or liabilities in connection with regulatory requirements. Future developments in laws and regulations concerning the Group's businesses may materially adversely affect its business, prospects, financial condition or results of operations. Any breach of obligations under these statutes, regulations and laws, or even incidents relating to the environment or health and safety that do not amount to a breach, could adversely affect the Group's business, prospects, financial condition and operating results.

The construction sector as a whole, including the Group, has in the past been fined for collusive behaviour. Any similar future violation of relevant laws or regulations by the Group or any of its Group Companies or employees will carry increasingly adverse risks including of high penalties that may be levied and reputational damage.

A major catastrophic incident in relation to one of the Group's projects could subject the Group to liability and significant reputational harm

It is possible that a major catastrophic event, such as the collapse of a bridge, tunnel, building or other substantial structure or a major derailment or other rail accident, could occur at one of the projects in relation to which the Group has provided professional design, construction or engineering services. Such a catastrophic event could result in the personal injury or death of one or more employees of the Group, employees of other subcontractors working on the project or members of the public, significant, actionable environmental harm, and/or extensive damage to third party property. In the event that such a catastrophic event is found to be caused by the professional negligence of the Group, it could have a significant impact on its business.

Catastrophic incidents, such as the recent collapse of Cologne's municipal archives building during construction work on a metro system performed by a consortium partner of the Group (see "Business—Legal and arbitration proceedings"), could subject the Group to claims for personal injury, wrongful death, property damage or claims by clients, subcontractors, governments, employees or members of the public, which could lead to the payment of extensive damages, and result in significant adverse publicity and reputational harm. Such adverse publicity and reputational harm could lead to a loss of business or a decline in Royal BAM Group's share price if shareholders anticipate a loss of business.

Environmental regulations and claims relating to its current and former operations and properties could force the Group to incur significant costs

The Group currently owns land and it intends to continue to acquire land in connection with future property development projects. Like other land owners, the Group is generally exposed to the risk of liability for pollution (including without limitation soil contamination) of the land it owns. It cannot be excluded that property acquired or to be acquired by the Group is polluted. In these circumstances, the Group might be obliged to take temporary containment measures, cure the existing pollution or reconstruct the polluted property, even where it did not cause or had knowledge of the pollution. The costs related to such measures or the costs of defending against environmental claims may be substantial. The Group also bears the risks that the costs of these measures or reconstruction cannot be recovered from the person who originally caused the pollution. In addition, when carrying out projects on property owned by third parties, pollution of that property might cause delays in the work carried out by the Group, as a result of which additional costs may be incurred. The presence of pollution, or the failure to remediate such pollution, may also adversely affect the Group's ability to sell the land. Also, the Group could be alleged to have caused soil or water contamination in carrying out works on the property owned by third parties, which may cause the Group to incur additional costs.

Asbestos-related litigation may have a material adverse effect on the Group's financial results

In the past, the construction industry has used and its employees have worked with or have been in contact with materials containing asbestos. Exposure to asbestos may lead to health problems, such as lung mesolthelioma. The Group's past operations therefore carry a relatively high exposure for asbestos-related litigation from its (former) employees or contractors. The Group's (potential) liability for exposure to or contamination by asbestos is not always covered by insurance.

Any failure of the Group's safety and environmental programmes or policies could subject the Group to potential liabilities and reputational damage

The Group is involved in significant and complex construction projects which require the continuous monitoring and management of health, safety and environmental risks. In 2009, 62 employees of the Group's and 118 employees of the Group's construction partners were seriously injured in industrial accidents. In 2009, no fatal casualties have occurred within the Group. The same year, eight employees of the Group's construction partners have died in industrial accidents.

Royal BAM Group has implemented health, safety and environmental policies. These policies combine elements that are specific to each individual operating company, with elements that are in place on a Group-wide uniform basis. There can be no assurance that failure in health, safety and environmental policies and procedures have not occurred or will not occur.

Any failure in health and safety practices or environmental risk management procedures that results in serious harm to employees, subcontractors, the public or the environment could subject the Group to investigations, prosecutions and/or civil litigation, each of which could be costly for the business in terms of fines settlements and management time. Such a failure could also subject the Group to significant adverse publicity and have an impact on its reputation and its ability to win new business.

The Group may incur liabilities as a result of past acquisitions and former and planned disposals

In the past, Royal BAM Group has directly or indirectly disposed of businesses and subsidiaries. For instance, in the United States of America ("**United States**"), operating company Flatiron was sold in 2007. In 2008, BAM Woningbouw BV ("**BAM Woningbouw**") sold its concrete production plant in Weert (the Netherlands) and Royal BAM Group disposed of Fort Unitbouw. Disposals may not realise the anticipated benefits or there may be other unanticipated or unintended effects. Warranties and indemnities given in connection with disposals may subject the Group to unexpected and significant liabilities.

The Group in the past has made numerous acquisitions most of which were not material on an individual basis for the Group as a whole, but some of which were significant such as Hollandsche Beton Groep N.V. ("**HBG**") which was acquired in 2002. In 2007, Royal BAM Group acquired Kairos NV ("**Kairos**") (a property company in Belgium), Betonac NV ("**Betonac**") (a civil engineering company in Belgium) and IPMMC B.V. ("**IPMMC**") (a property company in the Netherlands). Early 2006, Royal BAM Group acquired a 51% interest in property company AM. In 2009, Royal BAM Group acquired the remaining 49% interest in AM (the shares were transferred as of 22 March 2009).

There can be no assurance that due diligence examinations carried out by the Group or by external advisers in connection with any business that the Group has acquired in the past have revealed all of the associated risks, or the full extent of such risks. Even if the Group has acquired a business in the past, the Group may still today and in the future be exposed to material hidden defects or deficiencies in title or otherwise which were not apparent at the time of acquisition.

For example, AM may have unknown obligations to purchase land at a loss in the current market conditions, which may result in impairments and unscheduled cash outflow.

Another risk is insufficient integration of the acquired business in the internal Group control framework which could result in not recognising hidden material risks in time. Former owners or board members of the acquired business may have negotiated an earn-out payment which can lead to a conflict of interest with the Group.

Representations and warranties and indemnities obtained from a seller may not cover all of the issues that may arise following completion of an acquisition or come to light after the expiry of warranty or indemnity periods, and they may not fully compensate the Group for any diminution in value or any other loss it may suffer. Finally, it may be difficult or impossible to enforce representations or warranties or indemnities.

The Group's pension plans may be subject to negative developments

The Group operates a number of pension plans for its employees in its home markets. Some pension plans are limited to cover Group employees whilst other plans are industry-wide or multi-employer. The terms of the Group's pension plans vary from country to country as well as within each country. The Group is at risk from current shortfalls in the funding of some of these pension plans and from potential further shortfalls. These risks could impact the funding requirements and the time period allowed for making up any shortfalls and result in additional cash contributions, deficits and income statement charges.

The liabilities under IFRS for pension plans limited to Group employees amount to EUR 1,547.8 million at the end of 2009. These liabilities reflect the Group's best estimate of key financial assumptions such as inflation, discount rates and salary growth. By nature, these and other assumptions will change over time, leading to volatility in the value of the liabilities.

The assets related to these pension plans limited to Group employees were valued at EUR 1,408.5 million at the end of 2009. Asset values of primarily equities and fixed interest bonds will be volatile due to market value fluctuations. The Group has, to a limited extent, insured the risks of negative developments in interest rates, equity values and fixed interest bond values by entering into agreements with insurance companies.

The above IFRS liabilities and assets amounted to a negative balance of EUR 139.3 million at 31 December 2009. Taking into account the (IFRS) corridor, the Group has recognised a net liability in the balance sheet (as a balance) of EUR 30.0 million. The corridor allows to amortise actuarial gains and losses in each pension plan through the income statement over the future working life of employees, after deducting 10% of (the highest of) the liabilities or assets from the unamortised amount of that plan. At the end of 2009, plans with assets exceeding liabilities had a total surplus of EUR 76.7 million and plans with liabilities exceeding the assets had a deficit of EUR 106.7 million, giving a total balance of EUR (30.0) million.

Funding valuations are carried out on behalf of the independent boards of these pension plans or by insurance companies with support of actuaries. These valuations are intended to determine the cash contributions to be paid by the Group. In the Netherlands valuations are carried out annually, whereas in the UK, valuations are carried out every three years.

The Group complies with the applicable minimum funding requirements in each home market. Based on these requirements, additional funding is required in the United Kingdom. The additional funding has been agreed with the Trustees. In the financial year ended 31 December 2009, the additional funding requirement amounted to EUR 12 million, as compared to EUR 15 million in the financial year ended 31 December 2008. Due to recently determined shortfalls, ongoing funding requirements have been agreed for the next 10 years.

In addition, the Group provides pensions through multi-employer plans. These are not reflected in the balance sheet position, but the Group remains exposed to risks. Premium requirements for these pension plans are expected to increase in the coming years due to recent reductions of asset values, leading to additional cash outflow.

Regulatory changes and other matters beyond the Group's control may also have a material adverse effect on value of assets and liabilities in these pension plans, on funding requirements, or on the time period allowed for making up any shortfalls related to these pension plans.

The Group's business could suffer if the Group is, or employer organisations representing the Group are, unsuccessful in negotiating new collective labour arrangements. Strikes or other industrial actions could disrupt its operations or make it more costly to operate its business

Several collective labour agreements are in force within the Group. These agreements tend to be negotiated with trade unions. The duration of the agreements varies. For example, the collective labour agreement in the Netherlands for the construction industry (*CAO Bouwnijverheid*) expires on 31 December 2010. The Group, or employer organisations representing the Group, may not be successful in negotiating new collective labour agreements. Moreover, negotiations may result in significant increases in the cost of labour or a breakdown in negotiations leading to a disruption of the Group's operations. Strikes or other industrial action could disrupt its operations or make it more costly to operate its business.

The Group may suffer losses not covered by insurance

Certain types of risks that are not generally insured against, such as damages from flooding (except for damage to projects during construction caused by flood, which is usually covered by CAR policies), losses from wars or other *force majeure* events and civil liability for environmental damages. The occurrence of a significant event not (fully) insured or indemnified against or the failure of the Group to meet its insurance payment obligations could result in a loss of all or a portion of the capital invested in its business.

Royal BAM Group is a holding company with no operation. It relies on its operating Group Companies to provide itself with funds necessary to meet its financial obligations and to declare and pay dividends

Royal BAM Group is a holding company with no material, direct business operations. The principal assets of Royal BAM Group are the equity interests it directly or indirectly holds in its operating Group Companies. As a result, Royal BAM Group is dependent on upstream loans, dividends and other payments from its Group Companies to generate the funds necessary to meet its financial obligations, including the payment of dividends. The ability of Royal BAM Group's Group Companies to make such distributions and other payments depends on their earnings and may be subject to statutory or contractual limitations in the Netherlands, the United Kingdom, Germany, Belgium, Ireland and other countries. As an equity investor in its Group Companies, Royal BAM Group's right to receive assets upon their liquidation or reorganisation will be effectively subordinated to the claims of creditors of these Group Companies. To the extent that Royal BAM Group is recognised as a creditor of its Group Companies, its claims may still be subordinated to any security interest in or other lien on their assets and to any of their debt or other obligations that are senior to Royal BAM Group's claims. As a result, the payment of dividends and distributions to Royal BAM Group by its Group Companies could be restricted, which could in future restrict Royal BAM Group's ability to fund other operations or to pay a dividend to holders of Ordinary Shares.

The Group may have exposure to tax liabilities which are greater than currently anticipated and the recorded tax assets may not be fully recoverable

IFRS requires that judgement is applied in determining certain tax positions. Royal BAM Group has made provisions based on its assessment of potential tax liability that could result from the resolution of the uncertain positions. The ultimate tax outcome may differ from the amounts recorded in the Group's consolidated financial statements. In addition, Royal BAM Group has recorded tax assets in its financial statements. These tax assets may not be fully recoverable.

The Group's results of operations and financial position could be adversely affected by material fluctuations in EUR/GBP exchange rates

In the financial year ended 31 December 2009, approximately 24% of the Group's revenue was denominated in GBP, while its reporting currency was (and is) the euro. The operating result in foreign currency is not hedged. Fluctuations in currency exchange rates may thus materially affect the Group's results. In addition, exposure to foreign exchange fluctuations in relation to translating GBP accounts into euro is not hedged and these fluctuations have affected and may materially affect the Group's financial position.

Interest rate exposure, as well as derivative counterparty risk, may have an adverse effect on the financial position and results of the Group

The Group is exposed to changes in interest rates resulting from borrowings to finance its operations. The Group has entered into interest rate swap agreements to generate the desired interest rate profile and thereby manage its exposure to interest rate fluctuations. An interest rate swap changes the Group's exposure to interest risk by effectively converting a portion of the Group's floating rate debt to a fixed rate. The Group may elect in the future to enter into additional floating rate to fixed rate swaps.

In addition, the Group's interest rate swaps expose the Group to the risk of default by the counterparties to such arrangements.

Future declining results of Van Oord could have a negative impact on the value of Royal BAM Group's participation in Van Oord, possible future dividends and the potential proceeds of a sale of this participation

Royal BAM Group holds a 21.5% interest in Van Oord, a Dutch company with worldwide dredging activities. Royal BAM Group's share in the annual profit of Van Oord, based on the accounting principles of Royal BAM Group, declined from EUR 42.3 million in the financial year ended 31 December 2008 to EUR 27.3 million in the financial year ended 31 December 2009. Van Oord's declined profit and future declining profits could have a negative impact on the value of Royal BAM Group's participation in Van Oord, the size of future dividends and the potential proceeds of a sale of this participation.

The anti-takeover provisions in Royal BAM Group's articles of association could delay or deter a change of control

Royal BAM Group's articles of association (the "**Articles of Association**") include the possibility of issuing preference shares. In connection herewith, Stichting Aandelenbeheer BAM Groep (the **"Foundation"**) was founded in 1978. The Foundation holds an option to acquire Company's cumulative preference shares B ("Cumulative Preference Shares B"). The maximum amount of Cumulative Preference Shares B that the Foundation can acquire under the option equals 99.9% of the total share capital then outstanding, other than Cumulative Preference Shares B and minus the shares held by Royal BAM Group in its own capital. This means that if the Foundation would exercise its option in full, at the date of this Prospectus, it would be able to cast 49.97% of the votes.

The issuance of Cumulative Preference Shares B will cause substantial dilution of the effective voting power of any shareholder, including a shareholder that attempts to acquire Royal BAM Group, and could have the effect of delaying, deferring or preventing a change of control in Royal BAM Group, including proposals that might result in Royal BAM Group's shareholders receiving a premium over the market price of the Ordinary Shares. As a result, the issuance of Cumulative Preference Shares B may reduce the market price of the Ordinary Shares. See "Description of share capital".

Risks relating to the Offer Securities and the Offering

The market price of the Offer Securities may fluctuate and may decline below the Issue Price

The market price of the Offer Securities may decline or may fluctuate widely in the future. Therefore, the Issue Price of the Offer Securities at the time of the Offering may not be indicative of the market price for the Offer Securities after the Offering will have been completed. The market price of the Offer Securities may fluctuate widely, depending upon many factors beyond Royal BAM Group's control. The market price of the Offer Securities may be significantly affected by, among others the following factors: (i) Royal BAM Group's actual or anticipated operational results, (ii) the level of the Group's debt, (iii) future issues of ordinary shares or rights to acquire ordinary shares in the capital of Royal BAM Group or (iv) general market conditions. The market price of the Offer Securities is also subject to fluctuations in response to the Offering and the investor perception of the success and impact of the Offering. Royal BAM Group cannot assure that the market price of its Offer Securities will not decline. Should this occur after an Eligible Person exercises its Rights, which exercise cannot be revoked or modified except as provided for in "The Offering", that Eligible Person will suffer an immediate unrealised loss as a result. Moreover, Royal BAM Group cannot assure that an Eligible Person following the exercise of its Right will be able to sell the Offer Shares at a price equal to or greater than the Issue Price.

Royal BAM Group cannot assure that a trading market will develop for the Rights and, if a market does develop, the Rights may be subject to greater volatility than the Ordinary Shares. If the Offering fails completely, Rights will become worthless

Royal BAM Group intends to set a trading period for the Rights on Euronext Amsterdam from 9:00 hours CET on 1 June 2010 until 13:15 hours CET on 14 June 2010. Royal BAM Group cannot assure, however, that an active trading market in Rights will develop on Euronext Amsterdam during that period. Royal BAM Group does not intend to apply for the Rights to be traded on any other exchange. Additionally, because the market price of the Rights depends on the market price of the Ordinary Shares, the existing volatility of the Ordinary Shares could magnify the volatility of the Rights. If the Offering were to fail for whatever reason, the Rights would lose all value and purchasers of Rights will have lost the money they paid for their Rights without being able to buy Offer Shares with these Rights.

If a holder of Ordinary Shares does not exercise all of his Rights, his percentage ownership of Ordinary Shares will be significantly diluted. Shareholders in certain jurisdictions are excluded from the Offering and may thus suffer dilution

The Rights Offering is designed to enable Royal BAM Group to raise capital in a manner that gives the opportunity to existing holders of Ordinary Shares to subscribe for the Offer Shares pro rata to their shareholding at the Record Date, subject to applicable securities laws. The Joint Bookrunners have agreed, subject to certain conditions, to subscribe for, or to procure subscribers for, the number of Offer Shares equal to the number of Offer Shares that are not subscribed for during the Exercise Period through the exercise of Rights. To the extent that a holder of Ordinary Shares does not exercise his Rights, his proportionate ownership and voting interest in Royal BAM Group will be reduced. Even if an existing holder of Ordinary Shares elects to sell his Rights, or if he decides to hold his Rights through the end of the Exercise Period and is entitled to receive any Unexercised Rights Payment, the consideration he will receive, if any, may not be sufficient to fully compensate him for the dilution of his percentage ownership of Ordinary Shares that may be caused as a result of the Offering.

Shareholders from or in certain jurisdictions are excluded from the Offering. These shareholders thus risk being diluted.

In case closing of the Offering does not take place on the Closing Date and the Offering is withdrawn, whether or not as a result of a (premature) termination of the Underwriting Agreement by the Joint Bookrunners, both the exercised and the unexercised Rights will be forfeited without compensation to their holders and the subscriptions for and allocation of Offer Shares that have been made will be disregarded

It is expected that the closing of the Offering will take place on or about 18 June 2010. With respect to the Offer Securities, Royal BAM Group has entered into the Underwriting Agreement. The Joint Bookrunners are entitled to terminate the Underwriting Agreement under certain circumstances. If the closing of the Offering does not take place on the Closing Date or at all, whether or not as a result of a (premature) termination of the Underwriting Agreement by the Joint Bookrunners, the Offering may be withdrawn.

In such event, both the exercised and the unexercised Rights will be forfeited without compensation to their holders and the subscriptions for and allocation of Offer Shares that have been made will be disregarded. Any subscription payments received by Royal BAM Group will be returned without interest. Any such forfeiture of Rights will be without prejudice to the validity of any settled trades in the Rights. There will be no refund for any Rights purchased in the market. All trades in Rights prior to the Closing Date are at the sole risk of the parties concerned. None of Royal BAM Group, the Subscription, Listing and Paying Agent, the Joint Bookrunners and Euronext Amsterdam accepts any responsibility or liability to any person as a result of the withdrawal of the Offering or (the related) annulment of any transactions in Rights on Euronext Amsterdam. Withdrawal of the Offering might have a material adverse effect on the market price of the Ordinary Shares.

In addition, the value of the Rights is largely dependent on the market price of the Ordinary Shares. A significant drop in the market price of the Ordinary Shares could therefore also adversely affect the value of the Subscriptions Rights.

In case the Rump Offering is unsuccessful, the Joint Bookrunners may obtain a significant interest in Royal BAM Group and their interests may conflict with the interests of other shareholders

If any Rights have not been exercised by the end of the Exercise Period, the Joint Bookrunners may offer Rump Shares relating to such Rights for sale by way of a private placement in the Netherlands and certain other jurisdictions. If such Rump Offering proves to be unsuccessful, any remaining Rump Shares will be acquired by the Joint Bookrunners in accordance with and subject to the terms and conditions of the Underwriting Agreement.

An unsuccessful Rump Offering combined with a significant number of Rights not being exercised may result in the (indirect) ownership and shareholder control to be concentrated with the Joint Bookrunners. These parties may exercise significant influence over corporate matters requiring shareholders' approval after the closing of the Offering. Each of the Joint Bookrunners may vote in a way with which other shareholders would not agree and this concentration of ownership could adversely affect the market price and trading volume of the Ordinary Shares.

Issuance of additional equity by issuing new ordinary shares could lead to a dilution of shareholders' stakes

Royal BAM Group may in the future require additional capital to fund its business operations or its internal or external growth. Both the raising of additional equity through the issuance of new ordinary shares and the potential exercise of conversion and option rights by the holders of convertible bonds or bonds with warrants that may be issued in future could lead to a dilution of shareholders' stakes. The acquisition of or participation in other companies in return for newly issued ordinary shares or the issuance of ordinary shares to employees under future employee stock option plans could also lead to such dilution.

Shareholders in certain jurisdictions are excluded from the Offering. This may have a negative impact on the market price of the Ordinary Shares and may negatively influence the development of a trading market

Shareholders residing in the United States, Canada, Australia and Japan are, among shareholders in or from other jurisdictions, excluded from participation in the Offering. These persons may decide to sell their Ordinary Shares or, if they can validly do so, their Rights. This could have a negative effect on the market price of the Ordinary Shares, the value of the Rights and a market in the Rights developing, and, in the extreme case, on the success of the Offering.

IMPORTANT INFORMATION

Potential investors are expressly advised that an investment in the Offer Shares or the Rights entails certain risks and that they should therefore carefully review the entire contents of this Prospectus.

This Prospectus is being made available by Royal BAM Group. Investors should only rely on the information contained in, or incorporated by reference into, this Prospectus and any supplement within the meaning of Section 5:23 FMSA. Royal BAM Group accepts responsibility for the information contained in this Prospectus. To the best of its knowledge and belief, having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is in accordance with the facts and contains no omission likely to affect its import. Potential investors should not assume that the information in this Prospectus is accurate as of any other date than the date of this Prospectus.

Neither ING nor Rabobank in their respective capacities as Joint Global Coordinator and Joint Bookrunner, nor RBS in its capacity as Joint Bookrunner, nor ING in its capacity as Subscription, Listing and Paying Agent for the Offering, accepts any responsibility whatsoever for the contents of this Prospectus nor for any other statements made or purported to be made by either itself or on its behalf in connection with Royal BAM Group, the Offering or the Offer Securities. Accordingly, ING, Rabobank and RBS disclaim all and any liability whether arising in tort or contract or otherwise in respect of this Prospectus or any such statement.

No person is or has been authorised to give any information or to make any representation in connection with the Offering, other than as contained in this Prospectus, and, if given or made, any other information or representations must not be relied upon as having been authorised by Royal BAM Group, or on behalf of the Joint Bookrunners or their affiliates. Neither the delivery of this Prospectus nor any subscription or purchase of Rights and Offer Shares pursuant to this Prospectus at any time after the date hereof will, under any circumstances, create any implication that there has been no change in Royal BAM Group's affairs since the date of this Prospectus or that the information set forth in this Prospectus is correct as of any time since its date (without prejudice to any obligation for Royal BAM Group to publish a supplement within the meaning of Section 5:23 FMSA).

No representation or warranty, expressed or implied, is made by the Joint Bookrunners or any of their affiliates as to the accuracy, completeness or fairness of any information contained in this Prospectus, or incorporated by reference herein, and nothing contained in this Prospectus, or incorporated by reference herein, is, or shall be relied upon, as a promise or representation by the Joint Bookrunners or their affiliates as to the past or the future.

Presentation of financial and other Information

The historical consolidated financial information contained in, or incorporated by reference in, this Prospectus, including the reviewed consolidated interim financial statements for the three month periods ended 31 March 2010, the unaudited consolidated interim financial statements for the three month periods ended 2009, the audited consolidated financial statements for each of the years ended 31 December 2009, 2008 and 2007, and, except where stated otherwise, the financial information contained in "Selected Historical Financial Information", in "Operating and Financial Review" and in "Business", is that of Royal BAM Group.

The (interim) consolidated financial information in the Prospectus has been prepared in accordance with International Financial Reporting Standards as adopted in the European Union ("**IFRS**"), including IFRS-interpretations, as issued by the International Financial Reporting Interpretation Committee (IFRIC).

The annual audits and quarterly review of Royal BAM Group's historical financial information incorporated by reference in this Prospectus were performed in accordance with Dutch law.

This Prospectus will be published in English only. Terms used in this Prospectus are defined in "Definitions and Glossary of Selected Terms".

Certain figures contained in, or incorporated by reference in, this Prospectus, including financial information, have been subject to rounding adjustments. Accordingly, in certain instances the sum of the numbers in the text or a column or a row in tables contained in, or incorporated by reference in, this Prospectus may not conform exactly to the total figure given for that column or row.

All references in this Prospectus to "**EUR**", "**euro**" or "**€**" are to the currency introduced at the start of the third stage of the Economic and Monetary Union, pursuant to the Treaty establishing the European Economic Community, as amended by the Treaty on the European Union. All references to "**GBP**" are to the lawful currency of the United Kingdom.

This Prospectus contains a summary of certain provisions of the Articles of Association as they currently read. This summary is based on, and qualified in its entirety by reference to, the full text of the Articles of Association, which are incorporated by reference herein.

Market and industry information

All references to market data, industry statistics and industry forecasts in this Prospectus consist of estimates compiled by industry professionals, organisations, analysts, publicly available information, or Royal BAM Group's own knowledge of its sales and markets.

Industry publications generally state that their information is obtained from sources they believe reliable but that the accuracy and completeness of such information is not guaranteed and that the projections they contain are based on a number of significant assumptions. Although Royal BAM Group believes that these sources are reliable, Royal BAM Group cannot guarantee its accuracy and completeness as it does not have access to the information, methodology and other bases for such information and has not independently verified the information. The market and industry information on which the sources used by Royal BAM Group state to have based themselves and on which Royal BAM has based itself for its own analysis, date back to 2008 and earlier, as more recent information is either not available yet or cannot be used in isolation because this would distort the overall result of the analysis.

In this Prospectus, Royal BAM Group makes certain statements regarding its competitive and market position. Royal BAM Group believes these statements to be true, based on market data, industry statistics and publicly available information. All assumptions, estimates and expectations of Royal BAM Group underlying its statements have been based on careful analysis and are honestly held. Royal BAM Group cannot guarantee that a third party using different methods to assemble, analyse, or compute market data, would obtain or generate the same results.

The information in this Prospectus that has been sourced from independent sources has been accurately reproduced and, as far as Royal BAM Group is aware and able to ascertain from the information published by that independent source, no facts have been omitted that would render the reproduced information inaccurate or misleading. Royal BAM Group has not independently verified these data or determined the reasonableness of the assumptions used by their compilers, nor have data from independent sources been audited in any manner.

No incorporation of website

The contents of Royal BAM Group's website (http://www.bam.nl), including any websites accessible from hyperlinks on Royal BAM Group's website, do not form part of, and are not incorporated by reference into, this Prospectus.

Potential conflicts of interest

The Joint Bookrunners, which are regulated in the Netherlands by the Dutch Central Bank (De Nederlandsche Bank N.V., "**DNB**") and the AFM, are acting exclusively for Royal BAM Group and for no one else in relation to the Offering and the listing and trading of the Offer Shares and the trading of Rights and will not be responsible to anyone other than to Royal BAM Group for giving advice in relation to, respectively, the Offering and the listing and trading of the Offer Shares and the trading of Rights.

The Joint Bookrunners (and/or their respective affiliates) have from time to time been engaged, and may in the future engage, in commercial banking, investment banking and financial advisory and ancillary transactions in the course of their business with Royal BAM Group (or any parties related to Royal BAM Group) for which they have received or may receive customary compensation. In respect of the above, the sharing of information is generally restricted for reasons of confidentiality, by internal procedures or by rules and regulations (including those issued by the AFM). As a result of these transactions, these parties may have interests that may not be aligned, or could potentially conflict, with the interests of holders of Ordinary Shares, holders of Rights or with the interests of the Group.

The Joint Bookrunners and their respective affiliates may provide such services for Royal BAM Group and Royal BAM Group's respective affiliates in the future. Additionally, the Joint Bookrunners may, in the ordinary course of their business, have held and in the future may hold Royal BAM Group's securities for investment. Also, Rabobank and RBS act as liquidity providers for the trade in Ordinary Shares. ING is one of Royal BAM Group's major shareholders. See "Major shareholders and related party transactions".

The Joint Bookrunners (and/or their respective affiliates) are all currently lenders to Royal BAM Group and in addition also lead arrangers under the Existing Facilities. As the lenders and lead arrangers under the Existing Facilities, they have received and may continue to receive customary fees related to such services and received an arrangement fee in connection with the Existing Facilities.

As a result of acting in the capacities described above, the Joint Bookrunners may have interests that may not be aligned, or could potentially conflict, with investors' and Royal BAM Group's interests.

Notice to investors

The distribution of this Prospectus and the offer, acceptance, delivery, transfer, exercise, purchase of, subscription for, or trade in the Offer Securities may be restricted by law in certain jurisdictions. Persons in possession of this Prospectus are required to inform themselves about and to observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of the securities law of any such jurisdiction. This Prospectus may not be used for, or in connection with, and does not constitute, any offer to sell, or an invitation to purchase, any of the Offer Securities offered under the Offering in any jurisdiction in which such offer or invitation is not authorised or would be unlawful. Neither this Prospectus, nor any related materials, may be distributed or transmitted to, or published in any jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations.

The content of this Prospectus is not to be considered or interpreted as legal, financial or tax advice. Each prospective investor should consult his own stockbroker, bank manager, auditor or other financial, legal or tax advisers before making any investment decision with regard to the Offer Securities, to consider such investment decision in light of the prospective investor's personal circumstances, and in order to determine whether or not such prospective investor is eligible to subscribe for the Offer Shares or to trade in the Rights.

As a condition to accept, deliver, transfer, exercise, purchase, subscribe for or trade in Offer Securities, each purchaser in order to be an Eligible Person will be deemed to have made, or, in some cases, be required to make, certain representations and warranties which will be relied upon by Royal BAM Group, the Joint Bookrunners and others. Royal BAM Group and the Joint Bookrunners reserve the right, in their sole discretion, to reject any purchase or subscription of Offer Securities that Royal BAM Group or the Joint Bookrunners believe may give rise to a breach or violation of any law, rule or regulation. A more detailed description of restrictions relating to the Offering is contained in "Selling and transfer restrictions".

Certain U.S. Matters

The Offer Securities have not been, and will not be, registered under the Securities Act and may not be exercised, offered, sold or otherwise transferred in or into the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act) unless the Offer Securities are registered under the Securities Act, or an exemption from the registration requirements of the Securities Act is available. There will be no offering of the Offer Securities in the United States.

The Offer Securities have not been recommended by any United States federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not passed upon the merits of the Offering or confirmed the accuracy or determined the adequacy of this Prospectus. Any representation to the contrary is a criminal offense in the United States.

Forward looking statements

This Prospectus contains certain forward-looking statements concerning the Group's future operations, economic performances, financial conditions and financing plans, including such things as working capital, business strategy and measures to implement strategy, competitive strengths, goals and the Group's business and operations and references to future success. These statements are based on certain assumptions made by the Management Board. Whether actual results and developments will conform to Royal BAM Group's expectations and predictions is subject to a number of risks and uncertainties, particularly in the current economic climate and in view of rapidly changing market and sector conditions, as well as the risk factors discussed in this section. In addition, the Group may not be able to recognise or act on, changing market developments. There can be no assurance that the actual results or developments anticipated by the Group will be realised or, even if substantially realised, that they will have the expected consequences for or effects on Royal BAM Group and its Group Companies or their business or operations.

REASONS FOR THE OFFERING AND USE OF PROCEEDS

Royal BAM Group intends to strengthen its capital structure by raising approximately EUR 249 million in the Offering. The Offering gives the Group greater financial flexibility going forward, strengthens the Group's balance sheet and improves its solvency, which is beneficial for winning tenders for new projects in general.

Royal BAM Group intends to use approximately EUR 150 million from the net proceeds of the Offering to make equity contributions to new and existing PPP projects. The investment of part of the proceeds of the Offering in new PPP projects is an important element in order to facilitate growth. Increased PPP activity may secure significant future revenues for other sectors of the Group. PPP projects tend to generate construction and engineering work, as well as long-term maintenance activities. The exact amount that will be used for equity investment in PPP projects depends on the success of Royal BAM Group in winning PPP tender procedures.

The remainder of the Offering proceeds will be used for general corporate purposes.

Events leading up to the Offering

As many of its peers, the Group is affected by the current economic downturn. In 2009 and in the first quarter of 2010, the Group's operating companies, in nearly all home markets, were facing shrinking volumes, intensifying competition and substantial pressure on pricing. This put a strain on the Group's results, turnover and order book. However, with the exception of property activities in the Netherlands, the United Kingdom and Ireland, all sectors and all home markets still realised a profit in 2009. Royal BAM Group closed the financial year ended 31 December 2009 with a EUR 31.3 million net profit.

Twice in the past ten-month period, primarily due to circumstances in the property sector, Royal BAM Group has had to revise downward its expectations for the 2009 financial year. In the financial year ended 31 December 2009, the Group suffered a loss of EUR 134.3 million due to property related impairments and an additional EUR 132.3 million operational loss in the property sector. In view of these developments, Royal BAM Group has taken a number of measures. In the third quarter of 2009, Royal BAM Group decided to merge AM and BAM Vastgoed into a single organisation effective on 1 January 2010. In addition, AM and BAM Vastgoed and other operating companies of the Group have over the past year downsized their organisation.

Royal BAM Group believes that the current economic downturn also creates opportunities. In the short term, government spending is likely to increase or remain stable as part of the efforts to kick-start the economy. In 2009 and 2010, this trend was already visible. The Group is well positioned to benefit from this trend. In addition as public budgets decrease, governments may become increasingly dependent on PPP for inevitable investments in infrastructure, health and utilities. The Group intends to be ready to benefit from these new opportunities.

Financial flexibility; solvency ratio

Financial flexibility is important in the construction industry. Adequate solvency, which is an expression of this flexibility, is a key element for attracting new business and is of increasing importance for winning tender procedures for PPP and other projects. In addition, it is beneficial for entering into joint venture agreements, for procuring products and materials from suppliers and for retaining the services of subcontractors on favourable (credit) terms. In light of the current economic downturn, solvency has become of even greater importance.

The Group's solvency ratio (excluding non-recourse debt) on 31 March 2010 was 17.8%. Although Royal BAM Group believes that the Group's current solvency position is sufficient to adequately operate and compete in its home markets, it also believes that an enhanced solvency position would improve its competitive edge. In addition, a stronger solvency gives the Group greater financial flexibility. If the projected net proceeds of the Offering would have been raised at the end of the first quarter of 2010, the Group's solvency ratio (excluding non-recourse debt) on 31 March 2010 would have been 21.4%. See "Capitalisation".

PPP

The Group's involvement in PPP projects has increased over the last five years. At the date of this Prospectus, the Group holds 27 PPP contracts in its portfolio of which 15 are operational. In addition, the Group participates in 22 tenders for PPP projects in its home markets. Royal BAM Group believes that its PPP activities will further increase, potentially significantly, in the future.

A key feature of PPP is its capacity to generate substantial revenues for Royal BAM Group's construction and civil engineering sectors, which are involved in realising PPP projects. Revenue is also generated from maintenance and facility management during the operational phase of PPP projects.

The Group's policy is to divest its equity stake in a PPP project after the project has been operational for a number of years, while remaining involved in maintenance and facility management. The Group may make a capital gain on these divestments.

The Group's PPP sector derives direct revenue from governmental or semi-governmental organisations based on availability of accommodation and infrastructure assets (except for certain road projects where revenue is derived from toll paid by the users of the roads). This is in line with Royal BAM Group's focus on PPP projects where revenues are derived from providing availability of the asset to governmental or semi-governmental organisations rather than usage (See "Business —Selected key elements of the Group's business model —PPP projects"). The reason behind this focus is that availability revenues tend to be more stable and predictable than revenues based on usage.

Results in the PPP sector reflect the contribution from operational PPP projects, tender costs regarding the acquisition of new projects and divestment profits regarding the sale of operational projects (resulting from the Group's portfolio management).[1]

At 31 March 2010, the PPP order book amounted to EUR 892.0 million. In the PPP sector, the order book is the combined value of revenue generated during the realisation of the PPP projects and the estimated revenue generated from operational PPP projects for the next 5 years, although the entire operational cycle may cover a longer period. At 31 March 2010, the aggregate estimated PPP related construction and civil engineering revenue volume for all ongoing tender procedures combined was almost EUR 4 billion.

PPP projects are primarily financed with debt. A Group Company taking part in a PPP project must participate as an equity investor. Occasionally, more than one construction company and/or one or more third party investors participate in the same PPP project. The equity component of the total investment cost of a typical PPP project tends to range from 10% to 15%.

At 31 March 2010, committed net-investments for the Group's PPP portfolio amounted to EUR 208.0 million (31 December 2009: EUR 189.0 million), of which EUR 64.0 million has actually been invested. The Group expects to be able to make substantial equity investments in existing and new PPP projects in the future from the proceeds of the Offering. For more information on PPP projects, see "Business—PPP" and "Operating and financial review—Projects in the form of PPPs".

Amendment of terms of the Group's credit facilities

In addition to the expected positive effect from the Offering on its capital structure, in April 2010, Royal BAM Group has obtained consent from its banking syndicates, subject to certain market customary conditions and the condition of completion of the Offering being met, to amend the recourse leverage ratio in the financial covenants of the Group's Existing Facilities to meet the demands that result from the seasonal pattern common for the construction industry. As a result, Royal BAM Group believes that the Existing Facilities will now become more in line with the seasonal nature of its operations.

Other amendments to the Existing Facilities to which Royal BAM Group's banking syndicates consented, subject to certain conditions being met, include: extension of the term of the Revolving Credit Facility (except in respect of one lender) and the Term Loan Facility, repayment of the loan under the Subordinated Term Loan Facility in full on its final maturity date instead of on two dates, reduction of the total commitments under the Revolving Credit Facility, mandatory reduction of the total commitments and under certain circumstances prepayment of the loans under the Revolving Credit Facility and the Term Loan Facility upon disposal by the Group of its shares in Van Oord, an increase in the margin range payable in respect of the Revolving Credit Facility (except in respect of one lender) and the Subordinated Term Loan Facility and the inclusion of a current ratio in the Existing Facilities. See "Operating and financial review—Liquidity and capital resources—Description of borrowings".

Proceeds of the Offering

After deducting the estimated expenses related to the Offering of EUR 12 million, the Group anticipates receiving approximately EUR 237 million from the sale of the Offer Shares.

The estimated expenses, commissions and taxes related to the Offering are expected to amount to approximately EUR 12 million. These include, among other things, the fees due to the AFM and Euronext Amsterdam, the commission of the Joint Bookrunners, legal and administrative expenses and publication costs.

(1) During the realisation of PPP projects, revenue is recorded both in the PPP sector and in the sector construction and/or civil engineering which is involved in the construction of the projects. At Group level this overlap of revenue is eliminated. The maintenance activities relating to operational PPP projects are recorded by the Group in its corresponding construction and civil engineering sectors.

DIVIDENDS AND DIVIDEND POLICY

General

Royal BAM Group may only make distributions to its shareholders if its equity exceeds the sum of the paid-in and called-up share capital plus the reserves as required to be maintained by Dutch law or by the Articles of Association. Pursuant to the Articles of Association, the Supervisory Board determines, on the proposal of the Management Board, which part of any profit will be reserved. After reservation by the Management Board of any profit, the remaining profit will be at the disposal of the General Meeting.

Royal BAM Group only makes a distribution of dividends to its shareholders after the adoption of its annual accounts demonstrating that such distribution is legally permitted. The Management Board may, subject to certain requirements and subject to approval of the Supervisory Board, declare interim dividends without the approval of the General Meeting.

Dividend history

The table below provides information on the dividends paid out per Ordinary Share for the years ended 31 December 2009, 2008 and 2007.

Financial year	Number of Ordinary Shares	Dividend per Ordinary Share	Adjusted dividend per Ordinary Share (1)
		(in EUR)	(in EUR)
2007	129,906,275	0.90	0.864
2008	135,192,833	0.50	0.499
2009	135,196,679	0.10	0.100

(1) Adjusted dividend per Ordinary Share for number of Ordinary Shares outstanding at 2009 dividend record date

The 2009 dividend of EUR 0.10 per Ordinary Share corresponds to a pay-out ratio of 43.2% based on a net result of EUR 31.3 million (attributable to shareholders of Royal BAM Group) and a total distribution of EUR 13.5 million to holders of Ordinary Shares (based on the number of Ordinary Shares on 31 December 2009). The dividend yield on the Ordinary Shares amounted to 1.4% based on the closing price of EUR 7.25 on 31 December 2009.

The cash dividend for holders of convertible and non-convertible Company's cumulative preference shares F ("**Cumulative Preference Shares F**") is provided in the table below.

Financial year	Dividend per convertible Cumulative Preference Share F	Dividend per non-convertible Cumulative Preference Share F
	(in EUR)	(in EUR)
2007	0.371	0.383
2008	0.371	0.383
2009	0.371	0.383

Dividend policy

Royal BAM Group aims to distribute between 30% and 50% of its net result as dividends on the Ordinary Shares. Dividends are paid out in cash.

Dividend ranking of Offer Shares

Offer Shares issued in the Offering will, upon issue, rank equally in all respects with the Ordinary Shares. The Offer Shares will be eligible for any dividend payment which Royal BAM Group may declare on its Ordinary Shares in the future.

CAPITALISATION

The table below sets forth the Group's unaudited consolidated capitalisation and indebtedness as of 31 March 2010 and on an adjusted basis to give effect to the receipt of the estimated net proceeds (assuming full placement of the Offering and after deducting the Offering expenses) of EUR 237 million from this Offering, at an issue price of EUR 2.58 per Ordinary Share, and the application of the net proceeds from this Offering as described under "Reasons for the Offering and use of Proceeds". This table should be read in conjunction with the reviewed consolidated interim financial statements for the three month period ended 31 March 2010 incorporated by reference herein and the information in "Operating and Financial Review". The table below has been prepared for illustrative purposes only and, because of its nature, does not provide an accurate representation of Royal BAM Group's capitalisation following completion of the Offering.

Capitalisation

(x EUR 1,000)	**Actual as of 31 March 2010**	**As adjusted for the Offering**
	unaudited	unaudited
Total current debt	564,474	444,474
(thereof) recourse	215,836	95,836
(thereof) non-recourse	348,638	348,638
Current project-financing debt	416,551	416,551
(thereof) recourse	74,906	74,906
(thereof) non-recourse	341,645	341,645
(thereof) guaranteed by third parties	0	0
(thereof) secured by Company assets	416,551	416,551
(thereof) non-secured	0	0
Current financial bank debt	129,388	9,388
(thereof) recourse	122,395	2,395
(thereof) non-recourse	6,993	6,993
(thereof) guaranteed by third parties	0	0
(thereof) secured by Company assets	6,993	6,993
(thereof) non-secured	122,395	2,395
Other current financial debt	18,535	18,535
(thereof) guaranteed by third parties	0	0
(thereof) secured by Company assets	18,221	18,221
(thereof) non-secured	314	314
Total non-current debt (excluding current portion of long-term debt)	1,681,804	1,681,804
(thereof) recourse	829,778	829,778
(thereof) non-recourse	852,026	852,026
Non-current project-financing debt	852,026	852,026
(thereof) recourse	0	0
(thereof) non-recourse	852,026	852,026
(thereof) guaranteed by third parties	0	0
(thereof) secured by Company assets	852,026	852,026
(thereof) non-secured	0	0
Non-current financial bank debt	800,766	800,766
(thereof) recourse	800,766	800,766
(thereof) non-recourse	0	0
(thereof) guaranteed by third parties	0	0
(thereof) secured by Company assets	236,145	236,145
(thereof) non-secured	564,621	564,621
Other non-current financial debt	29,012	29,012
(thereof) guaranteed by third parties	0	0
(thereof) secured by Company assets	27,605	27,605
(thereof) non-secured	1,407	1,407
Shareholder's equity	861,637	1,098,637
Share capital	469,379	706,379
Legal reserve	(204,675)	(204,675)
Other reserves (retained earnings)	596,933	596,933
Total capitalisation	3,107,915	3,224,915

Indebtedness

(x EUR 1,000)	Actual as of 31 March 2010	As adjusted for the Offering
	unaudited	unaudited
Cash	568,113	685,113
Cash equivalent (Detail)	0	0
Trading securities	0	0
Liquidity	568,113	685,113
Current financial receivable	0	0
Current bank debt	129,388	9,338
Current portion of non current debt	416,551	416,551
Other current financial debt	18,535	18,535
Current financial debt	564,474	444,474
Net current financial indebtedness	(3,639)	(240,639)
Non current bank loans	800,766	800,766
Bonds issued	0	0
Other non current loans	881,038	881,038
Non currrent financial indebtedness	1,681,804	1,681,804
Net financial indebtedness	1,678,165	1,441,165

SELECTED HISTORICAL FINANCIAL INFORMATION

The following selected consolidated financial information for each of the three years in the period ended 31 December 2009, 2008 and 2007 is derived from Royal BAM Group's audited consolidated financial statements incorporated by reference in this Prospectus. The unaudited consolidated financial information for each of the three month periods ended 31 March 2010 and 2009 is derived from Royal BAM Group's unaudited condensed consolidated interim financial statements incorporated by reference in this Prospectus. The consolidated interim financial statements for the first quarter of 2010 have been reviewed. The data should be read in conjunction with the consolidated financial statements and the related notes that have been incorporated in this Prospectus, and with the rest of this Prospectus, including "Operating and Financial Review".

Consolidated income statement
(x EUR 1,000, except for weighted average number of Ordinary Shares)

	Three months ended 31 March 2010	Three months ended 31 March 2009	Year ended 31 December 2009	Year ended 31 December 2008	Year ended 31 December 2007 [(1)]
Revenue	1,542,171	1,771,548	8,353,092	8,834,766	8,538,555
Raw materials and consumables	(261,545)	(315,441)	(1,309,717)	(1,527,092)	(1,460,963)
Subcontracted work and other external charges	(816,392)	(975,320)	(4,920,481)	(4,925,038)	(4,809,986)
Personnel expenses	(373,343)	(397,746)	(1,602,095)	(1,590,562)	(1,538,926)
Amortisation and depreciation	(27,879)	(25,329)	(102,731)	(95,460)	(95,707)
Impairments	-	-	(134,331)	(100,000)	1,000
Other operating expenses	(70,330)	(53,723)	(320,569)	(364,829)	(305,450)
Exchange rate differences	(272)	(146)	(2,712)	1,623	(1,346)
Total operating expense	(1,549,761)	(1,767,705)	(8,392,636)	(8,601,358)	(8,211,378)
Operating result	(7,589)	3,844	(39,544)	233,408	327,177
Finance income	25,195	12,289	13,327	27,162	40,276
Finance expense	(14,058)	(12,700)	(55,342)	(58,081)	(74,943)
Result from associates	7,944	6,186	28,732	50,015	49,243
Result before tax	11,492	9,619	(52,827)	252,504	341,753
Income tax	(1,537)	(762)	89,058	(86,686)	(71,462)
Net result continued operations	9,954	8,857	36,231	165,818	270,291
Result (from sale) of discontinued operations	-	-	-	-	80,748
Net result	9,954	8,857	36,231	165,818	351,039
Attributable to:					
Shareholders of the company continued operations	9,873	8,313	31,268	161,873	268,275
Shareholders of the company discontinued operations	-	-	-	-	80,748
Minority interest	82	544	4,963	3,945	2,016
	9,954	8,857	36,231	165,818	351,039
Weighted average number of Ordinary Shares (x 1,000)					
Basic	135,197	135,193	135,195	133,834	124,825
Fully diluted	135,543	135,543	135,543	135,543	135,541
Net income per Ordinary Share (continued operations)					
Basic	0.07	0.06	0.23	1.21	2.15
Fully Diluted	0.07	0.06	0.23	1.20	2.01

(1) The consolidated income statement for the year ended 31 December 2007 is limited to continued operations (excluding Flatiron which was presented as discontinued operations) for purposes of comparability (see "Operating and financial review—Material factors affecting result of operations—Acquisitions and divestments").

Consolidated cash flow statement
(x EUR 1,000)

	Three months ended 31 March 2010	Three months ended 31 March 2009	Year ended 31 December 2009	Year ended 31 December 2008	Year ended 31 December 2007
Cash flow from operating activities	(244,320)	(28,069)	537,897	330,115	156,169
Interest paid	(17,058)	(24,545)	(112,105)	(121,450)	(112,872)
Income tax paid	9,871	(31,575)	(51,918)	(81,596)	(117,728)
Net cash flow from operating activities	(251,506)	(84,189)	373,874	127,069	(74,431)
Net cash flow from investing activities	(50,725)	(67,316)	(285,447)	(213,014)	(184,990)
Net cash flow from financing activities	30,814	(64,509)	103,762	86,781	297,870
Increase/decrease in net cash position	(271,417)	(86,996)	192,189	836	38,449
Net cash position at beginning of the year	715,152	509,735	509,735	566,261	551,163
Exchange rate difference on net cash position	1,980	7,667	13,228	(57,362)	(23,351)
Net cash position at period-end	445,716	430,406	715,152	509,735	566,261

Consolidated balance sheet
(x EUR 1,000, except nominal value)

	Three months ended 31 March 2010	Three months ended 31 March 2009	Year ended 31 December 2009	Year ended 31 December 2008	Year ended 31 December 2007
Property, plant and equipment	416,705	437,531	425,724	430,189	434,692
Intangible assets	825,288	819,902	818,355	802,310	905,358
PPP receivables	539,734	468,147	498,293	421,348	460,726
Associates	202,656	192,611	196,062	183,992	154,642
Other financial assets	64,626	62,375	66,160	60,577	66,576
Derivative financial instruments	17	174	1	670	14,239
Pension plan assets	83,584	68,948	76,669	61,295	60,176
Deferred tax assets	119,668	52,976	108,005	53,750	21,344
Non-current assets	2,252,277	2,102,664	2,189,269	2,014,131	2,117,753
Inventories	1,748,264	1,900,686	1,737,445	1,808,620	1,671,386
Trade and other receivables	2,102,777	2,246,585	2,110,349	2,258,877	2,401,988
Income tax receivable	41,910	20,484	50,887	6,171	21,008
Derivative financial instruments	988	4,821	2,107	3,047	365
Cash and cash equivalents	568,113	540,861	718,700	651,018	772,804
Non-current assets held for sale	92	73	84	69	168
Current assets	4,462,153	4,713,509	4,619,572	4,727,802	4,867,719
Total assets	6,714,431	6,816,173	6,808,841	6,741,933	6,985,472
Share capital	469,379	469,362	469,379	469,362	447,889
Reserves	(204,675)	228,419	(181,396)	(245,348)	(35,063)
Retained earnings	596,933	631,700	587,059	623,387	580,723
Equity attributable to Company's shareholders	861,637	872,643	875,042	847,401	993,549
Minority interest	1,582	6,001	6,172	5,730	10,802
Group equity	863,219	878,644	881,214	853,131	1,004,351
Borrowings	1,681,804	1,816,734	1,714,728	1,768,840	1,826,607
Derivative financial instruments	133,649	135,142	94,437	136,319	16,892
Employee benefit obligations	133,460	136,862	133,462	133,997	173,495
Provisions	87,099	97,550	94,107	79,774	84,399
Deferred tax liabilities	61,363	79,485	57,882	79,053	72,660
Non-current liabilities	2,097,375	2,265,773	2,094,616	2,197,983	2,174,053
Borrowings	564,474	368,413	392,097	361,110	372,016
Trade and other payables	3,117,255	3,231,542	3,361,352	3,217,569	3,299,712
Derivative financial instruments	4,044	3,067	2,609	2,179	2,274
Provisions	51,338	51,498	57,658	78,329	83,381
Income tax payable	16,725	17,236	19,295	31,632	49,685
Current liabilities	3,753,837	3,671,757	3,833,011	3,690,819	3,807,068
Total equity and liabilities	6,714,431	6,816,173	6,808,841	6,741,933	6,985,472
Capital base	1,603,358	1,074,381	1,076,763	1,098,174	1,265,795
Ordinary Shares, nominal value:					
Authorised	20,000	20,000	20,000	20,000	20,000
Issued and outstanding	13,520	13,519	13,519	13,519	12,991

BUSINESS

Overview

Royal BAM Group is through its operating companies engaged in residential and non-residential construction, property development, civil engineering, public-private partnerships, mechanical and electrical contracting, and consultancy and engineering. The Group employed 26,952 employees (fte) at 31 March 2010. At 31 December 2008, it was market leader (by revenue) in the Dutch and Belgian construction markets, belonged to the top six construction groups in the United Kingdom, Germany and Ireland (by revenue), and it was one of the larger construction groups in Europe (source: internal Royal BAM Group analysis based on a comparison of the Group's 2008 revenues and the 2008 revenues of certain large competitors, as derived from their 2008 financial statements).

For the financial year ended 31 December 2009, the Group reported revenue of EUR 8,353.1 million (quarter ended 31 March 2010: EUR 1,542.2 million) and a net result of EUR 31.3 million (quarter ended 31 March 2010: EUR 9.9 million). The Group's order book at 31 December 2009 amounted to EUR 11,219.0 million (31 March 2010: EUR 11,515.0 million).

The Group operates in six sectors: construction, property, civil engineering, PPP, mechanical and electrical contracting, and consultancy and engineering. The Group considers the Netherlands, the United Kingdom, Germany, Belgium and Ireland as its home markets. In these countries, it has a presence through approximately 25 operating companies, which have national and regional offices and management, and independent operations. The Group occasionally operates outside its home markets.

In addition, the Group holds a 21.5% interest in Van Oord, a Dutch company with worldwide dredging activities. Royal BAM Group expects negotiations for the disposal of its interest in Van Oord to be resumed in the summer of 2010.

History

Royal BAM Group was founded in 1869 when Adam van der Wal opened a carpentry workshop in Groot-Ammers, the Netherlands. In 1927, the family construction company was renamed "N.V. Bataafsche Aanneming Mij van Bouw- en Betonwerken v/h Firma J. van der Wal en Zoon". The shares in the capital of Royal BAM Group are listed on the stock exchange in Amsterdam since 1959. Her Majesty the Queen awarded the royal epithet in 1994.

The Group has expanded by autonomous growth and via numerous acquisitions, both small and large, in the different sectors in which the Group is active. By way of illustration, Group revenue increased from approximately EUR 1.5 billion in 2000 to approximately EUR 3.0 billion in 2001, primarily resulting from the acquisition of NBM-Amstelland Bouw & Infra B.V., and, to a lesser extent, from autonomous growth. The Group's revenue further increased from approximately EUR 3.6 billion in 2002 to approximately EUR 7.8 billion in 2003, mostly as the result of the acquisition of HBG.

In 2006, Royal BAM Group acquired 51.0% of the shares in the capital of AM, a property development company with total revenues of approximately EUR 0.7 billion (financial year ended 31 December 2006). This resulted in AM being fully consolidated in the Group's position and results. More recently, on 1 February 2009, Royal BAM Group exercised its right to purchase the remaining 49.0% interest in AM, under a previously agreed put/call arrangement, for a purchase price of EUR 49.0 million, excluding dividend for the financial year ended 31 December 2008 and for January 2009. See "Activities of the Group—Property". On 1 January 2010, the Group merged AM and BAM Vastgoed into a single organisation, under the name AM.

Construction

The Group is, through its operating companies, active in the construction sector in its home markets. Activities in the non-residential market segment include new build, renovation and restructuring, and maintenance of, among other things, office buildings, shopping centres, plants, hotels, hospitals and multifunctional (sports) complexes. Residential projects, which vary largely in scope and size, are predominantly carried out in the Netherlands. For the financial year ended 31 December 2009, revenue in the construction sector was 42.2%[2] of the Group's total revenue (2008: 43.3%). The order book in the construction sector amounted to EUR 4,850.0 million at 31 March 2010 (31 March 2009: EUR 5,348.0 million).

---

(2) Revenue per sector, its expression as a percentage of Royal BAM Group's total revenue, result before tax per sector, its expression as a percentage of Royal BAM Group's total result before tax, and order book in this Prospectus are given before elimination of internal revenues and results. For information on eliminations, see the tables Revenue per sector and Result before tax, below, Description of key line items and Significant accounting policies in "Operating and Financial Review".

Property

The Group is, through its operating companies, active in property development in all its home markets except Germany. The property sector specialises in developing, managing, letting and selling developed property. Other activities include concept development, project management and consultancy services. The property sector not only engages in property development, but also in area development. It is active in the residential market, predominantly in the Netherlands, and in the non-residential market, in the Netherlands, the United Kingdom, Ireland and Belgium. For the financial year ended 31 December 2009, revenue in the property sector was 9.9% of the Group's total revenue (2008: 13.6%). The order book in the property sector amounted to EUR 1,160.0 million at 31 March 2010 (31 March 2009: EUR 1,707.0 million).

Civil engineering

The Group operates, through its operating companies, in the civil engineering sector in all its home markets and, to a limited extent, in other countries, such as the Gulf States, Australia, Indonesia, Sri Lanka, South Africa and Tanzania. The activities outside Europe are concentrated within BAM International. The Group's civil engineering companies build facilities for transport and travel, for utilities, as well as for industrial and environmental activities. These facilities are built on land, underground, alongside, over and under water, and may include roads, railroads, airports, waterways, harbour facilities, cable and pipeline networks, tunnels, bridges, foundations, as well as water, sewerage, power, environmental and other industrial facilities. For the financial year ended 31 December 2009, revenue in the civil engineering sector was 47.2% of the Group's total revenue (2008: 43.0%). At 31 March 2010, the order book of the civil engineering sector amounted to EUR 4,979.0 million (31 March 2009: EUR 5,255.0 million).

Public-private partnership (PPP)

The Group engages in PPP projects in all its home markets. In addition, it has one PPP project in Switzerland. It is, among other things, involved in the realisation of roads, railways, educational facilities, healthcare facilities, and judicial facilities. Approximately half of the Group's PPP projects are carried out in joint ventures with third parties. Results in the PPP sector reflect the contribution from operational PPP projects, tender costs regarding acquisition of new projects and divestment profits regarding the sale of operational projects (resulting from the Group's portfolio management).

During the realisation of PPP projects revenue is recorded both in the PPP sector and in the sector construction and/or civil engineering which is involved in the construction of the projects. At Group level this overlap of revenue is eliminated. Up to and including 2009 the PPP sector only reported the revenue from operational projects. The maintenance activities relating to operational PPP projects are recorded by the Group in its corresponding construction and civil engineering sectors.

For the financial year ended 31 December 2009, revenue from operational PPP projects (exclusively) amounted to 0.8% of the Group's total revenue (2008: 0.8%). Based upon IFRIC 12, the recorded PPP revenue, including the revenue from the other sectors, amounted to 3.1% of the Group's total revenue in the three months ended 31 March 2009. At 31 March 2010, the order book of the PPP sector amounted to EUR 892.0 million (31 March 2009: EUR 674.0 million), which includes the expected revenue of the other sectors involved in the realisation of the projects.

Mechanical and electrical contracting

The mechanical and electrical contracting sector, with activities predominantly in the Netherlands, designs, supplies, installs, maintains and manages mechanical and electrical systems of all types. This sector contributes to both new-build and renovation projects in the non-residential construction market, the civil engineering industry and the industrial market. The sector can rely on specialist knowledge in all applicable disciplines. Non-residential projects involve the design, supply, installation and management of all types of indoor installations, such as air-conditioning, central heating, cooling, measurement- and control systems and high- and low voltage installations. For the financial year ended 31 December 2009, revenue of the mechanical and electrical contracting sector was 3.1% of the Group's total revenue (2008: 2.8%). At 31 March 2010, the order book of the mechanical and electrical contracting sector amounted to EUR 405.0 million (31 March 2009: EUR 402.0 million).

Consultancy and engineering

The consultancy and engineering sector operates in the Netherlands, Germany, Belgium and, to a limited extent, in other parts of the world such as Central and Eastern Europe, the Middle East, Libya, China, India and Vietnam. The sector, which consists of a single operating company designs industrial facilities and provides project management, primarily in the oil and gas industry, the energy and environment industry, smoke-stack industries, the food and consumer goods market, the pharmaceutical industry, the chemical industry, the property market and the civil engineering industry. Unlike most of the Group's other sectors, the consultancy and engineering sector has operations in markets outside the European Union. The sector has a European- and

Asian-wide network of branches. It operates as a multidisciplinary consultancy and engineering company. For the financial year ended 31 December 2009, revenue of the consultancy and engineering sector was 2.5% of the Group's total revenue (2008: 2.6%). At 31 March 2010, the order book of the consultancy and engineering sector amounted to EUR 117.0 million (31 March 2009: EUR 111.0 million).

Associates

The Group has multiple associate interests. The 21.5% interest in Van Oord, a Dutch company with worldwide dredging operations, is the most substantial interest. For the financial year ended 31 December 2009, Royal BAM Group's interest in Van Oord contributed EUR 27.3 million to Royal BAM Group's net results (2008: EUR 42.3 million) out of a EUR 28.7 million total net result generated by associates in 2009. In 2008, Royal BAM Group announced its intention to sell its minority interest in Van Oord. In May 2008, discussions were initiated with Van Oord's other two shareholders. In October 2008, Royal BAM Group indicated that these discussions had been postponed for an indefinite period of time, due to the difficult economic circumstances. Currently, Royal BAM Group expects negotiations to be resumed in the summer of 2010.

Key strengths of Royal BAM Group

- *Fundamentally attractive industry*

  The Group is active in a fundamentally attractive industry. Royal BAM Group believes that in the medium- to longer term a variety of economic and demographic factors will cause an increased demand for construction, civil engineering and property services. Infrastructure will, for example, require improvement, maintenance or replacement in all of the Group's home markets. In the Netherlands, demographic trends on balance suggest a structural shortage of housing.

  Royal BAM Group believes that it should be able to benefit from these positive fundamentals due to the Group's relatively large scale, its capital base, its local presence, and its know-how and experience. These characteristics provide the Group with a strong position in its home markets. Royal BAM Group believes that they will provide access to projects which achieve a relatively attractive return on investment.

- *Diversified product portfolio throughout the value chain*

  The Group offers a wide range of different core activities. Clients can obtain many if not all design, construction, engineering and maintenance related services that they need from the Group. The capacity of the Group to provide a one-stop-shop service across its geographical area of activity allows it to engage in cross-selling and to offer integral solutions. As a result, the Group is strongly positioned when tendering for new projects. The Kloosterveste residential district in Assen, the Netherlands, is an example of a large project in which various operating companies from the Group render development, infrastructure, construction, and mechanical and electrical services.

  Moreover, this product portfolio generates a diversified revenue stream which to a certain extent mitigates macro-economic influences. For example, the Group is likely to be able to benefit from current government infrastructure stimulus packages, which cushion the cyclical influence on the property development and construction sectors. The Group's relatively significant presence in the public sector currently provides a steady revenue stream and mitigates economic risk.

- *Leading market positions in its home markets*

  The Group's sectors occupy leading positions in most of the five highly fragmented home markets. At 31 December 2008, Royal BAM Group was market leader (by revenue) in the Dutch and Belgian construction markets, belonged to the top six construction companies in the United Kingdom, Germany and Ireland (by revenue), and it was one of the larger construction companies in Europe (source: internal Royal BAM Group analysis based on a comparison of the Group's revenues for the financial year ended 2008 and the 2008 revenues of certain large competitors, as derived from their 2008 financial statements).

  Its decentralised organisational structure, the heart of which is constituted by the operating companies that are led by managing boards that report directly to Royal BAM Group's Management Board, allows the Group to react swiftly on local conditions. Operating from regional and local offices, the Group thoroughly knows its market environment and its sectors benefit from relatively strong competitive positions in the markets in which they operate.

  The operating companies, most of which carry the BAM brand in their name and some of which still carry a locally well-known brand of their own, are reliable partners for the Group's clients. Royal BAM Group believes it also has a good reputation with suppliers, subcontactors and competitors. Its brand name and reputation, as well as its broad portfolio of activities, are important for attracting and retaining a talented workforce.

- *BAM's position in the PPP sector offers opportunities for growth*

  The Group is an important PPP player in its home markets. With its present portfolio of 27 projects, 15 of which are operational and 12 of which are under construction, Royal BAM Group has extensive experience and strong capabilities to position itself favourably in tenders for new PPP projects. In February 2010, the Group was selected as preferred bidder by Somerset County Council for its EUR 600 million Building Schools for the Future programme. Four operational companies have been sold through the joint venture with DIF.

  PPP related construction and engineering work generates significant revenue for other Group sectors. Once a project is operational, the Group may in addition render maintenance services for the duration of the project. Finally, PPP projects generate direct revenue and, if the Group succeeds in selling its equity interest in the project at a profit, capital gains.

  Royal BAM Group sees an increasing demand for PPP projects and is currently participating in a, for the Group, unprecedented number of 22 tender procedures.

- *Extensive in-depth knowledge, experience and social responsibility*

  The Group handles numerous technically complex projects on a daily basis, as well as assignments of a significant size and with a long duration. These projects are executed by employees with strong management skills, in-depth knowledge and experience, in an environment where best practices are continuously exchanged within the various sectors and across the geographies in which Royal BAM Group is active.

  Royal BAM Group places great emphasis on corporate social responsibility. It seeks to improve processes and embed awareness in its organisation, irrespective of whether this regards health and safety, or the impact of its activities on the environment. Royal BAM Group believes that this attention for corporate social responsibility allows it to execute projects more successfully. In combination with its international character, this also gives it a competitive advantage when tendering for new projects, and recruiting and retaining highly skilled employees, especially as more clients are taking into account the corporate social responsibility of a company as one of the selection criteria for tenders.

Strategy

The Group aims to become one of the best construction businesses in Europe, known for its collective force as well as its local services.

Royal BAM Group's strategy is focused on growth along the following lines, in order of priority:

- ***Strengthening the Group's presence in its home markets***

  The Group has a local network of offices in its home markets. Royal BAM Group believes that an increased local presence in its home markets will be beneficial.

- ***Building on the wide range of services offered by the Group***

  The Group deploys a wide range of activities but does not offer all of these activities in each of its home markets. By allowing operating companies to use expertise available elsewhere in the Group, a number of activities from one home market can be extended to other home markets.

- ***Developing new concepts and products in sectors with growth opportunities***

  The requirements of society are subject to rapid change. Where in the past, for example, the application of environmentally efficient technologies was limited, today reducing energy consumption, waste management and water management are becoming market practice. Royal BAM Group believes that its innovative force allows it to benefit from this trend. The increasing use of innovations by clients and other market parties supports the Group's view that focusing on concept and product development provides growth opportunities.

Royal BAM Group believes that it is possible, within the limits of the current economic realities, to further expand its business, both organically and through acquisitions. By 2020, the ambition of the Group is to occupy a strong and independent position in the European construction industry. It strives to be a European leader, with high quality operating companies, a strong balance sheet and a level of profitability that is among the highest in the industry.

Royal BAM Group has set the following medium term financial objectives, which are subject to favourable economic conditions:

- an annual turnover of approximately EUR 9 billion (excluding acquisitions);
- a result before tax of 4%;
- a solvency level of 25% (excluding PPP debts because they are non-recourse); and

- a significant reduction in net debt (excluding non-recourse PPP debts) and working capital (including property positions).

Selected key elements of the Group's business model

Certain defining elements of the Group's business operations are: project acquisition, contracts, project execution, order book, joint ventures, subcontractors, PPP projects and maintenance.

Project acquisition

The Group acquires its projects directly either on a "one-on-one" basis or as a member of a construction team assembled by the client or indirectly through tender procedures. The majority of the Group's projects are acquired through tender procedures or on a "one-on-one" basis and are normally performed by one or more operating companies (with or without the use of one or more subcontractors) pursuant to a straightforward request for a proposal by a client. Projects in which the Group is part of an assembled construction team are typically awarded by clients with specific preferences regarding the participating (construction) companies. Projects that result from tender procedures are often awarded by (potential) clients with large and complex projects, or by clients which are obliged to use a tender procedure based on (inter)national laws and regulations.

A significant part of the Group's business, especially in the construction and civil engineering sectors, is acquired through tender procedures. Aspects that Royal BAM Group believes to be important for winning a tender process include apart from price, among other things, technical proficiency, output capacity, staffing, experience and financial indicators, such as solvency and liquidity ratios. Potential clients use the solvency of a construction company as a measure for assessing whether it is adequately financed to complete the project. Although not always a decisive factor, some clients prefer construction partners with a high solvency ratio. At times, in tender procedures a level of solvency is required that is higher than the solvency of the Group. At 31 March 2010, the Group had a solvency ratio of 15.9%. The Group intends to increase its solvency ratio through the Offering.

Tendering for a project can be time consuming and expensive. The tendering cost for complex, large-scale PPP projects may be significant (ranging between 1% and 2% of the construction volume of such projects). These expenses are partly reimbursed by the issuer of the tender when the Group is successful in the tender process and in some cases even when the Group is unsuccessful. The Group also participates in tender procedures for framework contracts with a duration of multiple years. These tender procedures are particularly expensive and require specific qualifications. The Group's ability to deal with the high cost and complexity of a tender process may create a competitive advantage.

Contracts

Contracts are a very important element of the Group's business model. Every year, the Group enters into numerous (large and small) contracts. Contracts are mainly entered into with clients (such as construction contracts), joint venture parties and subcontractors. Although the Group strives for standardisation by using model contracts, many contracts tend to be tailored to the specific aspects of the project or, depending on the outcome of negotiations, the requests and needs of counterparties.

The most common categories of construction contracts are: (i) general construction, (ii) design and build, (iii) design, build, operate and/or maintain, and (iv) design, build, finance, maintain and operate.

Under a general construction contract, the contractor undertakes to build the works within an agreed period of time, for a fixed price. The construction contract will allow for claiming additional costs and or time in case of the occurrence of certain circumstances, such as scope changes or extreme adverse weather. The contractor would - unless it has the benefit of a restriction on liability - be under an unlimited liability for the consequences of defects, at least after completion, albeit for a limited period of time.

Pursuant to a design and build contract the contractor undertakes not only to build, but also – at least to a very large extent – design the works to be carried out, fit for purpose and according to the specifications provided by the client, or its consultants. Typically, these contracts include a lump sum element. Depending on the contract used the contractor would be allocated a higher or lower level of risk for unforeseen circumstances. The contractor would not only be liable for defective building works, but also for defective design. Often, this type of agreement contains a cap on liability for design and for consequential damages.

The design, build, operate and/or maintain contract adds an extra aspect to a design and build contract, *i.e.*, operation and/or maintenance of the work completed for a limited period of time, typically between 2 and 10 years.

The design build finance maintain operate contract is used mainly for PPP projects. See "PPP projects" below for a description of these contracts.

The Group participates in approximately 770 joint ventures (31 March 2010). Joint ventures are often structured as partnerships (*vennootschappen onder firma*). In general, the partners to a joint venture, as is common in the industry, are jointly and severally liable.

With its subcontractors the Group either enters into fixed price contracts or into contracts on an hourly basis. Fixed price contracts are predominantly used, which, in specific cases, may result in a mismatch with the corresponding client contract, which can pose a risk of loss or an opportunity for additional profit. In construction, the Group tends to stipulate pre-payment by clients at regular intervals (milestones) to manage its working capital.

The Group has strict procedures for contracting, as even small mistakes in the contracting process may have significant financial consequences.

Project execution

The Group is responsible for the execution of several thousands of projects every year. Some of these projects are highly visible (due to their size, technical complexity or location), but the majority are more regular construction contracts. Although the Group is relatively large, which requires a relatively steady stream of large and technical projects, new projects normally are considered irrespective of size.

The Group's regional network of offices and operators enables the Group to undertake projects in different countries, to carry out projects cross-border, and to participate in large and complex (international) projects. It also provides the flexibility to deal with local circumstances and conditions.

A large number of projects are carried out with the assistance of subcontractors. Certain projects, due to their size or the nature of the activities involved, are carried out by the Group together with one or more other (construction) partners in the form of a joint venture.

Order book

The order book is used as an important tool to monitor and report expected revenue for current and future years. The order book in the construction, civil engineering, mechanical and electrical contracting, and consultancy and engineering sectors consists of the estimated revenue value of signed contracts, or, to a lesser extent, the estimated revenue value of projects having some other basis for incorporation in the order book. The order book in the construction, civil engineering, mechanical and electrical contracting, and consultancy and engineering sectors is not limited in time; the Group includes expected revenues until the scheduled end of a project.

In the property sector, the order book consists of the estimated revenue value of projects that the Group expects to be executed or commenced during the next two-year period. This estimate is to a large extent based on assumptions regarding future market conditions. The property sector order book in majority contains projects that have not yet been awarded, or for which other requirements have not yet been met. The order book also contains signed contracts. The two-year limitation has been selected by the Group to increase the reliability of this part of its order book. In general, (parts of) contracts that must be performed after the two-year limitation are not included in the order book.

In the PPP sector, the order book is the combined value of revenue generated during the realisation of the PPP projects and the estimated revenue generated from operational PPP projects for the next 5 years, although the entire operational cycle may cover a longer period.

Joint ventures

Over the year 2009, the revenue generated by joint ventures and attributable to the Group represented around 13% of the Group's total revenue. In the construction and property development sectors, projects or services are for a large part carried out with one or more other (construction) companies and/or other third parties.

In the construction, civil engineering and mechanical and engineering sectors, a project may be carried out in the form of a joint venture, where, because of its scope, size and complexity, it cannot be carried out by one construction company or if it poses too great of a risk if carried out on a stand alone basis. A project may also be executed in the form of a joint venture with a local partner outside the home markets in order to benefit from local knowledge and experience of this partner. Occasionally, clients specifically require projects to be realised by different businesses cooperating in a joint venture in order to reduce the operational and financial risk.

In the property sector, joint ventures are often used to facilitate all parties involved in a property development project, including project development companies, landowners and (local) government. Each of the joint venture partners will contribute specific elements to the joint venture company (*e.g.*, land or development rights by landowners, and management and expertise by the project development companies). Furthermore, joint ventures are occasionally entered into to reduce the project risk of the participants.

Subcontractors

In the period from 2007 to and including 2009, the Group generated between 55% and 60% of its total revenues from operations delegated to subcontractors. Therefore, the Group is dependent on the services of a large number of subcontractors. The primary contractual obligation of a subcontractor usually consists of completing a specifically defined part of a project.

The use of subcontractors is particularly prevalent in the construction and civil engineering sectors, but is also common practice in the mechanical and engineering sector. Subcontractors not only have to be and remain financially sound to complete their share of the work, but they must also possess the skills and sophistication to perform their work efficiently and free of defects. The Group believes that it is successful in contracting qualified subcontractors for its projects. The Group focuses on establishing and maintaining long-lasting relationships with its subcontractors.

PPP projects

In a PPP project, a government or semi-governmental organisation awards the design, build, finance, maintenance and operation of a project to a contractor pursuant to a so-called Design Build Finance Maintain Operate contract ("**DBFMO contract**").

PPP projects are often large and complex. Primarily, they provide opportunities for significant revenue generation for the Group's construction and civil engineering sectors in realising these projects. Secondary, PPP projects generate operating and maintenance revenues.

The contractor is organised as a company incorporated exclusively for the purpose of the project. The shares in this project company are held by one or more construction companies, occasionally together with third party investors. The project is normally financed by equity contributions provided by the shareholders (between 10.0% to 15.0% of the project costs) and external lenders on a limited or non-recourse basis (usually between 85.0% to 90.0% of the project costs).

DBFMO contracts are typically entered into for a long period of time (*e.g.*, 25 years). In most of the Group's PPP projects, operational revenues are derived from fixed periodical payments based on availability of the project for the intended use by the client. For example, a local government may pay for the availability of a municipal building. In other cases, the project derives its operational revenue from fees paid by the users of the public good or service. For example, car drivers may pay toll fees directly to the contractor for the use of a tunnel or highway. Fixed periodical payments (subject to indexation) are generally based on availability of the project for use and will only be made by the government or semi-governmental organisation once the project has been completed and is available for use, subject to deductions for non-availability, disappointing performance and certain other events. In some projects, regular payments for products and services are subject to a benchmarking process at regular five-year intervals, which may result in adjustment of amounts receivable.

This structure requires the contractor to obtain external financing to fund the majority of the costs of the project until its completion and means that the contractor (and its shareholders and lenders) run the risk of disappointing performance of the project during the full duration of the project. In case of early termination of the DBFMO contract, the contractor is entitled to monetary compensation from the government or semi-governmental organisation, the amount of which varies depending on the reason for the early termination.

Maintenance

Within a PPP project, a distinction can be made between the construction phase, in which construction or civil engineering work is carried out by one or more Group operating companies, and the operational / maintenance phase, in which different services are rendered by the same or other operating companies, such as periodical maintenance and cleaning.

In the construction, civil engineering, and mechanical and electrical contracting sectors, the Group in general gives certain guarantees regarding the quality of its work and certain specifications of the project, which may apply for several years. In case of non-compliance with, for example, a warranty regarding quality, the Group may have to carry out repairs for which it may or may not receive compensation.

During the operational period of a PPP project, maintenance services will have to be carried out. The construction, civil engineering, and mechanical and electrical contracting sectors of the Group tend to be involved in, and be remunerated for, PPP maintenance work.

Projects in the civil engineering sector also increasingly consist of a construction phase and a maintenance phase. For example, after a road has been built, the Group may in later years be responsible for lineation, lighting and asphalting. The same tendency is visible in the mechanical and electrical contracting sector, where the installation of a climate control system may be followed by maintenance contracts with terms varying from one to ten years.

Construction industry and Royal BAM Group's competitive position

The Group operates in the construction industry. It is through its operating companies active in its home markets in the Netherlands, the United Kingdom, Belgium, Germany and Ireland and, to a lesser extent, in certain other countries. The Group's companies activities are divided into six sectors: construction, property, civil engineering, PPP, mechanical and electrical contracting, and consultancy and engineering.

The total construction output (comprising residential construction, non-residential construction, building and civil engineering) in 2008 in the Netherlands was EUR 79,128 million (source: Country Report of the Euroconstruct Organisation, published in connection with the 68th Euroconstruct Conference held on 26 and 27 November 2009 (the "**Euroconstruct Report**")). According to Euroconstruct, in 2008, in the United Kingdom total construction output was EUR 186,634 million, in Belgium EUR 35,222 million, in Germany EUR 265,603 million and in Ireland EUR 31,894 million (source: Euroconstruct Report).

In the same year, 2008, total Royal BAM Group revenue, for all its sectors and all its geographic markets combined, was EUR 8,353.1 million. In spite of this relatively small overall share of the market, at 31 December 2008, the Group was market leader (by revenue) in the Dutch and Belgian construction markets, belonged to the top six construction companies in the United Kingdom, Germany and Ireland (by revenue), and it was one of the larger construction companies in Europe (source: internal Royal BAM Group analysis based on a comparison of the Group's revenues for the financial year ended 31 December 2008 and the 2008 revenues of certain large competitors, as derived from their 2008 financial statements).

The construction industry is characterised by its cyclical nature. It is relatively vulnerable to economic downturns, but it may also strongly benefit from economic upswings. Furthermore, the industry is so-called "late cyclical", which means that the impact of a macro-economic trend is noticeable for market participants only after the passage of a relatively long period of time. This applies to both positive and negative trends.

After a number of relatively good years, at the moment, the market developments and the outlook for the industry are impacted by the economic downturn. For example, in the Netherlands, according to the Dutch Economic Institute for the Building Industry ("**EIB**"), the residential construction part of the market is forecast to shrink by 11.1% and 1.8% in 2010 and 2011, respectively (source: Euroconstruct Report). The EIB outlook for 2012 is for a modest growth of 3.0%. For the 2010 non-residential part of the market in the Netherlands, the EIB has forecast a 12.1% drop. For 2011, this part of the market is forecast to decline by 1.9% and the outlook for 2012 indicates a growth of 3.8%. The EIB has forecast that civil engineering output will fall by 1.9% in 2010 and that output will stabilise in 2011 and 2012 (source: Euroconstruct Report).

Certain parts of the market may develop differently than others. For example, in the United Kingdom, one of the Group's home markets, according to Construction Forecasting and Research Experian's Business Strategies Division, the non-residential construction segment is expected to decline with 4.6%, 1.9% and 1.0% in 2010, 2011 and 2012, respectively, mainly as a result of cuts in public expenditure (source: Euroconstruct Report). Civil engineering prospects for the next few years are, by contrast, favourable. Euroconstruct forecasts a growth of 7.7% and 7.9% per annum for 2010 and 2011 respectively. This growth forecast for the civil engineering part of the market is to a significant extent based on a number of large infrastructure projects to be carried out in the next few years (source: Euroconstruct Report). Accordingly, macro-economic developments may have a different impact on the various sectors of the Group and its various home markets. The activity of the Group across sectors and geographies thus to some extent shields it from economic effects.

In spite of significant consolidation in recent years, with many tens of thousands of construction businesses, which range in size from a few employees to multinational businesses such as the Group, competing for a share of the market, the overall industry is still highly fragmented. In spite of this, there may be few competitors for certain types of technically complex or very large projects (such as PPP projects). Competition is generally fierce.

Increasingly, projects are awarded in strictly regulated tender procedures. Competing for a new project in a tender procedure is time-consuming and expensive. At least theoretically, a complicated tender procedure may deter certain potential competitors from participating. Since recent years, a strong solvency ratio is of increasing importance for winning tender processes for PPP and other projects.

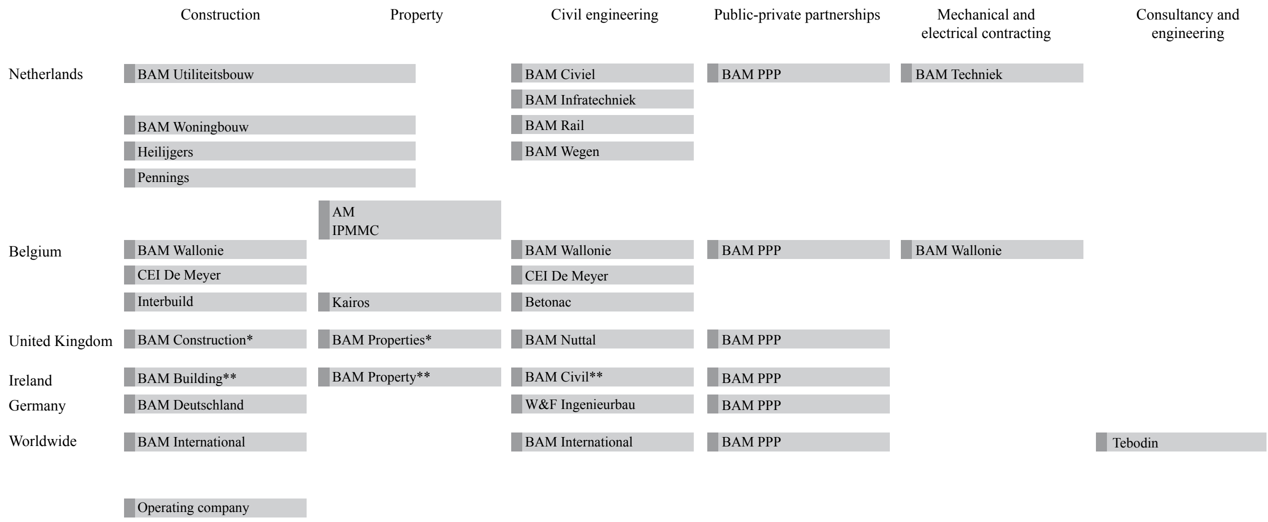
On an international level, Royal BAM Group competes with companies that operate in the same segments in a large number of countries and regions. In addition, Royal BAM Group competes with companies that operate in one home market and with smaller companies with a regional presence. The intensity of this competition varies strongly between business segments and regional markets.

The Group's main national competitors in the Netherlands are VolkerWessels, Heijmans, Strukton, TBI and Ballast Nedam. Among the main national competitors in the United Kingdom are Balfour Beatty, Carillion, Laing O'Rourke, Morgan Sindall, Kier and Galliford. In Belgium, the Group competes with CFE, Eiffage, Besix and A.A. Van Laere. The main competitors in Germany are Hochtief, Bilfinger Berger, Strabag, Vinci and Max Bögl. In the Irish market, the Group competes with Sisk, Pierse, Roadbridge, SIAC and G&T Crampton. In addition, increasingly, certain mostly larger competitors tend to operate across borders. The Group may thus encounter competition in its home markets from competitors that do not have a significant permanent local presence there.

Activities of the Group

Organisational structure

The Group's companies activities are divided into six sectors: construction, property, civil engineering, PPP, mechanical and electrical contracting, and consultancy and engineering. In each of these sectors one or more operating companies of the Group are serving different geographic areas. The Group uses the term "operating company" to denote certain defined business operations in one or more sectors or geographical areas, which are carried out by one or more Group companies and joint ventures. Thus, the term "operating company" as used in this Prospectus and in the table below may refer to one or a group of legal entities and associated businesses, and a single legal entity may consist of several "operating companies".



* BAM Construction and BAM Properties are part of BAM Construct UK
** BAM Building, BAM Property and BAM Civil are part of BAM Contractors

The Group also holds interests in associates of which the 21.5% interest in Van Oord, a Dutch company with worldwide dredging operations, is the most important.

Breakdown of revenue and result before tax per sector

The following table illustrates the Group's revenue per business sector for the three month periods ended 31 March 2010 and 2009 and for each of the years ended 31 December 2009, 2008 and 2007.

Revenue per sector
(x EUR 1,000, except for percentages)

	Three months ended 31 March 2010		Three months ended 31 March 2009		Year ended 31 December 2009		Year ended 31 December 2008		Year ended 31 December 2007	
		%		%		%		%		%
Construction (1)	656,052	42.5	768,935	43.3	3,528,140	42.2	3,825,528	43.3	3,790,868	44.4
Property	112,919	7.3	170,784	9.6	823,914	9.9	1,205,126	13.6	1,303,884	15.3
Civil engineering	754,943	49.0	793,768	44.7	3,944,381	47.2	3,794,778	43.0	3,512,100	41.1
PPP	64,031	4.2	14,280	0.8	66,127	0.8	66,711	0.8	73,411	0.9
Mechanical and electrical contracting	60,479	3.9	60,774	3.4	259,868	3.1	243,473	2.8	205,378	2.4
Consultancy and engineering	48,189	3.1	53,933	3.0	206,680	2.5	231,754	2.6	219,133	2.6
Other incl. eliminations	(154,441)	(10.0)	(84,784)	(4.8)	(476,018)	(5.7)	(532,604)	(6.1)	(566,219)	(6.7)
Total revenue	1,542,171	100.0	1,777,690	100.0	8,353,092	100.0	8,834,766	100.0	8,538,555	100.0

(1) Revenue of BAM Wallonie, CEI-De Meyer, BAM Building and BAM International are fully recorded in the civil engineering sector.

The following table illustrates the Group's result before tax per business sector for the three month periods ended 31 March 2010 and 2009 and for each of the years ended 31 December 2009, 2008 and 2007.

Result before tax per sector
(x EUR 1,000, except for percentages)

	Three months ended 31 March 2010		**Three months ended 31 March 2009**		**Year ended 31 December 2009**		**Year ended 31 December 2008**		**Year ended 31 December 2007**	
		%		%		%		%		%
Construction [1]	20,660	3.2	16,614	172.7	77,695	(147.1)	144,707	57.3	88,274	25.8
Property	(18,298)	(16.2)	(15,198)	(158.0)	(266,588)	504.6	(79,755)	(31.6)	95,814	28.0
Civil engineering	3,056	0.4	1,967	20.4	114,186	(216.2)	139,197	55.1	111,430	32.6
PPP	3,998	6.2	820	8.5	11,224	(21.2)	19,421	7.7	29,250	8.6
Mechanical and electrical contracting	2,108	3.5	3,064	31.9	9,009	(17.1)	12,167	4.8	11,600	3.4
Consultancy and engineering	2,861	5.9	3,013	31.3	11,622	(22.0)	28,102	11.1	28,411	8.3
Other incl. eliminations	(2,893)	(25.2)	(661)	(6.8)	(9,975)	19.0	(11,335)	(4.4)	(23,027)	(6.7)
Total result before tax	11,492	100.0	9,619	100.0	(52,827)	100.0	252,504	100.0	341,752	100.0
Discontinued operations									86,426	
									428,178	

(1) Results of BAM Wallonie, CEI-De Meyer, BAM Building and BAM International are fully recorded in the civil engineering sector.

Construction
General

The construction sector of the Group consists of a group of operating companies that provide facilities for living and working, learning and caring, sports and entertainment. The construction sector's operating companies carry out projects in the non-residential as well as in the residential market segment. The non-residential activities include the construction of facilities such as offices, schools, retail outlets, laboratories, hospitals, prisons, stadiums and theatres. The residential activities include the construction of houses (primarily in the Netherlands). The construction sector projects include new-build facilities, as well as renovation and maintenance works, and the provision of facility and management services.

The construction sector employed a workforce of 7,577 employees (fte) at 31 December 2009 (31 December 2008: 8,067 employees (fte)).

Key financials

In the financial year ended 31 December 2009, the construction sector generated EUR 3,528.1 million or 42.2% (2008: EUR 3,825.5 million; 43.3%) of the Group's combined revenue.[3]

In 2009, the construction sector generated EUR 77.7 million or 147.1% (2008: EUR 144.7 million; 57.3%) of the Group's combined result before tax.

The order book of the construction sector amounted to EUR 4,469.5 million at 31 December 2009 (31 December 2008: EUR 5,268.1 million).

Geographic distribution

The construction sector engages in activities in the Netherlands, the United Kingdom, Germany, Belgium and Ireland. The Dutch operating companies are active in both non-residential markets and residential markets. The other operating companies are primarily active in non-residential markets.

(3) Revenue per sector, its expression as a percentage of Royal BAM Group's total revenue, result before tax per sector, its expression as a percentage of Royal BAM Group's total result before tax, and order book in this Prospectus are given before elimination of internal revenues and results.

The following table provides an overview of construction sector revenues per geographic area for the years ended 31 December 2009, 2008 and 2007.

Construction: revenue per geographical area (1)
(x EUR 1,000)

	Year ended 31 December 2009	Year ended 31 December 2008	Year ended 31 December 2007
Netherlands	1,577,966	1,643,092	1,550,404
United Kingdom	1,244,597	1,359,309	1,524,204
Belgium	170,412	222,298	176,051
Germany	535,165	575,971	522,690
Other (worldwide)	-	24,858	17,519
Total	3,528,140	3,825,528	3,790,868

(1) Geographic allocation based on location of projects.

Principal operating companies in the geographic areas

The operating companies of the Group's construction sector are located in different countries. The principal operating companies in the Netherlands are BAM Utiliteitsbouw and BAM Woningbouw. The operating company in the United Kingdom is BAM Construct UK. In Belgium, the principal operating company is Interbuild. The operating company in Germany is BAM Deutschland. In Ireland, the operating company is BAM Building (a division of BAM Contractors). See also the list of principal subsidiaries in this section under "Material subsidiaries and associates".

The Netherlands

In the Netherlands, BAM Utiliteitsbouw specialises in the (technical) development, preparation and construction, as well as management and maintenance of non-residential construction projects. In order to stay in close contact with its clients, BAM Utiliteitsbouw operates from ten regional offices and has a centralised business unit for major projects. BAM Utiliteitsbouw has an in-house consultancy and engineering office, BAM Advies & Engineering, which delivers architectural, structural and project management services. Vitaal ZorgVast (part of BAM Utiliteitsbouw) is responsible for development, realisation and maintenance in the healthcare sector. BAM Utiliteitsbouw also realises construction projects, which are developed and sold to third parties by AM.

BAM Woningbouw provides support to regional operating subsidiaries and their clients at every level of residential construction: new build, renovation, maintenance, development and redesign of buildings to convert them for a different type of use. BAM Woningbouw also operates on a de-centralised basis from nine regional offices. BAM Woningbouw operates two specialist business units, W&R and Engineering & Consulting. W&R is a construction concept based on co-making and standardisation. Engineering & Consulting is responsible for structural designs and architectural advice. BAM Woningbouw also realises construction projects, which are developed and sold to third parties by AM.

United Kingdom

In the United Kingdom, BAM Construct UK is active in non-residential construction, design, services engineering and facilities management. BAM Construct UK has one main operating unit in the construction sector, being BAM Construction. BAM Construct UK often works in collaboration with the Group's civil engineering company, BAM Nuttall, whenever the combined knowledge and skills add value for clients. An operating unit of BAM Construct UK, BAM Facilities Management, is responsible for facility management, amongst other things, with regard to PPP projects.

Belgium

In Belgium, Interbuild handles non-residential construction projects for both private and public clients. Interbuild is primarily active in new-build and renovation of offices, distribution centres and shopping centres in Brussels and Flanders.

Germany

In Germany, BAM Deutschland engages in all aspects of non-residential construction across the whole of Germany. BAM Deutschland's areas of special expertise include sports stadiums, PPP accommodation projects, custodial institutions, shopping centres and office buildings.

Ireland

In Ireland, BAM Building (a division of BAM Contractors) engages in non-residential construction.

Clients

In the non-residential sector, the Group's clients are primarily public entities and to a lesser extent private sector clients. In the residential sector, the Group's clients are primarily private clients, property developing companies and housing associations.

Recent projects

The following projects of the Group, completed or currently under construction, have been included to give an impression of the type of work carried out in the construction sector, rather than for their size by revenue or profit (in the examples in this section of the Prospectus, the total construction sum comprises the total amount of expected revenue for the entire duration of the project for the entire consortium, if any, without taking into account the share to which the Group is entitled).

- A project of BAM Woningbouw and BAM Utiliteitsbouw regards construction work on shopping centre "De Saen" in Assendelft, the Netherlands, for a project development consortium consisting of AM, BAM Vastgoed, Bouwfonds MAB and Van der Gragt. The project comprises approximately 9,000 m² of space for shopping and catering establishments, 51 owner-occupied apartments, 161 rented apartments and 440 car-parking spaces.
- A project executed as part of a building consortium consisting of the Group, Ballast Nedam, Homij and Imtech regards the construction of a new building for the Ministry of Justice (Ministerie van Justitie) and the Ministry of the Interior and Kingdom Relations (Ministerie van Binnenlandse Zaken en Koninksrijksrelaties) in The Hague, the Netherlands. The building will consist of two towers, each with a height of 140 metres. The total office space will be circa 125,000 m².
- Also in The Hague, the Netherlands, the Group, together with consortium partner Ballast Nedam, is working on the construction of a 125 metres tall residential tower, to be called "De Kroon".
- BAM Construction, one of Royal BAM Group's UK operating companies, in a consortium assists with the realisation of a new 15 store head office in Manchester, the United Kingdom.
- A project of Interbuild, one of Royal BAM Group's Belgian subsidiaries, regards the renovation of the so-called "Financietoren" (145 metres in height) in Brussels, Belgium.
- Commissioned by Flughafen Berlin-Schönefeld GmbH, a BAM Deutschland project executed in a consortium consists of work on the new-built passenger terminal in the context of the expansion of Flughafen Berlin-Schönefeld to Flughafen Berlin Brandenburg International near Berlin, Germany. The passenger terminal will comprise approximately 160,000 m² of space.

Property

General

The property sector of the Group specialises in developing, managing, letting with a view to selling, and selling this property. Other activities include concept development, project management and consultancy services. The property sector engages in property development as well as area development and is active in both the residential market (predominantly in the Netherlands) and the non-residential market. The property sector does not engage in property investment or letting otherwise than with a view to selling the property.

The property sector operating companies employed a workforce of 411 employees (fte) at 31 December 2009 (31 December 2008: 607 employees (fte)).

Key financials

For the financial year ended 31 December 2009, the property sector generated EUR 823.9 million or 9.9% (2008: EUR 1,205.1 million; 13.6%) of the Group's combined revenue. In 2009, the property sector incurred a loss of EUR 266.6 million or (504.6%) (2008: EUR (79.8) million; (31.6%)) of the Group's combined result before tax. The order book of the property sector amounted to EUR 1,467.7 million at 31 December 2009 (31 December 2008: EUR 2,460.0 million).

Geographic distribution

The property sector is primarily active in the Netherlands. It is also active, but to a lesser extent, in the United Kingdom, Belgium and Ireland. In 2008, the Group ceased its property activities in Germany.

The following table provides an overview of the geographic distribution of property sector revenues for each of the years ended 31 December 2009, 2008 and 2007.

Property: revenue per geographical area [1]
(x EUR 1,000)

	Year ended 31 December 2009	Year ended 31 December 2008	Year ended 31 December 2007
Netherlands	725,706	1,013,964	1,049,812
United Kingdom	43,203	34,630	170,376
Belgium	53,282	84,982	43,819
Germany		63,412	
Ireland	1,723	8,138	39,877
Total	823,914	1,205,126	1,303,884

(1) Geographic allocation based on location of projects.

Principal operating companies and activities

The principal property sector operating company in the Netherlands is AM. In the United Kingdom, the operating company is BAM Properties. The operating company in Belgium is Kaïros. In Ireland, the operating company is BAM Property. In Germany, the activities of Wayss & Freytag AG Projektentwicklung were ceased after the last project was sold in 2008.

The Netherlands

In the Netherlands, AM is active in the residential market, with regional teams, and in the commercial property market, with a retail property team and an offices team. AM operates in all parts of the real estate development market: area development, residential property of all types and in all price ranges, retail outlets, offices and leisure facilities, including sports complexes and entertainment facilities. AM was formed on 1 January 2010 when the Group merged the property activities of the former operating companies AM and BAM Vastgoed into a single organisation. At the same time, IPMMC, active in the commercial property market and formerly part of AM, was positioned as a separate operating company, reporting directly to the Management Board.

United Kingdom, Belgium and Ireland

Property sector operations in the United Kingdom, Belgium and Ireland are relatively modest in comparison with the activities in the Netherlands.

In the United Kingdom, BAM Properties, an operating unit of BAM Construct UK, sold a substantial part of its portfolio in 2007 and has since then focused on completing, letting and selling the remaining projects in its own portfolio. In accordance with the Group's strategy for property management during the current economic downturn, BAM Properties has not embarked on new developments since the start of the downturn in 2007. Instead, BAM Properties remains poised to re-enter the market for commercial property development in the United Kingdom if and when appropriate.

In Belgium, Kaïros develops high-end offices and intends to expand its focus on activities outside the office market in the near future. Kaïros concentrates its activities in the Brussels and Antwerp areas.

In Ireland, BAM Property (a division of BAM Contractors) is involved in the non-residential construction market with a focus on commercial offices and hotels and in residential projects. In accordance with the Group's strategy for property management during the current economic downturn, BAM property has not embarked on new developments. Instead, it has focused on decreasing its property development activities.

Property portfolio

The following table provides an overview of land and building rights and property development positions at the end of each of the years ended 31 December 2009, 2008 and 2007.

Book value of land, building rights and property development
(x EUR 1,000)

	Year ended 31 December 2009	Year ended 31 December 2008	Year ended 31 December 2007
Land and building rights	813,834	872,432	815,838
Property development	900,500	912,956	830,977
Total	1,714,334	1,785,388	1,646,815

Land and building right positions

To facilitate the Group's activities in residential and non-residential construction, the Group maintains land and building right positions. This includes land that is owned by the Group as well as land for which the Group has an option to purchase and/or rights to develop. The Group may acquire or sell land for future development if the opportunity occurs. In line with its strategy, the Group aims to partially reduce its positions as soon as market conditions allow it. The decision-making process for the acquisition of land for future development and the assumption of property development risk is subject to strict internal procedures.

The land positions consist of land in- and exclusive planning permits for residential or non-residential properties. Depending on the permit and other factors, the land positions can have a term of up to 15 years.

The majority (approximately 90%) of the book value of the land and building rights relate to residential property development. At 31 December 2009, the Group had conditional contractual obligations regarding property development for an amount of EUR 342.6 million (31 December 2008: EUR 359.2 million). The book value of the Group's land and building right positions is predominantly allocated to the Netherlands (approximately 90%) and the rest to the United Kingdom, Ireland and Belgium.

At 31 December 2009, approximately 55% of the book value of land and building right positions was financed by recourse and non recourse project loans.

Property development

The Group develops houses, commercial property and other facilities for sale and letting (with a view to selling). The Group aims to keep property positions as small as possible and to limit the amount of capital invested in property positions, thus striving to limit risks. To support this, procedures are in place with regard to pre-selling and or pre-letting of property before the construction phase is initiated. In principle, the Group does not start construction on residential projects until 70% of the project has been pre-sold. In non-residential property various characteristics of a project are weighed before construction is started.

At 31 December 2009, approximately 65% of the book value of property development was financed by (predominantly) non recourse project loans.

In 2009, the Group impaired property positions in a total amount of EUR 94.3 million. Furthermore, an impairment was taken on goodwill resulting from the acquisition of AM (and its subsidiaries) for a total amount of EUR 40.0 million (2008: EUR 100.0 million). At 31 December 2009, the property portfolio amounted to EUR 1,714.3 million.

At 31 December 2009, EUR 1,437.1 million of the property portfolio was situated in the Netherlands, EUR 160.9 million in the United Kingdom, EUR 74.5 million in Ireland, EUR 33.5 million in Belgium and EUR 8.3 million in Germany.

Clients

In the non-residential sector, the Group's clients are predominantly investors. In the residential sector, the Group's clients are primarily private persons, housing corporations and investors. As a result of the current market conditions, the proportion of number of houses sold to housing corporations and investors has increased and the number of houses sold to private persons has decreased.

Recent projects

The following projects of the Group, completed or currently under construction, have been included to give an impression of the type of work carried out in the property sector, rather than for their size by revenue or profit.

- A project of property development company AM consists of redeveloping the city centre of Dordrecht, the Netherlands, on the basis of a two-third majority interest in development consortium De Werven. The development plan is called "De Stadswerven". De Stadswerven will comprise residential housing, public services and commercial office space.
- Part of a project development consortium with Ballast Nedam, an AM project involves the redevelopment of the five hectare area "Groot Ziekengasthuisterrein" in the centre of 's Hertogenbosch, the Netherlands. The development master plan provides for 21 buildings, including six nationally listed buildings (rijksmonumenten) and 15 new buildings, offering approximately 29,000 m² of commercial space, approximately 500 houses and apartments, and 900 public and 400 private car-parking spaces.
- In Berchem, Belgium, a project of Kaïros regards the development of "City Link", a project consisting of four new-built identical office buildings, each providing approximately 7,000 m² of space. Construction activities

have been performed by Interbuild, one of Royal BAM Group's other Belgian subsidiaries, together with a number of construction partners.

Civil engineering

General

The Group's civil engineering sector provides facilities for transport and travel, for utilities, as well as for industrial and environmental activities. These facilities are built on land, underground, alongside, over and under water, and may include roads, railroads, airports, waterways, harbour facilities, cable and pipeline networks, tunnels, bridges, foundations, as well as water, sewerage, power, environmental and other industrial facilities.

The civil engineering sector operating companies employed a workforce of 14,836 employees (fte) at 31 December 2009 (31 December 2008: 15,864 employees (fte)).

Key financials

For the financial year ended 31 December 2009, the civil engineering sector generated EUR 3,944.4 million or 47.2% (2008: EUR 3,794.8 million; 43.0%) of the Group's combined revenue.

In 2009, the civil engineering sector generated EUR 114.2 million or (216.2%) (2008: EUR 139.2 million; 55.1%) of the Group's combined result before tax.

The order book of the civil engineering sector amounted to EUR 4,777.6 million at 31 December 2009 (31 December 2008: EUR 5,246.5 million).

Geographic distribution

The civil engineering sector is active in the Netherlands, the United Kingdom, Germany, Belgium and Ireland. In addition, BAM International to a limited extent engages in specialised non-residential and civil engineering projects outside Europe, including in the Gulf States, Australia, Indonesia, Sri Lanka, South Africa and Tanzania.

The following table provides an overview of the revenue per geographic area of the civil engineering sector for the years ended 31 December 2009, 2008 and 2007.

Civil engineering: revenue per geographic area [(1)]
(x EUR 1,000)

	Year ended 31 December 2009	Year ended 31 December 2008	Year ended 31 December 2007
Netherlands	1,464,065	1,337,427	1,280,558
United Kingdom	703,591	801,209	863,206
Belgium	600,216	533,760	408,403
Germany	318,115	301,123	204,059
Ireland	369,169	461,110	463,197
Other (worldwide)	489,225	360,149	292,677
Total	3,944,381	3,794,778	3,512,100

(1) Geographic allocation based on location of projects.

Principal operating companies in the geographic areas

The principal civil engineering operating companies in the Netherlands are BAM Civiel, BAM Infratechniek, BAM Rail, BAM Wegen and BAM Infraconsult. The Group's civil engineering operating company in the United Kingdom is BAM Nuttall. In Belgium, the principal operating companies are CEI-De Meyer, BAM Wallonie and Betonac. The operating company in Germany is Wayss & Freytag Ingenieurbau AG. In Ireland, the principal operating company is BAM Civil (a division of BAM Contractors). BAM International, with its head office in the Netherlands, is active outside Europe.

The Netherlands

In the Netherlands, BAM Civiel concentrates on specialist concrete construction projects for the civil engineering and industrial market. The work varies from concept development, design and construction to management and maintenance. BAM Civiel carries out projects in the civil engineering, parking, water, industry and energy market segments. BAM Civiel has four regional operating companies, as well as specialist divisions, operating under the trade names BAM Grondtechniek, BAM Betontechnieken, BAM Project Support and BAM Infrabeheer. In the course of 2010, BAM Betontechnieken will be transferred to BAM Wegen.

The key activities of BAM Infratechniek are designing, constructing and maintaining cable and pipe networks for telecommunications, data, water (including waste water), electricity, gas and heat. BAM Infratechniek's key competencies also include traffic systems, tunnelling technology systems and industrial pipe and storage systems. BAM Infratechniek's main specialist niche markets include heat/cold storage systems, pipe renovation techniques and digital recording.

BAM Rail offers a complete service package as a company active in aspects of railway construction, from engineering to comprehensive construction and maintenance of rail links. BAM Rail has its own service organisation, which provides 24-hour assistance to its clients for function restoration and maintenance requirements. BAM Rail also works with other BAM companies outside the Netherlands such as BAM Nuttall, BAM Contractors, CEI-De Meyer and Betonac.

The core activities of BAM Wegen are the design, construction, management and maintenance of traffic infrastructure, ground, sewerage and environmental activities, noise abatement and area development. BAM Wegen has seven regional offices and nine specialist subsidiaries, which are active in a range of fields including noise barriers, environmental technology, landscaping, sports grounds, mechanical road building, (temporary) traffic management measures and crash barriers. The central business unit, BAM Wegen Projects, was created in response to the complexity and multi-disciplinary character of major projects.

BAM Infraconsult is the consultancy and engineering office of the civil engineering sector. BAM Infraconsult's range of services include design, consultancy, inspection and supervision, risk management, systems engineering, innovation and business development in relation to civil engineering and architectural work. The work of BAM Infraconsult covers the design, construction and management phases.

The United Kingdom

In the United Kingdom, BAM Nuttall is active in all aspects of the civil engineering market. BAM Nuttall realised various types of projects such as parks, gas pipelines, busways, docks, tube stations and road tunnels. It delivers a nationwide service through a network of regional offices and three specialist divisions: BAM Ritchies (geotechnical), Nuttall John Martin (lower value civil) and Finchpalm (rail). BAM Nuttall has also entered emerging markets such as sustainable energy, nuclear decommissioning, energy from waste and large scale infrastructure projects. BAM Nuttall often collaborates with other Group companies.

Belgium

In Belgium, BAM Wallonie is active in the construction and restoration of tunnels, railway and metro tracks and stations and airport runways. BAM Wallonie is also active in designing and constructing electromechanical systems for purifying, treating and pumping water, environmental projects and electrical and heating work for private, public and industrial projects. The activities of BAM Wallonie are concentrated in Belgium's Walloon provinces and in Brussels.

Betonac's main activities consist of laying concrete and asphalt roads and building infrastructure. Betonac has a laboratory for testing concrete and asphalt mixes. It also has its own design office. In addition to road construction, Betonac engages in other civil engineering work, which ranges from water purification plants to tunnels, bridges and locks.

CEI-De Meyer is active in civil engineering and in the industrial buildings market. CEI-De Meyer has realised various types of projects such as power plants, roads, bridges and apartment buildings. CEI-De Meyer is involved in PPP projects and other complex projects.

Germany

In Germany, the key activities of Wayss & Freytag Ingenieurbau consist of bored tunnels and complex civil engineering projects. Wayss & Freytag Ingenieurbau is involved in projects such as the construction of tunnels and power stations. Wayss & Freytag Ingenieurbau regularly participates in joint ventures, both in Germany and other countries, where it often co-operates with local companies of the Group.

Ireland

In Ireland, BAM Civil (a division of BAM Contractors) has contributed to building infrastructure, including road construction projects and PPP projects. BAM Civil is also involved in other projects such as waste water treatment plant projects, redevelopments of harbours and water drainage schemes.

Worldwide

BAM International operates in various countries outside Europe in the non-residential construction, industrial construction and civil engineering markets, on projects such as the construction of hotels, oil tanker mooring berths and office buildings.

Clients

Local, regional and national governments, semi-governmental organisations, industrial companies and energy companies are responsible for the majority of assignments in the civil engineering sector.

Recent projects

The following projects of the Group, completed or currently under construction, have been included to give an impression of the type of work carried out in the civil engineering sector, rather than for their size by revenue or profit.

- As part of a construction consortium with Max Bögl Nederland, BAM Civiel has been appointed by the municipality of Nijmegen to construct a new bridge "De Oversteek" across the Waal river in Nijmegen, the Netherlands. The consortium is responsible for the steel construction and 25 years of maintenance. Max Bögl Stahl- und Anlagenbau, BAM Infraconsult, BAM Wegen and BAM Infratechniek have been appointed as subcontractors.
- Koninklijke Vopak N.V. has appointed BAM Infratechniek to construct a new terminal for oil products with a storage capacity of more than 1 million m^3 in the port of Amsterdam, the Netherlands.
- As a participant in a construction consortium with Max Bögl Bauunternehmen and PORR, Wayss & Freytag Ingenieurbau has been appointed by DB Netz and DB Projektbau, Projektzentrum Leipzig to construct a seven kilometre railroad tunnel in the railroad trajectory between Erfurt and Leipzig/Hall, Germany.
- BAM International has been awarded a contract by the local Ministry of Fisheries for the design and construction of a new fishery harbour in Dikkowita, Sri Lanka. The harbour will be approximately 1 kilometre long and the harbour basin is designed to handle 125 tonnes of fish per day.
- CEI-De Meyer and Ways & Freytag Ingenieurbau, together with third parties, are involved in the realisation of the Liefkenshoek Railway Connection PPP project in Belgium.

PPP

General

The Group's PPP sector is active in all phases of PPP projects, including design, build, financing, maintenance and operations. The PPP sector contributes to new-build projects in the public sector such as roads, railways, educational facilities, healthcare facilities and judicial facilities.

The PPP sector employed a workforce of 84 employees (fte) at 31 December 2009 (31 December 2008: 77 employees (fte)).

PPP portfolio

A PPP project, depending on the characteristics of the project and the market, could result in at least two types of positive cash flows: (i) fixed regular payments paid for by a government or semi-governmental organisation based on availability of the project or fees paid for by the users of a public good or service, and (ii) a potential capital gain on divestment of the Group's stake in a project once it has been operational for a certain period. The Group actively monitors and manages the divestment of operational PPP projects. However, it cannot be guaranteed that a PPP project will or can be sold.

On the date of this Prospectus, operating company BAM PPP holds 27 PPP contracts in its portfolio, 15 of which are operational. BAM PPP was awarded three new contracts in 2009: Kantienberg Student Housing (Belgium), Brandenburger Parliament Building (Germany) and Burgdorf Prison (Switzerland). At present, the Group participates in 22 tenders. The estimated revenue volume of construction work that may be generated by these projects under tender is approximately EUR 4 billion (BAM-share).

In 2007, BAM PPP and the DIF (Dutch Infrastructure Fund) formed a joint venture, which acquired four operational projects from BAM PPP in the United Kingdom. BAM PPP initially held a 75% stake in the joint venture. In November 2008, another 25% was transferred to DIF. The remaining 50% interest in the joint venture was sold during the fourth quarter of 2009. The sale generated a capital gain of approximately EUR 31.8 million allocated to the 2007, 2008 and 2009 results.

Key financials

In 2009, the PPP sector generated a result before tax of EUR 11.2 million (2008: EUR 19.4 million). As of 1 January 2010 the Group applies IFRIC 12 as a result of which the reported revenue of the PPP sector increased, given that the reported revenue of the PPP sector not only includes revenue of operational PPPs but also revenue relating to the construction of new PPP projects.

The invested equity amounted to EUR 61.3 million at 31 December 2009 (31 December 2008: EUR 69.0 million). The additional equity commitments amounted to EUR 128.3 million at 31 December 2009 (31 December 2008: EUR 110.1 million). The gross PPP assets and finance amounted to EUR 728.0 million at 31 December 2009 (31 December 2008: EUR 599.5 million).

The order book of the PPP sector amounted to EUR 404.6 million at 31 December 2009 (31 December 2008: EUR 389.1 million). The order book of the construction and civil engineering sectors in relation with PPP projects under construction amounted to EUR 520.0 million at 31 December 2009 (31 December 2008: EUR 560.0 million).

Geographic distribution

The PPP sector operates in the United Kingdom, Ireland, the Netherlands and Germany. As from 2009, the PPP sector has one project under construction in Switzerland, a penitentiary complex.

The following table provides an overview of the revenue per geographic area of the PPP sector for the three month periods ended 31 March 2010 and 2009 and for each of the years ended 31 December 2009, 2008 and 2007.

Public-private partnerships: revenue per geographical area (1)
(x EUR 1,000)

	Year ended 31 December 2009	Year ended 31 December 2008	Year ended 31 December 2007
Netherlands	3,200	3,220	4,177
United Kingdom	52,112	53,786	67,869
Germany	1,878	2,651	1,365
Ireland	8,937	7,054	-
Total	66,127	66,711	73,411

(1) Geographic allocation based on location of projects.

Principal geographic areas and operating companies

The Group has one principal PPP operating company, BAM PPP. BAM PPP manages all phases of PPP projects and co-operates with other Group companies. BAM PPP has offices in Bunnik (the Netherlands), Brussels (Belgium), Frankfurt am Main (Germany), Dublin (Ireland) and Birmingham and Glasgow (United Kingdom).

Clients

Local, regional and national governments as well as semi-governmental organisations are responsible for current assignments in the PPP sector.

Recent projects

The following projects of the Group, operational or currently under construction, have been included to give an impression of the type of work carried out in the PPP sector, rather than for their size by revenue or profit.

- BAM PPP was selected by Somerset County Council in the United Kingdom as preferred bidder for its Building Schools for the Future programme. The first phase of this project involves the rebuilding of Bridgwater’s four secondary and two special schools. BAM PPP cooperates in this project with BAM Construction and BAM Facilities Management.
- Another BAM PPP project involves the construction of a new parliament building of Brandenburg in Potsdam (near Berlin). It involves the design, financing, exploitation and maintenance for a period of 30 years of the new parliamentary building. BAM PPP cooperates with BAM Deutschland (construction) and Müller-Altvatter Gebäudemanagement (operations and maintenance) in this project.
- BAM PPP has won a contract to construct the Liefkenshoek Railway Connection. The project involves the construction of the Liefkenshoek Tunnel (a 6.5 kilometres long double bored tunnel with an internal diameter of 7.30 metres), the Beveren Tunnel (a 1.2 kilometres long existing tunnel), two culverts, one aqueduct, four road crossings and approximately seven kilometres on grade substructure. BAM PPP cooperates in this project with CEI - de Meyer, Waiss & Freitag, CFE (MBG), Vinci Grand Projects, and Vinci Concesions.

Mechanical and electrical contracting

General

The Group’s mechanical and electrical contracting sector focuses on design, supply, installation, maintenance and management of mechanical and electrical systems of all types. The mechanical and electrical contracting sector contributes to new-build and renovation projects in the non-residential construction, civil engineering and industrial markets.

The mechanical and electrical contracting sector operating companies employed a workforce of 1,421 employees (fte) at 31 December 2009 (31 December 2008: 1,347 employees (fte)).

Key financials

In the financial year ended 31 December 2009, the mechanical and electrical contracting sector generated EUR 259.9 million or 3.1% (2008: EUR 243.5 million; 2.8%) of the Group's combined revenue.

In 2009, the mechanical and electrical contracting sector generated EUR 9.0 million or 17.1% (2008: EUR 12.2 million; 4.8%) of the Group's combined result before tax.

The order book of the mechanical and electrical contracting sector amounted to EUR 427.5 million at 31 December 2009 (31 December 2008: EUR 274.0 million).

Geographic distribution

The mechanical and electrical contracting sector has activities almost exclusively in the Netherlands. The following table provides an overview of the revenue per geographic area of the mechanical and electrical contracting sector for each of the years ended 31 December 2009, 2008 and 2007.

Mechanical and electrical contracting: revenue per geographical area (1)
(x EUR 1,000)

	Year ended 31 December 2009	Year ended 31 December 2008	Year ended 31 December 2007
Netherlands	259,424	242,702	204,402
Belgium	35	65	153
Germany	372	494	654
Other (worldwide)	37	212	169
Total	259,868	243,473	205,378

(1) Geographic allocation based on location of projects.

Principal operating companies in the geographic areas

The Group has one principal operating company in the mechanical and electrical contracting sector, BAM Techniek. BAM Techniek is a provider of technical services. It is mainly active in the installation market in the Netherlands. BAM Techniek's activities can be divided into the following main sectors: technical installations, technical management, energy systems, cleanroom technology and laboratories. BAM Techniek develops, designs, constructs and manages mechanical and electrical systems in non-residential construction, industrial, civil engineering and residential construction projects. BAM Techniek often collaborates with Group companies.

BAM Techniek serves its clients throughout the Netherlands from eight regional sites. BAM Techniek also focuses on further development of specialist activities including high-purity systems, clean rooms and operating theatres, security, fire extinguisher systems, ICT, medium voltage, sustainable energy systems, technical management and public-private partnerships. BAM Duurzaam, a division of BAM Techniek, develops, designs, constructs, invests in and operates systems for sustainable energy supply in homes, offices and other non-residential properties.

Clients

In the mechanical and electrical sector, the Group mainly services professional clients.

Recent projects

The following projects of the Group, completed or currently under construction, have been included to give an impression of the type of work carried out in the mechanical and electrical contracting sector, rather than for their size by revenue or profit.

- A BAM Utiliteitsbouw project regards the construction of a new datacentre for Rabobank in Boxtel. The project involves the design, construction, financing and maintenance of a two-story datacentre, four energy buildings and an office building of 4,500 m² with a total floor area of approximately 20,000 m². The datacentre was developed with particular attention to sustainability and energy-efficiency. In addition, BAM Techniek, BAM Advies & Engineering, BAM Grondtechniek, BAM Infratechniek en BAM Wegen are involved in the project.

- BAM Utiliteitsbouw has won a contract to construct the new medical centre for Erasmus MC in Rotterdam. In this project, particular attention is paid to durability and energy-efficiency. BAM Utiliteitsbouw cooperates in this project with Ballast Nedam.

Consultancy and engineering

General

The Group's consultancy and engineering sector focuses on design of manufacturing facilities and project management. The consultancy and engineering sector offers its consultancy and engineering services primarily to the oil and gas industry, the energy and environment industry, smokestack industries, the food and consumer goods market, the pharmaceutical industry, the chemical industry, the property market and in civil engineering.

The consultancy and engineering sector employed a workforce of 2,701 employees (fte) at 31 December 2009 (31 December 2008: 2,902 employees (fte)).

Key financials

In the financial year ended 31 December 2009 the consultancy and engineering sector generated EUR 206.7 million or 2.5% (2008: EUR 231.8 million; 2.6%) of the Group's combined revenue.

In 2009, the consultancy and engineering sector generated EUR 11.6 million or (22.0)% (2008: EUR 28.1 million; 11.1%) of the Group's combined result before tax.

The order book of the consultancy and engineering sector amounted to EUR 110.4 million at 31 December 2009 (31 December 2008: EUR 117.9 million).

Geographic distribution

The consultancy and engineering sector operates in the Netherlands, Germany, Belgium and in other parts of the world such as Central and Eastern Europe, the Middle East, China, India and Vietnam.

The following table provides an overview of the revenue per geographic area of the consultancy and engineering sector for the years ended 31 December 2009, 2008 and 2007.

Consultancy and engineering: revenue per geographic area [(1)]
(x EUR 1,000)

	Year ended 31 December 2009	Year ended 31 December 2008	Year ended 31 December 2007
Netherlands	96,373	104,016	110,127
Belgium	2,108	2,802	1,609
Germany	18,950	22,442	24,831
Other (worldwide)	89,249	102,494	82,566
Total	206,680	231,754	219,133

(1) Geographic allocation based on location of projects.

Principal operating companies in the geographic areas

The consultancy and engineering sector has one principal operating company, Tebodin.

It has approximately 50 offices throughout Western, Central and Eastern Europe, the Middle East, Libya, China, India and Vietnam. This office network is important for providing assistance not only to single-country clients, but also to global clients operating internationally.

Clients

The clients of Tebodin are primarily active in the chemical and fine chemical industry, the pharmaceutical industry, the oil & gas industry, the food and consumer goods sector, and in the telecom and ICT sector.

Recent projects

The following projects of the Group, completed or currently under construction, have been included to give an impression of the type of work carried out in the consultancy and engineering sector, rather than for their size by revenue or profit.

- One of Tebodin Consultants & Engineers' projects concerns the detailed engineering of the underground gas pipelines of TAQA Onshore B.V. in Alkmaar, the Netherlands, as part of the Bergermeer Gas Storage Project in the northwest of the Netherlands, connecting TAQA's gas treatment plant with the network of Gasunie. The project involves all engineering elements, including design, license applications, procurement assistance and related activities.

- Another Tebodin Consultants & Engineers project regards the design for the Ukrainian Ministry for Transport and Communication of the new passenger terminal of the Lviv international airport in Lviv, Ukraine. This project is executed together with NACO, Netherlands Airport Consultants. The project was won in a tender procedure.
- A Tebodin Middle East office project involves increasing oil production from the Umm Al Dalkh field by installing three electrical submersible pumps on existing well head platforms. The approximately 45,000 man hours project includes the demolition and modification of existing facilities and the installation of new control systems, switch gears, piping, and other requirements.

Associates

The Group owns a 21.5% interest in Van Oord, a dredging company that operates worldwide. Van Oord builds and maintains ports, conducts river dredging, and builds coastal defences to protect against the effects of climate change, builds (sustainable) energy and tourism facilities, and reclaims land in deltas and coastal areas. The interest in Van Oord contributed EUR 27.3 million (net) to Royal BAM Group's result for the year ended 31 December 2009 (2008: EUR 42.3 million).

Pursuant to the agreement between the shareholders in Van Oord, the Group must offer its shares in Van Oord to the other shareholders of Van Oord in the following events: (i) if the Group intends to transfer its interest to a third party (unless the remaining shareholders have given their prior written consent to such transfer), (ii) if there is a change of control over Royal BAM Group or HBG by a third party that is a significant competitor of Van Oord, or (iii) if a third party, not being an institutional investor, has acquired an interest in both Royal BAM Group or HBG and a significant competitor of Van Oord of at least 15%. In the case of a change of control in Royal BAM Group or HBG, the Group will no longer be able to exercise its existing voting rights in Van Oord and it will no longer be entitled to dividends.

In October 2008, negotiations on the sale of the minority interest, which were being conducted with the other two Van Oord shareholders since May 2008, were suspended. The Group still intends to sell its minority interest in Van Oord. Currently, the Group expects negotiations to be resumed in the course of 2010.

With a minority interest of 21.5% in the share capital of Van Oord, Royal BAM Group does not have control over Van Oord. At the request of Royal BAM Group, Mr Van Vonno is a supervisory board member at Van Oord. In order to avoid any potential conflict of interest, Mr Van Vonno temporarily suspended his activities as a supervisory board member at Van Oord during the period when negotiations regarding the sale of the Group's 21.5% interest in Van Oord were ongoing.

Property, plant and equipment

The majority of the Group's property, plant and equipment used to operate the Group's business is fully owned. At 31 December 2009, the net book value of the Group's property, plant and equipment was EUR 425.7 million (31 December 2008: EUR 430.2 million).

The fair value of the property, plant and equipment as at 31 December 2009 amounted to EUR 530.0 million (31 December 2008: EUR 528.0 million). None of the property, plant and equipment (not leased under financial lease) is pledged as security for borrowings.

At 31 December 2009, the net book value of the Group's property, plant and equipment leased under financial leases was EUR 42.8 million (31 December 2008: EUR 47.2 million), consisting of EUR 22.8 million (31 December 2008: EUR 23.7 million) for land and buildings, EUR 19.6 million (31 December 2008: EUR 23.4 million) for plant, equipment and installations, and EUR 0.4 million (31 December 2008: EUR 0.0 million) for other tangible fixed assets.

Land and buildings

Land and building rights with respect to property development are included in the 'Inventory'. See this section under "Property—Property portfolio".

The Group owns or leases properties for managing and operating its business activities. The majority of the land and buildings employed to operate the business is owned. At 31 December 2009, the net book value of the Group's land and buildings was EUR 137.0 million (31 December 2008: EUR 143.9 million).

A part of the operational land and buildings is leased. The duration of the lease contracts varies from 1 to 10 years.

Plant, equipment and installations

The majority of the equipment employed to operate the business is owned by the Group. The aggregate book value of plant, equipment and installations owned by the Group (including equipment acquired through financial lease) amounted to EUR 223.3 million as at 31 December 2009 (as per 31 December 2008: EUR 220.5 million).

All other equipment is leased. As at 31 December 2009, the obligations relating to these lease contracts added up to EUR 19.6 million. The duration of the lease contracts varies from 1 to 10 years and can only be terminated when making a lump sum payment for the book value and lost profit of the lease company.

BAM Materieel provides plants and materials to Group Companies in the construction sector in the Netherlands.

Property, plant and equipment ordered or under construction

At 31 December 2009, the net book value of the Group's property, plant and equipment ordered or under construction was EUR 15.6 million (31 December 2008: EUR 12.0 million) and primarily relates to plant, equipment and installations.

Other tangible fixed assets

At 31 December 2009, the net book value of the Group's other tangible fixed assets was EUR 49.8 million (31 December 2008: EUR 53.8 million). This primarily relates to offices, IT and transport equipment.

Raw materials and consumables

Raw materials (in inventory), including among other things spare parts for equipment, amounted to EUR 19.0 million on 31 December 2009 (31 December 2008: EUR 18.7 million). At 31 December 2009, consumables were EUR 4.1 million (31 December 2008: EUR 4.5 million). Most raw materials and consumables used in the Group's operations are not recorded on its balance sheet, as they are directly implemented in the process of realising the projects, and thus recorded as project costs in the profit and loss account of the projects involved.

Investments

The gross investments in tangible and intangible assets based on geographical location are set out in the table below:

Investments
(x EUR 1,000)

	Year ended 31 December 2009	**Year ended 31 December 2008**	**Year ended 31 December 2007**
Netherlands	46,120	64,593	86,404
United Kingdom	10,098	19,626	16,660
Belgium	20,034	21,052	63,946
Germany	40,278	28,767	30,930
Ireland	24,474	50,777	58,098
United States	-	-	26,396
Other (worldwide)	15,905	24,795	13,735
Total	156,909	209,610	296,169

Material contracts

Existing credit facilities

The Revolving Credit Facility, the Subordinated Term Loan Facility, the Term Loan Facility and the various security agreements entered into in connection therewith are considered material contracts. For a summary of the Revolving Credit Facility, the Subordinated Term Loan Facility, the Term Loan Facility, and the various security agreements entered into in connection therewith, reference is made to section "Operating and Financial Review—Liquidity and capital resources—Description of borrowings".

Shareholders' agreement relating to Van Oord

For a summary of important provisions in the Shareholders' Agreement see "Associates" above.

Bank guarantees

In the ordinary course of business, the Group procures banks or surety companies to issue bank guarantees or surety bonds to (prospective) clients. Liabilities pursuant to counter guarantees given by the Group in connection with these bank guarantees and surety bonds are not recognised in the balance sheet. Royal BAM Group does not expect that any material risks will arise from these contingent liabilities. In 2009, bank guarantees and surety bonds for a total amount of EUR 1,624 million (2008: EUR 1,628 million) were outstanding to clients. The facilities for issuing these bank guarantees and surety bonds are uncommitted.

No other material contracts

Besides the agreements set out above, Royal BAM Group has not entered into contracts outside of the ordinary course of its business for the two years immediately preceding the date of this Prospectus which contain provisions pursuant to which the Group has an obligation or entitlement that is material as of the date of this Prospectus.

Intellectual property

In the course of their business, the Group's operating companies hold, use and have applications or rights for various patents, licences, trade names and trademarks. If these intellectual property rights were lost or were to be infringed by a third party, this could affect the competitive position of the Group's operating companies. Although Royal BAM Group believes that its core patents, licences, trade names and trademarks are adequately protected, its business does not depend in any material respect on the existence of these rights.

Sustainability policy

Royal BAM Group's sustainability policy - people, planet, profit - which is expressed in various business principles, focuses on the following key areas: clients, community engagement, health and safety, diversity, learning and development, CO2 reduction, waste management, sustainable procurement, business integrity and innovation. Royal BAM Group believes that corporate social responsibility is deep-rooted in its organisation. Many employees start initiatives in this area, which produces a large number and a wide range of different activities. Since 2007, Royal BAM Group annually publishes a Sustainability Report, in which it reports on sustainability issues and corporate social responsibility. Elements of the Group's sustainability policy are discussed in more detail below.

Community engagement

The Group makes efforts to ensure that its projects are achieved with minimum disruption for the local community, while maintaining quality. This calls for intensive preparation of all parts of a project. Royal BAM Group believes that communication with the local community is an essential part of project preparation. With significant development and design activities, the Group's community engagement becomes even more important. In 2009, on the occasion of its 140th birthday, Royal BAM Group has made 140 donations of EUR 1,000 each to various charitable institutions that were proposed by its employees.

Health and safety

By its nature, the construction industry is a potentially hazardous environment for human safety and health. The Group continues to develop and improve its safety management systems. The Group has a policy aimed at implementing the measures required to prevent accidents, occupational illnesses and injuries. Safety and health risks are controlled as much as possible by using sensible designs, preparing projects systematically and by providing employees with proper instructions about working methods.

In 2009, the Group has updated its Health and Safety Management Guidelines. In addition, it has achieved a further increase of safety related consciousness within its organisation, measured by the improved results of an annual internal audit procedure, called the Safety Awareness Audit. In 2009, there were no fatal incidents within the Group. However, there were 8 fatal incidents outside the Group that occurred on projects in which the Group was involved. In 2009, 62 Group employees and 118 employees of its partners were seriously injured in accidents at work. An accident qualifies as serious if it requires hospitalisation for more than 24 hours, permanent injury, or broken bones.

For 2010, Royal BAM Group aims to organise an organisation-wide one-day event relating to health and safety for employees and suppliers. In addition, Royal BAM Group aims to improve the Safety Awareness Audit-scores of its operating companies with below-average Safety Awareness Audit-results and an above-average number of accidents.

Diversity

The Group endeavours to promote diversity throughout its organisation. Royal BAM Group believes that diversity is of major significance in securing and maintaining a position as an employer of choice, and that a diverse employee base ensures that the Group can effectively identify with the wishes and expectations of its clients and society at large. In 2009, Royal BAM Group has started a workshop Diversity and Inclusive Leadership, primarily focusing on increasing the participation of women within its organisation.

CO2 reduction

In 2009, the Group has fully integrated its CO2 management reporting system in its financial reporting system. In 2010, the Group aims to reduce its CO2 footprint by 5% compared to 2009, which it considers proportional to the development of its revenues and the nature of its activities.

Waste management

With a view on reducing waste production and optimising waste management, the Group started cooperating on several waste reduction programmes with a number of its suppliers and waste processing companies in 2009. For example, together with SITA, a waste processing company with a leading position in the Dutch market, the Group has set goals to maximise the separate collection of its various waste production elements. This has resulted in the reuse or recycling of 75% of the Group's entire waste production.

Integrity

The Group's integrity policy has been implemented in the so-called integrity toolkit. The integrity toolkit contains background information on integrity, leadership and integrity challenges. Employees are made aware of subjects relating to integrity through education and training.

Information technology; management information and reporting systems

The Group's information technology (IT) infrastructure is designed to support its business. The Group predominantly uses generic software which is available in the market. Besides Microsoft Office, other applications are SAP, Metacom and Navision, which are used for financial administration, project preparation, and purchase and project control. In addition to these systems, a number of engineering applications are used for drawing and project preparation.

The service and maintenance of the IT infrastructure is mainly organised and managed internally. The wide area networks and fixed and mobile telephone services are outsourced to international providers such as KPN, BT and Vodafone.

In all sectors, increasing use is being made of IT resources. Among other IT applications, 3D applications are used as an innovative aid within projects. IT supports the cooperation between Royal BAM Group and its partners (architects, subcontractors and suppliers). This makes projects more effective and may reduce failure costs.

Legal and arbitration proceedings

The Group is currently involved in the following legal proceedings which, if adversely resolved, may have a significant effect on its business or on the financial position of the Group.

A provision is usually taken in the case of legal proceedings in which a financial claim is made against the Group, unless the claim is completely lacking in substance. Financial claims that the Group has made against third parties are in principle not capitalised, unless it is reasonably certain that the amount will be paid.

AGIV

At the end of 1996, AGIV Real Estate sold the German construction company Wayss & Freytag to HBG. HBG (including Wayss & Freytag) was acquired by the Group at the end of 2002. Part of the original 1996 sale involved AGIV taking over rental guarantees given by Wayss & Freytag. These guarantees concerned Wayss & Freytag development projects from before 1997 where the buyers had been guaranteed a certain rental income. AGIV failed to fulfil its obligations towards Wayss & Freytag after 2003. In legal proceedings before the German court, the Group claimed fulfilment by AGIV of its commitments in respect of Wayss & Freytag. The German court indicated by way of interlocutory judgement that it would follow the views of the Group. AGIV appealed against this judgement. Early in 2005, AGIV was declared bankrupt. As a result, the legal proceedings pending against AGIV have been suspended. The receiver of the estate of AGIV has commenced a number of legal actions, including one against a former shareholder of AGIV. The settlement of these proceedings and of AGIV's bankruptcy is expected to take several years. Based on current information, the Group believes that there will be no substantial negative financial consequences in the future.

SMART North Tunnel

In 2005, during the construction of a bored tunnel for the SMART North Tunnel in Kuala Lumpur, Wayss & Freytag Ingenieurbau was confronted by ground conditions at variance with the information supplied by the client. Wayss & Freytag terminated the contract at the start of 2006 as a result of the client's failure to fulfil its payment obligations and refusal to deal with Wayss & Freytag's claims for an extension of the construction period and reimbursement of costs because of the ground conditions. The client in turn also terminated the contract in January 2006. Wayss & Freytag lodged a claim against the client for more than EUR 29 million as compensation for costs incurred. The client lodged provisional counterclaims amounting to EUR 5 million. The independent dispute adjudicator, in the contractually prescribed procedure, has now held that Wayss & Freytag was entitled to terminate the contract. An amount of EUR 22 million has already been awarded to Wayss & Freytag. The proceedings are ongoing. Based on the present state of knowledge, the Group considers that the provision that has been made is adequate.

State of the Netherlands

Two of the Group's operating companies, partly in combination with third parties, are claiming payment from their client, the State of the Netherlands, of invoices for insulating homes around Schiphol Airport. A dispute has arisen between the construction companies and the State of the Netherlands in relation to the final settlement. The construction companies are also claiming compensation for loss sustained as a consequence of reduced construction volume and increased construction site costs due to disruption of the construction process. The claim of the construction companies is approximately EUR 10 million in total. The State of the Netherlands is making a counterclaim of approximately EUR 17 million, of which approximately EUR 10 million has already been dismissed, alleging that the volume of work stated to have been executed is less than the volume actually executed and that pricing exceeds agreed levels. The dispute is under arbitration.

Cologne

On 3 March 2009, during construction work on part of the metro system in Cologne, several adjacent buildings – including Cologne's municipal archives building – collapsed. Two residents were killed. Wayss & Freytag Ingenieurbau is a one-third partner in the consortium carrying out this project but was not directly involved in the work being done at the site of the accident. The client has instituted a judicial inquiry (known as a *Beweisverfahren*) before the district court (the *Landgericht* in Cologne). As part of these proceedings, a number of specialists are investigating the cause of the accident. Their investigation is not expected to be complete before the end of 2010. Only once their investigation is complete will it be possible to determine if the consortium is in any way responsible or liable for the accident. The German Public Prosecution Service is also carrying out its own investigation to determine whether any criminal offences may have been committed, such as culpable homicide. The damage to the property is considerable and the parties involved have claimed under several different insurance policies. The Group is assuming, as matters currently stand, that no substantial adverse financial consequences for the Group will result from this event.

Bitumen sector European Commission investigation

In 2002, the European Commission commenced an investigation into possible competition-law infringements in connection with the market conduct of several firms in the bitumen sector, both on the production side and on the procurement side. One Group operating company is involved in this investigation. In September 2006, the European Commission confirmed infringements of competition law and imposed fines. The fines in aggregate amount to EUR 20.7 million and are fully covered by a provision. An appeal has been lodged against the imposition of these fines.

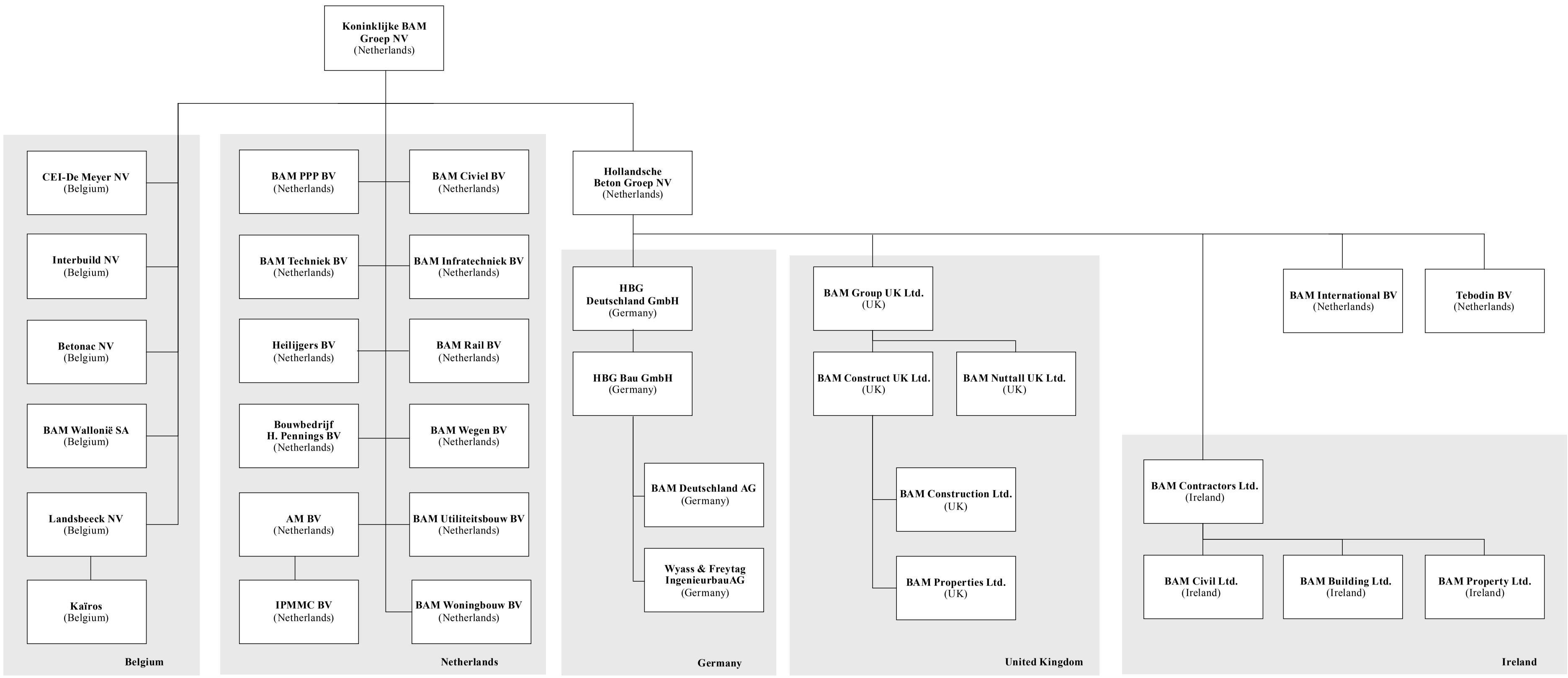
Group Structure

Royal BAM Group is a holding company with no material, direct business operations. The principal assets of Royal BAM Group are the equity interests it directly or indirectly holds in its operating subsidiaries. As a result, Royal BAM Group is dependent on loans, dividends and other payments from its subsidiaries to generate the funds necessary to meet its financial obligations, including the payment of dividends. See section "Dividends and dividend policy".

Legal structure

The legal structure of the Group consists of a large number of legal entities. The simplified legal structure chart included below does not present all interests in subsidiaries and associates, but, in the shaded area, presents the structure of holdings in the legal entities constituting Royal BAM Group's operating companies. Interests in the numerous joint ventures, project companies and partnerships are held either directly by the legal entities referred to in the table or indirectly by subsidiaries of these legal entities. The chart provides an overview as at 31 March 2010.

Simplified legal structure chart as at 31 March 2010



Material subsidiaries and associates

The following tables provide an overview of the material subsidiaries and associates of the Group as at 31 March 2010.

Sector	Principal subsidiaries	Percentage held by Royal BAM Group (directly or indirectly)
Construction	BAM Utiliteitsbouw*, Bunnik (Netherlands)	100
	BAM Woningbouw*, Bunnik (Netherlands)	100
	Heilijgers*, Amersfoort (Netherlands)	100
	Bouwbedrijf H. Pennings en Zn.*, Rosmalen (Netherlands)	100
	BAM Materieel*, Lelystad (Netherlands)	100
	Interbuild, Wilrijk-Antwerpen (Belgium)	100
	BAM Construct UK Ltd, Hemel Hempstead (United Kingdom)	100
	BAM Deutschland AG, Stuttgart (Germany)	100
Property	AM*, Nieuwegein (Netherlands)	100
	IPMMC Vastgoed*, Utrecht (Netherlands)	100
	Kaïros, Wilrijk-Antwerpen (Belgium)	100
Civil engineering	BAM Civiel*, Gouda (Netherlands)	100
	BAM Infratechniek*, Culemborg (Netherlands)	100
	BAM Rail*, Breda (Netherlands)	100
	BAM Wegen*, Utrecht (Netherlands)	100
	BAM Infraconsult*, Gouda (Netherlands)	100
	BAM International*, Gouda (Netherlands)	100
	Betonac, Sint-Truiden (Belgium)	100
	CEI-De Meyer, Brussel (Belgium)	100
	BAM Wallonie, Luik (Belgium)	100
	BAM Nuttall Ltd, Camberley, Surrey (United Kingdom)	100
	BAM Contractors Ltd, Kill, Kildare (Ireland)	100
	Wayss & Freytag Ingenieurbau AG, Frankfurt am Main (Germany)	100
Public-private partnerships	BAM PPP, Bunnik (Netherlands)	100
Mechanical and electrical contracting	BAM Techniek*, Bunnik (Netherlands)	100
Consultancy and engineering	Tebodin*, Den Haag (Netherlands)	100

* Royal BAM Group has deposited a declaration of joint and several liability in respect of these subsidiaries pursuant to Section 2:403 of the Dutch Civil Code.

Associates	%
Van Oord, Rotterdam (Netherlands)	21.5
Infraspeed (Holdings), Haarlem (Netherlands)	10.5
Wâldwei.com, Leeuwarden (Netherlands)	33.3
Railpro, Hilversum (Netherlands)	10.0
Celtic Roads Group (Dundalk) Ltd, Dublin (Ireland)	33.3
Celtic Roads Group (Waterford) Ltd, Dublin (Ireland)	33.3
Celtic Roads Group (Portlaoise) Ltd, Dublin (Ireland)	33.3

A list of associates referred to in Sections 2:379 and 2:414 of the Dutch Civil Code has been deposited and is available at the Trade Register in Utrecht.

OPERATING AND FINANCIAL REVIEW

The following discussion and analysis should be read in conjunction with the rest of this Prospectus, including the information set forth in "Selected Historical Financial and Business Information", the audited consolidated financial statements and accompanying notes, and the unaudited quarterly financial information, which are incorporated by reference in this Prospectus. For a discussion of the presentation of Royal BAM Group's historical financial information included or incorporated by reference in this Prospectus, see "Important information—Presentation of financial and other information". Except as otherwise stated, this operating and financial review is based on the consolidated financial statements and quarterly financial information of Royal BAM Group prepared in accordance with IFRS, as adopted in the EU, including IFRS-interpretations, as issued by the International Financial Reporting Interpretation Committee (IFRIC).

The following discussion contains forward-looking statements that involve risks and uncertainties. Royal BAM Group's future results could differ materially from those discussed below. Factors that could cause or contribute to such differences include, without limitation, those discussed in the sections entitled "Risk Factors" and "Business" elsewhere in this Prospectus.

The financial information presented in this section has been compiled on the following basis:

- *the financial information for the three months ended 31 March 2010 and 31 March 2009 has been extracted without material adjustment from the unaudited consolidated interim financial statements for the first quarter of 2010 and the first quarter of 2009, respectively;*
- *the consolidated interim financial statements for the first quarter of 2010 have been reviewed;*
- *the financial information for the years ended 31 December 2009, 31 December 2008 and 31 December 2007 has been extracted without material adjustment from the audited 2009, 2008 and 2007 financial statements, respectively; and*
- *the figures relating to the order book are not an element of the respective financial statements of Royal BAM Group and are therefore unaudited.*

The unaudited consolidated interim financial statements of Royal BAM Group for the first quarter of 2010 and 2009 as well as the audited 2009, 2008 and 2007 financial statements of Royal BAM Group are included in this Prospectus by reference, see section "Documents incorporated by reference".

As from 1 January 2010 on the Group applies IFRIC 12 Service Concessions in its financial statements. The financial information for the three months ended 31 March 2010 has been prepared taking IFRIC 12 into account; the comparative information regarding the three months ended 31 March 2009 has been restated to IFRIC 12. The financial information for the years ended 31 December 2009, 31 December 2008 and 31 December 2007 has not been restated to IFRIC 12.

Overview

Royal BAM Group is through its operating companies engaged in residential and non-residential construction, property development, civil engineering, public-private partnerships (PPP), mechanical and electrical contracting, and consultancy and engineering. The Group employed 26,952 employees (fte) at 31 March 2010. At 31 December 2008, it was market leader (by revenue) in the Dutch and Belgian construction markets, belonged (by revenue) to the top six construction groups in the United Kingdom and Germany and was one of the larger construction groups in Europe (internal Royal BAM Group analysis based on a comparison of the Group's 2008 revenues and the 2008 revenues of certain large competitors, as derived from their 2008 financial statements).

Organisational structure of Royal BAM Group

The Group operates in six sectors: construction, property, civil engineering, PPP, mechanical and electrical contracting, and consultancy and engineering. In addition, Royal BAM Group holds a 21.5% interest in Van Oord N.V., a Dutch company with worldwide dredging activities. This stake is reported as an associate in the financial statements.

Royal BAM Group considers the Netherlands, the United Kingdom, Belgium, Germany and Ireland as its home markets. In these countries it has a presence through approximately 25 operating companies, which have national and regional offices with local management. The Group occasionally operates outside its home markets. The operating companies have a direct management and reporting line with Royal BAM Group's Management Board.

By sharing knowledge, cross selling and collective procurement Royal BAM Group pursues synergies among its various sectors. Many projects involve two or more of Royal BAM Group's sectors, or contributions from multiple Royal BAM Group operating companies.

Construction. Royal BAM Group's operating companies in this sector are active in non-residential and residential construction. The operating companies in this sector are: (i) BAM Construct UK – non-residential construction, design, services, engineering and facilities management in the United Kingdom, (ii) BAM Utiliteitsbouw – (technical) development, preparation and construction, as well as management and maintenance of non-residential construction projects in the Netherlands, (iii) BAM Woningbouw – residential construction in the Netherlands, (iv) BAM Deutschland – non-residential construction in Germany, (v) Heilijgers – residential and non-residential construction in the Netherlands, (vi) Bouwbedrijf H. Pennings en Zn. – residential and non-residential construction in the Netherlands and (vii) Interbuild – non-residential construction in Belgium.

Property. Royal BAM Group's operating companies in this sector are active in the development of residential and non-residential property. The operating companies in this sector are: (i) AM – development of predominantly residential, but also non-residential property, in the Netherlands, (ii) BAM Properties UK – development of non-residential property in the United Kingdom, (iii) Kaïros Belgium – development of high-end offices in Belgium and (iv) BAM Property Ireland – development of predominantly non-residential property in Ireland. AM was formed on 1 January 2010 when the Group merged AM and BAM Vastgoed into a single organisation. At the same time IPMMC, formerly part of AM, was positioned as a separate operating company active in the development of non-residential property in the higher segment. In this chapter, unless indicated otherwise, AM refers to the old AM in operation prior to 1 January 2010.

Civil Engineering. Royal BAM Group's operating companies in this sector are active in civil engineering, including activities in the installation of pipes and cables, road construction and rail-related construction activities. The operating companies in this sector are: (i) BAM Nuttall – civil engineering in the United Kingdom, (ii) BAM Contractors – civil engineering and non-residential construction in Ireland, (iii) CEI-De Meijer – civil engineering and non-residential construction in Belgium, (iv) BAM Wallonie – civil engineering and non-residential construction in Belgium, (v) Betonac – building of roads and other infrastructure, (vi) BAM Wegen – design, construction, management and maintenance of traffic infrastructure, sewage and environmental activities, noise abatement and area development in the Netherlands, (vii) BAM Infratechniek – design, construction and maintenance of cable and pipe networks for telecommunications, and transportation of data, water (including waste water), electricity, gas and heat in the Netherlands, (viii) BAM Rail – railway construction in the Netherlands with activities in the United Kingdom, Ireland and Belgium, (ix) BAM International – worldwide civil engineering, (x) BAM Civiel – design, implementation, management and maintenance of civil engineering and industrial projects in the Netherlands and (xi) Wayss & Freytag Ingenieurbau – complex civil engineering projects and bored tunnels in Germany and neighbouring countries.

Public-private partnerships. Royal BAM Group's operating companies in this sector are active in the market for public-private partnership projects in accommodation and infrastructure. The operating company in this sector is BAM PPP. It operates in Royal BAM Group's home markets. BAM PPP is also involved in one project in Switzerland. The Group's PPP projects generate substantial revenues for its construction and civil engineering sectors, which are contracted to realise the PPP projects. Revenue is also generated from maintenance and facility management during the operational phase of the PPP projects.

Mechanical and electrical contracting. The operating company in this sector is BAM Techniek. It operates in the Netherlands. It is responsible for the design, supply, installation, maintenance and management of mechanical and electrical systems of all types in the construction process. The sector's mechanical contracting unit specialises in indoor climate control and energy management. Its electrical contracting unit specialises in electrical installations, control circuits and security equipment.

Consultancy and engineering. The operating company in this sector is Tebodin Consultants & Engineers. It is active in consultancy and engineering projects. The multidisciplinary Tebodin is active in the oil and gas market, the energy and environment sector, the industrial sector, the pharmaceutical and food industries, the chemical sector, the property sector and civil engineering. The company operates throughout Western, Central and Eastern Europe and in the Middle East and Asia.

Sector reporting

Royal BAM Group reports on its operating activities primarily in business sectors and secondarily in geographical sectors. Royal BAM Group's business sectors are described above and its geographical sectors are: the Netherlands, United Kingdom, Belgium, Germany, Ireland and Other (worldwide). In 2007, Royal BAM Group discontinued its operations in the United States by selling its operating company Flatiron.

Material factors affecting result of operations

Royal BAM Group believes that the following factors have contributed significantly to the development of its business and result of operations and believes that they will continue to have a significant effect thereon in the future.

Cyclical nature of the construction business

The construction industry is cyclical and influenced by various economic factors. Royal BAM Group's results are strongly driven by economic developments in the countries in which it is active.

In periods of low growth or decline, Royal BAM Group's clients are more likely to decrease expenditure on construction projects, while in periods of high growth they are more likely to increase expenditures. A decrease in expenditure on construction projects may result in decreased revenue and pressure on margins for Royal BAM Group. An increase in expenditure may have opposite effects on revenue and margins. In addition, in periods of low growth or decline, the risk of a default by (and insolvency of) clients and subcontractors increases. In periods of high growth, these risks may decrease.

As a result of the long-term nature of most construction contracts, the construction business is impacted (negatively and positively) at a relatively late stage in the economic cycle, except for consultancy and engineering which are impacted (negatively and positively) at the beginning of the economic cycle.

The influence of an economic downturn is to a certain degree mitigated by the, for a construction company, relatively wide range of services provided by Royal BAM Group and by its diversified client base, which consists of private, commercial, industrial and (semi) governmental clients. In addition, Royal BAM Group is able to adjust its cost base to changed economic circumstances by reducing its fte's and by not extending contracts or entering into new contracts with other persons working on the Group's projects. The extent to which Royal BAM Group is able to adjust its cost base by reducing its fte's is influenced by relevant national, regional and local (labour) laws as well as its relations with the trade unions. Also, in periods of economic downturn, Royal BAM Group sometimes benefits from stable or occasionally increased public spending on government projects in both civil engineering and construction sectors in the Group's home markets.

Impact of economic cycle on property sector

Property development is characterised, among other things, by long-term projects. Property development projects may require substantial investments before (a part of) the project is sold. The operational model therefore is based on estimates of (expected) revenue and costs over periods of several years. Royal BAM Group manages these estimates during the entire life cycle of its property development investments by means of project and investment controls based on forward looking models and procedures that allow Royal BAM Group to adjust these models to changed economic circumstances. Nevertheless, in an economic downturn, the number and value of houses and non-residential property which is sold may significantly decrease, whilst investments have been made based on higher expected sales volumes and prices. This has a negative effect on the revenue and operating performance of the property sector and on the value of property positions. An economic upturn may, on the other hand, have a significant positive effect on the sales volumes and prices of residential and non-residential property and may significantly increase revenue and operating performance of the property sector and the value of property positions. This negative or positive effect may be incurred for a considerable period of time as a result of the time lag between the sale of a house and the recognition of income by transferring risk and reward to the client (e.g. transfer of land and achievement of milestones).

Royal BAM Group's property sector in 2009 has incurred significant operating losses resulting from decreased revenue, under-recovery of overhead costs, interest expense and restructuring costs incurred in adjusting the size of its property sector to the changed economic circumstances. The property sector was also significantly impacted by the negative result of the impairments of property positions and goodwill paid in relation to the acquisition of AM and its subsidiaries (see "Operations by business sector" under "Property").

Competition in the markets in which Royal BAM Group operates

On an international level, Royal BAM Group competes with several companies that operate in the same sectors in a large number of countries and regions. In addition, Royal BAM Group competes with companies that operate in one home market and also with smaller companies with a regional presence. The intensity of this competition varies strongly between business sectors and regional markets. The construction market is generally fragmented, but it is relatively consolidated in respect of large scale and complex projects.

The ability of Royal BAM Group to submit accurate cost and time estimates for projects

A significant proportion of Royal BAM Group's business depends on costs being accurately calculated and controlled, and projects being completed on time, such that costs are contained within the pricing structure of the contract. This is especially relevant for large scale and complex projects. In case of incorrect or inaccurate calculations or estimates, or a lack of adequate control, lower than anticipated profits may be achieved, or a loss may even be incurred. Royal BAM Group may incur penalties if the performance schedule is not met. Deviations between estimates and actual costs of projects may have a significant (negative or positive) impact on the results of Royal BAM Group. Royal BAM Group aims to recognise and minimise these risks early through ongoing project control measures, both pre-contractual and during execution.

Fluctuating commodity prices

Fluctuating commodity prices can have a significant (negative or positive) effect on the results of Royal BAM Group. Royal BAM Group aims to react flexibly to these fluctuations and where possible take them into account when calculating individual projects costs. If this is not possible as a result of a sudden unpredicted increase in prices, Royal BAM Group's ability to pass these additional costs on to its clients depends on the contract. For example, in 2008, Royal BAM Group's result was influenced negatively as a result of a steep rise in steel prices that could not be (fully) passed on to its clients.

Subcontractors

The Group is dependent on the services of a large number of subcontractors. The primary contractual obligation of a subcontractor usually consists of completing a well defined part of a project.

The use of subcontractors is particularly prevalent in certain of the Group's business sectors, such as construction and civil engineering. Subcontractors not only have to be and remain financially sound to complete their share of the work, but they must also possess the skills and sophistication to perform their work efficiently and free of defects. The Group believes that it is successful in contracting highly qualified subcontractors for its projects. The Group focuses on establishing and maintaining lasting relationships with its subcontractors.

In the period from 2007 up to and including 2009, the Group generated between approximately 55% and 60% of its total revenues from operations delegated to subcontractors.

In a downturn it will frequently be possible to negotiate more favourable terms for subcontractor services. The resulting positive impact on Royal BAM Group's projected margin will be realised gradually and over time, as many projects are long-term and subcontractors are often hired at different times during the realisation of the project. In an upturn, the prices for subcontractor services tend to increase, especially if there is a shortage of subcontractors, negatively impacting Royal BAM Group's projected margin. This negative impact will, for the same reasons, also manifest itself gradually and over time.

Projects in the form of PPPs

A key feature of PPP is its capacity to generate substantial revenues for Royal BAM Group's construction and civil engineering sectors, which are contracted to realise the PPP projects. Revenue is also generated by these sectors from maintenance and facility management during the operational phase of the PPP projects.

The Group's PPP sector derives revenue from governmental or semi-governmental organisations in projects where revenue is based upon the availability of accommodation and infrastructure assets (except for a limited number of road projects where revenue is derived from tolls paid by the users of the roads). This is in line with Royal BAM Group's focus on PPP projects where revenues are derived from availability rather than the use of the asset. Availability revenues tend to be stable and predictable, but they are subject to deductions mainly for non-availability and poor performance. In certain projects, minor parts of the availability revenues may be adjusted as a result of five yearly benchmarking. Revenues based on use will fluctuate depending on the use of the project. In addition, the sale of operational projects as part of Royal BAM Group's active portfolio management may result in capital gains.

The Group's involvement in PPPs has increased over the last 5 years. At the date of this Prospectus, the Group holds 27 PPP contracts in its portfolio of which 15 are operational. In addition, the Group participates in 22 tenders for PPP projects in its home markets. Royal BAM Group expects the contribution to the result by this sector to further increase as many of the Group's PPP projects are still under construction and the Group participates in a record number of tenders for PPP projects. Four operational companies holding PPP projects have been sold through the joint venture with DIF.

Seasonal fluctuations

Royal BAM Group's revenue and operating income are subject to seasonal fluctuations as a result of weather conditions influencing the physical realisation of projects. Seasonal fluctuations may primarily influence civil and construction activities. As Royal BAM Group mainly operates in the temperate zone of the northern hemisphere, the first quarter of the year normally produces weaker results than the other quarters of the same year.

Acquisitions and divestments

In recent years, the results were influenced by acquisitions and divestments. Through acquisitions Royal BAM Group intends to increase its market share in its home markets, to enter new markets and to expand its existing range of services. The acquisitions and divestments with a net cash flow component over EUR 15.0 million during the period covered by this operating and financial review have been:

Acquisitions

- On 19 March 2007, the Group acquired De Wilgen Pacific Vastgoed, a property developer active in inner-city areas in the west of the Netherlands. The acquisition resulted in a net cash outflow (EUR 42.1 million) and a recognition of goodwill (EUR 1.7 million) and had no material impact on the Group's turnover and results over 2007.
- On 29 March 2007, Royal BAM Group acquired Landsbeeck nv, which now operates under the Kaïros trading name, active in property development and construction of high quality offices in Belgium. The acquisition resulted in a net cash outflow (EUR 44.9 million) and a recognition of goodwill (EUR 16.0 million). This acquisition contributed during 2007 EUR 43.8 million to the Group's turnover and EUR 0.7 million to the Group's result.
- On 5 June 2007, with IPMMC Vastgoed, Royal BAM Group acquired an independent specialist company focusing on development, consultancy and management of commercial property projects in the Netherlands. The acquisition resulted in a net cash outflow (EUR 19.8 million) and a recognition of goodwill (EUR 15.3 million). The acquisition had no material impact on the Group's turnover and results over 2007.
- On 14 September 2007, Royal BAM Group acquired the Belgian civil engineering company Betonac, a locally prominent building company involved in the construction of concrete motorways in Belgium. The acquisition resulted in a net cash outflow (EUR 36.0 million) and recognition of goodwill (EUR 16.6 million).
- In 2009, approximately three years after Royal BAM Group acquired an interest of 51% in property developer AM (1 February 2006), Royal BAM Group acquired the remaining 49% in property developer AM under a previously agreed put/call arrangement for a price of EUR 49.0 million, excluding the dividend over 2008 and the dividend over January 2009. This resulted in AM being fully consolidated in the Group's financial position and results, as from that date.

Divestments

- On 6 December 2007, Royal BAM Group sold its US subsidiary Flatiron to Hochtief. The sales price was EUR 173.4 million in cash. After deducting cost and provisions, Royal BAM Group realised a book profit of EUR 72.2 million. In the consolidated 2007 income statement these discontinued operations, resulting from the sale of Flatiron were reported separately. This means that revenue and net result of Flatiron (EUR 415.2 million and EUR 8.5 million) until the moment of sale as well as the profit on this sale (EUR 72.2 million) are not included in the continued operations of Royal BAM Group's 2007 consolidated income statement.
- In 2007 BAM PPP formed a joint venture with DIF (Dutch Infrastructure Fund), which joint venture acquired 4 operational PPP projects in the United Kingdom from BAM PPP. At incorporation, BAM PPP held 75.0% in the joint venture and DIF 25.0%. In 2008, BAM sold 25.0% of its stake in the joint venture to DIF. In the fourth quarter of 2009 BAM PPP sold its remaining 50.0% interest in the joint venture to DIF. These divestments generated a total capital gain of approximately EUR 31.8 million, which was allocated to the 2007, 2008 and 2009 results.

Foreign exchange rates

Royal BAM Group's operating companies report in euro or pound sterling, depending on their local currency. Royal BAM Group reports in euro. The consolidated income statement of Royal BAM Group can therefore be influenced by the currency translation of pound sterling into euro. Depending on the euro:pound sterling exchange rate, this can result in higher or lower contributions to Royal BAM Group's result in euro. In 2008 and 2009, revenue and result contributions from Royal BAM Group's UK subsidiaries suffered as a result of the negative euro:pound sterling translation effect. The (annual average) euro:pound sterling exchange rate decreased from EUR 1.46 in 2007 to EUR 1.25 in 2008 and to EUR 1.11 in 2009. These exchange rate differences related to annual revenue levels in 2007, 2008 and 2009 in pound sterling of respectively GBP 1,667.1 million, GBP 1,725.0 million and GBP 1,787.4 million.

Current trading

In May 2010, BAM PPP was designated preferred bidder for the Camden Building Schools for the Future (BSF) project.

Except for the amendments to the Existing Facilities, which are subject to certain market customary conditions and the completion of the Offering, there has been no significant change in the financial or trading position of the Group between 31 March 2010 and the date of this Prospectus.

Result of operations of Royal BAM Group

The following table illustrates Royal BAM Group's consolidated income statement for the three month periods ended 31 March 2010 and 2009 and for each of the years ended 31 December 2009, 2008 and 2007.

Consolidated income statement and net income per common share [(1)]
(x EUR 1,000, except for weighted average number of Ordinary Shares)

	Three months ended 31 March 2010	% of revenue	Three months ended 31 March 2009	% of revenue	Year ended 31 December 2009	% of revenue	Year ended 31 December 2008	% of revenue	Year ended 31 December 2007 [(2)]	% of revenue
Construction	656,052	42.5	768,935	43.4	3,528,140	42.2	3,825,528	43.3	3,790,868	44.4
Property	112,919	7.3	170,784	9.7	823,914	9.9	1,205,126	13.6	1,303,884	15.3
Civil engineering	754,943	49.0	793,768	44.8	3,944,381	47.2	3,794,778	43.0	3,512,100	41.1
PPP	64,031	4.2	55,236	3.1	66,127	0.8	66,711	0.8	73,411	0.9
Mechanical and electrical engineering	60,479	3.9	60,774	3.4	259,868	3.1	243,473	2.8	205,378	2.4
Consultancy and engineering	48,189	3.1	53,933	3.0	206,680	2.5	231,754	2.6	219,133	2.6
Other including eliminations	(154,441)	(10.0)	(131,881)	(7.4)	(476,018)	(5.7)	(532,604)	(6.0)	(566,219)	(6.6)
Revenue	1,542,171	100.0	1,771,548	100.0	8,353,092	100.0	8,834,766	100,0	8,538,555	100,0
Raw materials and consumables	(261,545)	(17,0)	(315,441)	(17.8)	(1,309,717)	(15.7)	(1,527,092)	(17.3)	(1,460,963)	(17.1)
Subcontracted work and other external charges	(816,392)	(52,9)	(975,320)	(55.1)	(4,920,481)	(58.9)	(4,925,038)	(55.7)	(4,809,986)	(56.3)
Personnel expenses	(373,343)	(24,2)	(397,746)	(22.5)	(1,602,095)	(19.2)	(1,590,562)	(18.0)	(1,538,926)	(18.0)
Amortisation and depreciation	(27,879)	(1,8)	(25,329)	(1.4)	(102,731)	(1.2)	(95,460)	(1.1)	(95,707)	(1.1)
Impairments	-	0.0	-	0.0	(134,331)	(1.6)	(100,000)	(1.1)	1,000	0.0
Other operating expenses	(70,330)	(4,6)	(53,723)	(3.0)	(320,569)	(3.8)	(364,829)	(4.1)	(305,450)	(3.6)
Exchange rate differences	(272)	(0.0)	(146)	(0.0)	(2,712)	(0.0)	1,623	0.0	(1,346)	(0.0)
Total operating expense	(1,549,761)	(100.5)	(1,767,705)	(99.8)	(8,392,636)	(100.5)	(8,601,358)	(97.4)	(8,211,378)	(96.2)
Operating result	(7,589)	(0.5)	3,844	0.2	(39,544)	(0.5)	233,408	2.6	327,177	3.8
Finance income	25,195	1,6	12,289	0.7	13,327	(0.2)	27,162	0.3	40,276	0.5
Finance expense	(14,058)	(0.9)	(12,700)	(0.7)	(55,342)	(0.7)	(58,081)	(0.7)	(74,943)	(0.9)
Result from associates	7,944	0.5	6,186	0.3	28,732	0.3	50,015	0.6	49,243	0.6
Result before tax	11,492	0.7	9,619	0.5	(52,827)	(0.6)	252,504	2.9	341,753	4.0
Income tax	(1,537)	(0.1)	(762)	0.0	89,058	1.1	(86,686)	(1.0)	(71,462)	(0.8)
Net result continued operations	9,954	0.6	8,857	0.5	36,231	0.4	165,818	1.9	270,291	3.2
Result (from sale) of discontinued operations	-	-	-	-	-	-	-	-	80,748	-
Net result	9,954	0.6	8,857	0.5	36,231	0.4	165,818	1.9	351,039	3.2

	Three months ended 31 March 2010	% of revenue	Three months ended 31 March 2009	% of revenue	Year ended 31 December 2009	% of revenue	Year ended 31 December 2008	% of revenue	Year ended 31 December 2007 (2)	% of revenue
Attributable to:										
Shareholders of the company continued operations	9,873	0.6	8,313	0.5	31,268	0.4	161,873	1.8	268,275	3.1
Shareholders of the company discontinued operations	-	-	-	-	-	-	-	-	80,748	0.1
Minority interest	82	0.6	544	0.0	4,963	0.1	3,945	0.0	2,016	0.0
	9,954	0.6	8,857	0.5	36,231	0.4	165,823	1.9	351,039	3.2
Weighted average number of Ordinary Shares (x 1,000)										
Basic	135,197	-	135,193	-	135,195	-	133,834	-	124,825	-
Fully diluted	135,543	-	135,543	-	135,543	-	135,543	-	135,541	-
Net income per common share (continued operations)										
Basic	0.07	-	0.06	-	0.23	-	1.21	-	2.15	-
Fully Diluted	0.07	-	0.06	-	0.23	-	1.20	-	2.01	-

(1) As of 1 January 2010 IFRIC 12 "Service Concessions Arrangements" is applied. The financial information for the three months period ended 31 March 2009 has been restated for comparison reasons. The financial information for the years ended 31 December 2009, 31 December 2008 and 31 December 2007 has not been restated.

(2) The consolidated income statement for the year ended 31 December 2007 is limited to continued operations (excluding Flatiron, which was presented as discounted operations) for purposes of comparability (see paragraph "Acquisitions and divestments").

Description of key line items

Set forth below is a brief description of the composition of certain key line items of the consolidated income statement. This description must be read in conjunction with the significant accounting policies elsewhere in this section and in the annual accounts of the financial years 2009, 2008 and 2007.

Revenue. The majority of the Group's revenue is derived from projects for third parties (86.6% of total revenue in 2009; 82.7% in 2008 and 81.0% in 2007). These projects are accounted for on the basis of the progress of work. Almost all revenues in the construction, civil engineering, and mechanical and electrical sectors of the Group fall within this category. Revenue fluctuations in this category to a large extent relate to the number and size of projects under construction.

A second, smaller, revenue category of the Group regards projects in the property sector that are initiated for own account and subsequently sold to third parties after which revenue is recognised (9.9% of total revenue in 2009; 13.6% in 2008 and 15.3% in 2007). Revenues in this category are recognised at the moment that the risks and rewards of the project are transferred to a third party. The amount of revenue may accordingly be influenced by the timing of the transfer of the risks and rewards.

The remainder of the Group's revenue is relatively small, and regards PPP concession revenue (approximately 0.8% of total revenue in 2009, 2008 and 2007) and service revenue (approximately 2.5% of total revenue in 2009, 2008 and 2007). Due to the relatively small size of these revenue items, fluctuations do not materially influence total Group revenue. As of 1 January 2010 the Group applies IFRIC 12 as a result of which the reported revenue of the PPP sector increases, since it includes both revenue of operational PPPs and revenue relating to the construction of new PPP projects. Revenue is recorded both in the PPP sector and in the relevant construction and/or civil engineering sector. This overlap is eliminated at Group level. In the three months ended 31 March 2010 the revenue of the PPP sector amounted to 4.2% of total revenue of the Group.

Raw materials and consumables, subcontracted work and other external charges. The line items raw materials and consumables, and subcontracted work and other external charges are the main drivers of the operating expenses of the Group. Combined, these expenses tend to be equivalent to approximately three-quarters of the Group's total revenue. On the one hand, the amount of these expenses fluctuates on the basis of factors that the Group does not completely control (for example, variations in commodity prices which the Group cannot offset). On the other hand, given the fact that they relate to projects under construction, they vary to a large extent with the volume of the Group's activities.

Raw materials and consumables are used for the realisation of projects. Accordingly, the number, size and complexity of projects under execution during a particular reporting period is an important driver of these expenses. Also the amounts, quality and price of materials and consumables used - in accordance with specifications that may vary from project to project - influence the amount of these expenses. In 2009, they constituted 15.7% of revenue (17.3% in 2008 and 17.1% in 2007).

Subcontracted work and external charges are also directly related to projects under execution. This line item includes external labour costs, and expenses for materials and other things used for the completion of projects. Subcontracted work and other external charges are to a large extent driven by the same factors described for raw materials and consumables (number, size and complexity of projects, and amounts, quality and pricing of raw materials and consumables). In 2009, these expenses constituted 58.9% of revenue (55.7% in 2008 and 56.3% in 2007).

Personnel expenses. This line item includes the costs of personnel employed by the Group such as wages and salaries, social security payments and pension costs. Personnel expenses are related to the projects of the Group, either directly, in the form of personnel working on projects, or indirectly, in the form of support staff and management. Personnel expenses may broadly reflect the general level of activity in the Group and the extent to which work is subcontracted. In 2009, these expenses constituted 19.2% of revenue (18.0% in 2008 and 18.0% in 2007).

Amortisation and depreciation. These expenses mainly relate to the property, plant and equipment of the Group. In 2009, approximately 55% of these assets consisted of plant, equipment and installations, which were predominantly used for projects. These assets and the amount of amortisation and depreciation thereof are influenced by the level of activity of the Group. The remainder, approximately 45% (2009), includes buildings and IT that cannot be directly linked with particular projects. In 2009, amortisation and depreciation expenses constituted 1.2% of revenue (1.1% in 2008 and 1.1% in 2007).

Impairments. These expenses are the result of impairments taken on certain assets. Impairment tests are performed periodically as well as specifically, if circumstances indicate that the book value of a certain asset may need to be adjusted. Impairments are closely related to future (cash flow) expectations regarding the specific asset.

Future expectations have been the main drivers for the impairments reported by the Group in 2009 (goodwill, property positions, inventory and other assets) and 2008 (goodwill).

Other operating expenses. Other operating expenses have a limited or no direct connection with projects under construction. These expenses relate to, among other things, housing, IT, offices, company cars and marketing and communication. They also include tendering costs regarding projects that have not been awarded to the Group and restructuring costs regarding reorganisations.

Finance income. Finance income includes interest income and certain financial results from associates. The financial result from associates mainly regards dividend in 2007 from the preference shares held in Van Oord.

Finance expense. Finance expense includes interest paid on borrowings and financial lease arrangements, as well as dividend paid out on Cumulative Preference Shares F, less capitalised interest on PPP projects in the construction phase and on property development. Fair value adjustments regarding ineffective cash flow hedges (interest rate swaps) are included as well.

Result from associates. The result from associates predominantly relates to the results from the 21.5% share of the Group in Van Oord. This line item does not include dividend from the preference shares held in Van Oord, which is included in the line item finance income.

Eliminations. This category mainly relates to eliminations of revenues realised by Group Companies performing work for other Group Companies. The majority, 80 to 90%, of internal revenues is reported by construction companies realising residential and non-residential projects for property companies and for the PPP sector. The remainder, 10 to 20%, of internal revenues is reported by civil engineering companies and mechanical and electrical contracting companies performing work for predominantly construction companies.

Description of order book

The order book for the construction, civil engineering, mechanical and electrical contracting and consultancy and engineering sectors consist of the estimated revenue value of signed contracts. In addition, to a lesser extent, it consists of the estimated revenue value of projects with sufficient basis for incorporation in the order book. The order book for the property sector consists of the estimated value of projects based on the revenue that is expected to be generated over the next two year period on the projects. In the PPP sector, the order book consists of the estimated revenue value of the realisation of projects and of the estimated revenue value of operational projects, for the next 5-year period.

Result of operations in the three month periods ended 31 March 2010 and 2009

The result of operations in the three month periods ended 31 March 2010 and 2009 are discussed below. The discussion includes the result of operations of the Group and the individual business sectors.

Result of operations of the Group in the three month periods ended 31 March 2010 and 2009

Revenue. Revenue of EUR 1,542.2 million in the three months ended 31 March 2010 decreased by EUR 229.3 million, or 12.9%, compared to EUR 1,771.5 million in the three months ended 31 March 2009. This decrease was after taking into account the positive euro:pound sterling translation effect of EUR 19.6 million. Excluding this translation difference, the decrease (EUR 249.0 million) related partly to a longer than usual wintry period in early 2010 and partly to reduced business activities, mainly in residential construction and in property, as a result of difficult market conditions.

Revenue composition. The composition of the Group's revenue in the three months ended 31 March 2010 changed compared to the composition in the three months ended 31 March 2009. The contribution of the construction sector to the Group's revenue decreased from 43.4% to 42.5%. The contribution of the property sector to the Group's revenue decreased from 9.7% to 7.3%. The contribution of the civil sector to the Group's revenue increased from 44.8% to 49.0%. The relative contributions of the three other sectors to the Group's revenue increased moderately.

Revenue eliminations. The internal revenue of EUR 154.4 million in the three months ended 31 March 2010 increased with EUR 22.5 million, or 17.1%, compared to EUR 131.9 million in the three months ended 31 March 2009. The increase mainly related to the construction activities with respect to the realisation of property development projects and PPP projects.

Raw materials and consumables. The expenses for raw materials and consumables of EUR 261,5 million in the three months ended 31 March 2010 decreased by EUR 53.9 million, or 17.1%, compared to EUR 315.4 million in the three months ended 31 March 2009. These expenses as a percentage of revenue decreased to 17.0% (three months ended 31 March 2009: 17.8%).

Subcontracted work and other external charges. The expenses for subcontracted work and other external charges of EUR 816.4 million in the three months ended 31 March 2010 decreased by EUR 158.9 million, or 16.3%, compared to EUR 975.3 million in the three months ended 31 March 2009. These expenses as a percentage of revenue decreased to 52.9% (three months ended 31 March 2009: 55.1%).

Personnel expenses. The personnel expenses of EUR 373.3 million in the three months ended 31 March 2010 decreased by EUR 24.4 million, or 6.1%, compared to EUR 397.7 million in the three months ended 31 March 2009. The decrease in expenses reflects the lower number of personnel employed. The personnel expenses as a percentage of revenue increased to 24.2% (2009: 22.5%).

Amortisation and depreciation. These expenses of EUR 27.9 million in the three months ended 31 March 2010 increased by EUR 2.6 million, or 10.3%, compared to EUR 25.3 million in the three months ended 31 March 2009. The increase of depreciation resulted from an increase in plant, equipment and installations used for civil engineering projects, such as tunnelling, due to an increase in the size and number of projects.

Impairment. In the three months ended 31 March 2010 there were no impairments (three months ended 31 March 2009: same).

Operating result. The operating result of EUR (7.6) million in the three months ended 31 March 2010 decreased by EUR 11.4 million, or (300%), compared to EUR 3.8 million in the three months ended 31 March 2009. The decrease in operating result reflected the difficult market circumstances for the Group. Except for the property sector, which made a loss in the three months ended 31 March 2010, all sectors of the Group generated positive operational results and margins.

Finance income. Finance income of EUR 25.2 million in the three months ended 31 March 2010 increased by EUR 12.9 million, or 104.8%, compared to EUR 12.3 million in the three months ended 31 March 2009. This increase was mainly caused by a profit on a financial transaction in Ireland. In addition, the interest income from operational PPP projects increased.

Finance expense. Finance expense of EUR 14.1 million in the three months ended 31 March 2010 increased by EUR 1.4 million, or 11.0%, compared to EUR 12.7 million in the three months ended 31 March 2009. Finance expense increased due to an increase in debt despite the lower interest paid on debt, which was partly offset by a lower capitalisation of interest on projects.

Result from associates. Result from associates of EUR 7.9 million in the three months ended 31 March 2010 increased by EUR 1.7 million, or 27.4%, compared to EUR 6.2 million in the three months ended 31 March 2009. The increase was primarily the result of a higher contribution from Van Oord (2010: EUR 7.1 million; 2009: EUR 5.4 million).

Result before tax. Result before tax of EUR 11.5 million in the three months ended 31 March 2010 increased by 1.9 million, or 19.8%, compared to EUR 9.6 million in the three months ended 31 March 2009. The increase included the positive effect of currency exchange differences in respect of the euro:pound sterling exchange rate to an amount translation differences of EUR 0.6 million. The result before tax, as a percentage of revenue, amounted to 0.7% (2009: 0.5%).

Income tax. Income tax increased to EUR 1.5 million in the three months ended 31 March 2010, or 87.5%, compared to EUR 0.8 million in the three months ended 31 March 2009.

Net result. Net result of EUR 10.0 million in the three months ended 31 March 2010 increased by EUR 1.1 million, or 12.4%, compared to EUR 8.9 million in the three months ended 31 March 2009.

Result of operations by business sector in the three month periods ended 31 March 2010 and 2009

The following table illustrates Royal BAM Group's revenue and results per business sector for the three month periods ended 31 March 2010 and 2009.

Revenue and results per sector
(x EUR 1,000, except for the percentages)

	Three months ended 31 March 2010		Three months ended 31 March 2009	
Revenue				
Construction	656,052		768,935	
Property	112,919		170,784	
Civil engineering	754,943		793,768	
PPP	64,031		55,236	
Mechanical & electrical contracting	60,479		60,774	
Consultancy & engineering	48,189		53,933	
Other including eliminations [1]	(154,441)		(131,881)	
Total revenue	1,542,171		1,771,548	
Result before tax (also as a % of revenue)		%		%
Construction	20,660	3.2	16,614	2.2
Property	(18,298)	(16.2)	(15,198)	(8.9)
Civil engineering	3,056	0.4	1,967	0.3
PPP	3,998	6.2	820	1.5
Mechanical & electrical contracting	2,108	3.5	3,064	5.0
Consultancy & engineering	2,861	5.9	3,014	5.6
Other including eliminations [1]	(2,893)	1.9	(662)	0.5
Total result before tax	11,492	0.75	9,619	0.54

(1) This includes other items of non-operating companies and the elimination of intercompany transactions between, for example, property and construction.

The following table illustrates Royal BAM Group's order book per business sector for the three month periods ended 31 March 2010 and 31 December 2009.

Order book per sector
(x EUR 1,000)

	Three months ended 31 March 2010	Three months ended 31 December 2009[1]
Order book		
Construction	4,641,313	4,469,543
Property	1,512,384	1,467,676
Civil engineering	4,977,258	4,777,639
PPP	891,735	755,000
Mechanical & electrical contracting	404,800	427,500
Consultancy & engineering	116,546	110,373
Other including eliminations [2]	(1,028,862)	(939,123)
Total order book	11,515,174	11,068,607

(1) Adjusted for comparison reasons due to adoption of IFRIC 12 Q1 2010.
(2) This includes other items of non-operating companies and the elimination of intercompany transactions between, for example, property and construction.

Construction. The following table sets forth a selection of key figures of the construction sector for the three month periods ended 31 March 2010 and 2009.

Construction
(x EUR 1,000, except for percentages)

	Three months ended 31 March 2010		Three months ended 31 March 2009	
		% of revenue		% of revenue
Total revenue	656,052	100.0	768,935	100.0
Total result before tax	20,660	3.2	16,614	2.2

Revenue. Revenue of EUR 656.0 million in the three months ended 31 March 2010 decreased by EUR 112.9 million, or 14.7%, compared to EUR 768.9 million in the three months ended 31 March 2009. The decrease included the positive euro:pound sterling translation effect of EUR 10.9 million. The decrease of revenue (in EUR) related to the Dutch residential activities and the German non-residential activities, due to the difficult market circumstances and the unusual long wintry conditions, and to the non-residential activities in the United Kingdom due to difficult market conditions.

Result before tax. Result before tax of EUR 20.7 million in the three months ended 31 March 2010 increased by EUR 4.1 million, or 24.7%, compared to EUR 16.6 million in the three months ended 31 March 2009. The increase included the positive euro:pound sterling translation effect of EUR 0.2 million. The margin (result before tax as a percentage of revenue) of the sector increased from 2.2% to 3.2%, mainly as a result of the increase of margins in the Netherlands and in Germany.

Order book. The order book of EUR 4,641.3 million as at 31 March 2010 increased by EUR 171.8 million, or 3.8%, compared to EUR 4,469.5 as at 31 December 2009. The increase mainly related to non-residential activities in the United Kingdom.

Property. The following table sets forth a selection of key figures of the property sector for the three month periods ended 31 March 2010 and 2009.

Property
(x EUR 1,000, except for percentages)

	Three months ended 31 March 2010		**Three months ended 31 March 2009**	
		% of revenue		% of revenue
Total revenue	112,919	100.0	170,784	100.0
Total result before tax	(18,298)	(16.2)	(15,198)	(8.9)

Revenue. Revenue of EUR 112.9 million in the three months ended 31 March 2010 decreased by EUR 57.9 million, or 33.9%, compared to EUR 170.8 million in the three months ended 31 March 2009. The decrease in revenue was primarily the result of the decreased number of houses sold in the previous periods, given the time lag between the sale of a house and the recognition of income by transferring risk and reward to the client (e.g. transfer of land and achievement of milestones).

Result before tax. Result before tax of EUR (18.3) million in the three months ended 31 March 2010 decreased by EUR 3.1 million, or 20.4%, compared to EUR (15.2) million in the three months ended 31 March 2009. The negative result in the first quarter of 2010 included a loss by AM of approximately EUR 14.6 million due to lack of coverage for general expenses and adjustments on loss provisions for operational projects. The remainder of the negative result in the first quarter of 2010 related to property development activities in the United Kingdom, Ireland and Belgium and was in each of these countries primarily due to the lack of coverage for general expenses.

Order book. The order book of EUR 1,512.4 million as at 31 March 2010 remained almost stable compared to EUR 1,467.7 as at 31 December 2009.

Civil engineering. The following table sets forth a selection of key figures of the civil engineering sector for the three month periods ended 31 March 2010 and 2009.

Civil engineering
(x EUR 1,000, except for percentages)

	Three months ended 31 March 2010		**Three months ended 31 March 2009**	
		% of revenue		% of revenue
Total revenue	754,943	100.0	793,768	100.0
Total result before tax	3,056	0.4	1,967	0.3

Revenue. Revenue of EUR 754.9 million in the three months ended 31 March 2010 decreased by EUR 38.8 million, or 4.9%, compared to EUR 793.8 million in the three months ended 31 March 2009. The decrease included the positive euro:pound sterling translation effect of EUR 8.7 million. The decrease of revenue resulted from difficult market conditions and the unusual long wintry period in early 2010. Revenue decreased in Belgium, Ireland and outside Europe.

Result before tax. Result before tax of EUR 3.1 million in the three months ended 31 March 2010 increased by EUR 1.1 million, or 55%, compared to EUR 2.0 million in the three months ended 31 March 2009.

The increase included the positive euro:pound sterling sterling translation effect of EUR 0.3 million. The margin (result before tax as a percentage of revenue) of the civil engineering sector increased from 0.3% to 0.4%. The increased result and margin reflected improvements in the Netherlands and Belgium, partly offset by the pressure in the other home markets of the Group.

Order book. The order book of EUR 4,977.3 million as at 31 March 2010 increased by EUR 199.6 million, or 4.2%, compared to EUR 4,777.6 million as at 31 December 2009. The increase was mainly in the Netherlands and the United Kingdom, and partly offset by decreases in Ireland and Germany.

Public-private partnerships. The following table sets forth a selection of key figures of the Public-private partnerships sector for the three month periods ended 31 March 2010 and 2009.

Public-private partnerships
(x EUR 1,000, except for percentages)

	Three months ended 31 March 2010		**Three months ended 31 March 2009**	
		% of revenue		% of revenue
Total revenue	64,031	100.0	55,236	100.0
Total result before tax	3,998	6.2	820	1.5

Revenue. Revenue of EUR 64.0 million in the three months ended 31 March 2010 increased by EUR 8.8 million, or 15.9%, compared to EUR 55.2 million in the three months ended 31 March 2009. The increase in revenue related both to operational PPP projects and to PPP projects under construction.

Result before tax. Result before tax of EUR 4.0 million in the three months ended 31 March 2010 increased by EUR 3.2 million, or 400.0%, compared to EUR 0.8 million in the three months ended 31 March 2009. The increase of the result included (partial) reimbursements of costs incurred whilst tendering for PPP contracts that have now been acquired.

Order book. The order book of EUR 891.7 million as at 31 March 2010 increased by EUR 136.7 million, or 18.1%, compared to EUR 755.0 million as at 31 December 2009. The increase mainly related to revenue from new PPP projects awarded. The order book at 31 December 2009 before adjustment due to IFRIC 12 was EUR 404.6 million. The adjustment concerns the inclusion of construction at BAM PPP.

Mechanical and electrical engineering. The following table sets forth a selection of key figures of the mechanical and electrical engineering sector for the three month periods ended 31 March 2010 and 2009.

Mechanical and electrical contracting
(x EUR 1,000, except for percentages)

	Three months ended 31 March 2010		**Three months ended 31 March 2009**	
		% of revenue		% of revenue
Total revenue	60,479	100.0	60,774	100.0
Total result before tax	2,108	3.5	3,064	5.0

Revenue. Revenue remained stable at EUR 60.5 million in the three months ended 31 March 2010 compared to EUR 60.8 million in the three months ended 31 March 2009.

Result before tax. Result before tax of EUR 2.1 million in the three months ended 31 March 2010 decreased by EUR 1.0 million, or 32.3%, compared to EUR 3.1 million in the three months ended 31 March 2009. The margin (result before tax as a percentage of revenue) of the mechanical and electrical contracting sector decreased from 5.0% to 3.5%, reflecting increased market pressure.

Order book. The order book of EUR 404.8 million as at 31 March 2010 decreased by EUR 22.7 million, or 5.3% compared to EUR 427.5 million as at 31 December 2009.

Consultancy and engineering. The following table sets forth a selection of key figures of the consultancy and engineering sector for the three month periods ended 31 March 2010 and 2009.

Consultancy and engineering
(x EUR 1,000, except for percentages)

	Three months ended 31 March 2010		**Three months ended 31 March 2009**	
		% of revenue		% of revenue
Total revenue	48,189	100.0	53,933	100.0
Total result before tax	2,861	5.9	3,013	5.6

Revenue. Revenue of EUR 48.2 million in the three months ended 31 March 2010 decreased by EUR 5.7 million, or 10.7%, compared to EUR 53.9 million in the three months ended 31 March 2009. The decrease in revenue reflected the poor market conditions.

Result before tax. Result before tax of EUR 2.9 million in the three months ended 31 March 2010 decreased by EUR 0.1 million, or 5.0%, compared to EUR 3.0 million in the three months ended 31 March 2009. The margin (result before tax as a percentage of revenue) of the consultancy and engineering sector increased from 5.6% to 5.9%.

Order book. The order book of EUR 116.5 million as at 31 March 2010 increased by EUR 6.2 million, or 5.6%, compared to EUR 110.3 million as at 31 December 2009.

Result of operations in the years ended 31 December 2009, 2008 and 2007

The result of operations in the years ended 31 December 2009, 2008 and 2007 are discussed below. The discussion includes the result of operations of the Group and the individual business sectors.

Result of operations of the Group in the years ended 31 December 2009 and 2008

Revenue. Revenue of EUR 8,353.1 million in the year ended 31 December 2009 decreased by EUR 481.7 million, or 5.5%, compared to EUR 8,834.8 million in the year ended 31 December 2008. The decrease included a euro:pound sterling translation effect of EUR 238.1 million. The remainder of the decrease (EUR 243.6 million) was due to a reduction in the underlying business activities, in particular residential construction and property development which was partly offset by a revenue increase in civil engineering.

Revenue composition. The composition of the Group's revenue changed moderately from 2008 to 2009. The contribution of the construction sector to the Group's revenue decreased moderately from 43.3% to 42.2%. The contribution of the property sector to the Group's revenue decreased to a larger extent from 13.6% to 9.9%. The contribution of the civil sector to the Group's revenue increased from 43.0% to 47.2%. The relative revenue contributions from the three other sectors remained flat.

Revenue eliminations. The internal revenue amounted to EUR 476.0 million in the year ended 31 December 2009, a decrease of EUR 56.6 million or 10.6% compared to EUR 532.6 million in the year ended 31 December 2008. The decrease was mainly caused by lower construction activities in relation to property, resulting from reduced property activities.

Raw materials and consumables. The expenses for raw materials and consumables of EUR 1,309.7 million in the year ended 31 December 2009 decreased by EUR 217.4 million, or 14.2% compared to EUR 1,527.1 million in the year ended 31 December 2008. These expenses as a percentage of revenue decreased to 15.7% (2008: 17.3%).

Subcontracted work and other external charges. The expenses for subcontracted work and other external charges of EUR 4,920.5 million in the year ended 31 December 2009 remained at almost the same level as in 2008 (EUR 4,925.0 million). Given that these expenses remained at this level and revenue decreased, these expenses as a percentage of revenue increased to 58.9% (2008: 55.7%). The increase of this percentage reflects the inability to (immediately) pass on the impact of the decrease in revenue to subcontractors.

Personnel expenses. The personnel expenses of EUR 1,602.1 million in the year ended 31 December 2009 increased by EUR 11.5 million, or 0.7%, compared to EUR 1,590.6 million in the year ended 31 December 2008. The increase in personnel expenses was primarily due to higher pension costs, predominantly on defined contribution schemes and to a lesser extent on defined benefit schemes. The personnel expenses as a percentage of revenue increased to 19.2% (2008: 18.0%).

Amortisation and depreciation. These expenses of EUR 102.7 million in the year ended 31 December 2009 increased by EUR 7.2 million, or 7.5%, compared to EUR 95.5 million in the year ended 31 December 2008.

The increase of depreciation mainly resulted from an increase in plant, equipment and installations used for civil engineering projects, such as tunnelling, due to an increased size and number of projects.

Impairment. The Group impaired EUR 134.3 million in relation to property development in the year ended 31 December 2009. Of this impairment, EUR 94.3 million (2008: EUR 0.0 million) regarded property in the Netherlands and EUR 40.0 million (2008: EUR 100.0 million) related to the goodwill on property operating companies in the Netherlands. The property impairment of EUR 94.3 million related both to inventory (EUR 70.0 million) and loans in connection with property positions (EUR 24.3 million). The impairments on property positions were primarily driven by adjusted revenue forecasts on specific property projects. In both years, the goodwill impairments were the result of the downward adjustments of the forecasted predominantly short-term cash flows regarding property activities.

Operating result. The operating result of EUR (39.5) million in the year ended 31 December 2009 decreased by EUR 272.9 million compared to EUR 233.4 million for the year ended 31 December 2008. Excluding the impairments, the operating result decreased to EUR 94.8 million in the year ended 31 December 2009 compared to EUR 333.4 million in the year ended 31 December 2008. The operating result (excluding impairments), as a percentage of revenue, amounted to 1.1% (2008: 3.8%). The decrease in operating result reflected the difficult market circumstances for the Group. Except for the property sector, which made a loss in the year 2009, all sectors of the Group generated positive operational results and margins.

Finance income. Finance income of EUR 13.3 million in the year ended 31 December 2009 decreased by EUR 13.9 million, or 51.1%, compared to EUR 27.2 million in the year ended 31 December 2008. This decline was caused by a sharp decrease in market interest rates.

Finance expense. Finance expense of EUR 55.3 million in the year ended 31 December 2009 decreased by EUR 2.8 million or 4.8% compared to EUR 58.1 million in the year ended 31 December 2008. This decrease was the result of predominantly lower interest paid on debt due to lower market rates partly offset by lower capitalisation of interest on property development projects.

Result from associates. Result from associates of EUR 28.7 million in the year ended 31 December 2009 decreased by 21.3 million, or 42.6%, compared to EUR 50.0 million in the year ended 31 December 2008. This decline was primarily caused by a lower contribution from Van Oord (2009: EUR 27.3 million; 2008: EUR 42.3 million).

Result before tax. Result before tax of EUR (52.8) million in the year ended 31 December 2009 decreased by 305.3 million, or 120.9%, compared to EUR 252.5 million in the year ended 31 December 2008. The decrease included the negative euro:pound sterling translation effect of EUR 6.2 million. The total decline in result before tax was primarily caused by the increased loss in the property sector (2009: EUR (266.6) million; 2008: EUR (79.8) million) and to a lesser extent by decreased results before tax in the other sectors. Excluding the property sector, the result before tax amounted to EUR 213.8 in the year ended 31 December 2009, compared to EUR 323.3 million in the year ended 31 December 2008. The result before tax (excluding the property sector), as a percentage of revenue, amounted to 2.6% (2008: 3.8%).

Income tax. Income tax of EUR 89.1 million in the year ended 31 December 2009 (2008: EUR (86.7) million) included a gain of EUR 80.0 million relating to the winding-up of project development activities in Germany. The formal liquidation of these activities is expected to be completed in 2010.

Net result. Net result of EUR 36.2 million in the year ended 31 December 2009 decreased by EUR 129.6 million, or 78.2%, compared to EUR 165.8 million in the year ended 31 December 2008.

Result of operations of the Group in the years ended 31 December 2008 and 2007

Revenue. Revenue of EUR 8,834.8 million in the year ended 31 December 2008 increased by EUR 296.2 million, or 3.5%, compared to EUR 8,538.6 million in the year ended 31 December 2007. The total increase was the result of a combination of 6.4% (or EUR 546.0 million) organic growth, 1.4% increase (or EUR 115.0 million) through acquisitions and 4.3% (or EUR 364.0 million) decrease due to the euro:pound sterling translation effect.

Revenue composition. The composition of the Group's revenue changed from 2007 to 2008. The contribution of the civil sector to the Group's revenue increased from 41.1% to 43.0%. The contribution of the property sector to the Group's revenue decreased from 15.3% to 13.6%. The contribution of the construction sector to the Group's revenue remained stable at 43.3%. The relative contributions from the three other sectors remained relatively stable.

Revenue eliminations. The internal revenue amounted to EUR 532.6 million in the year ended 31 December 2008, a decrease of EUR 33.6 million or 5.9% compared to EUR 566.2 million in the year ended 31 December 2007. The decrease was mainly caused by lower construction activities in relation to property, resulting from reduced property activities.

Raw materials and consumables. The expenses of raw materials and consumables of EUR 1,527.1 million in the year ended 31 December 2008 increased by EUR 66.1 million, or 4.5%, compared to EUR 1,461.0 million in the year ended 31 December 2007. These expenses as a percentage of revenue remained stable at a level of 17.3% (2007: 17.1%).

Subcontracted work and other external charges. The expenses for subcontracted work and other external charges of EUR 4,925.0 million in the year ended 31 December 2008 increased by EUR 115.0 million, or 2.4%, compared to EUR 4,810.0 million in the year ended 31 December 2007. These expenses as a percentage of revenue remained stable at 55.7% (2008: 56.3%).

Personnel expenses. The personnel expenses of EUR 1,590.6 million in the year ended 31 December 2008 increased by EUR 51.7 million, or 3.4%, compared to EUR 1,538.9 million in the year ended 31 December 2007. The personnel expenses as a percentage of revenue remained stable at 18.0% (2008: 18.0%).

Amortisation and depreciation. These expenses of EUR 95.5 million in the year ended 31 December 2008 decreased by EUR 0.2 million (or 0.2%) compared to EUR 95.7 million in the year ended 31 December 2007.

Impairment. In the year ended 31 December 2008, the Group impaired EUR 100.0 million on the EUR 250.0 million of goodwill paid in relation to the acquisition of AM and its subsidiaries. Goodwill was impaired resulting from the downward adjustment of the forecasted short-term cash flows relating to the property development activities in the Netherlands. In 2007, there was a reversal of impairment (EUR 1.0 million) relating to property, plant and equipment.

Operating result. The operating result of EUR 233.4 million in the year ended 31 December 2008 decreased by EUR 93.8 million compared to EUR 327.2 million for the year ended 31 December 2007. Excluding the goodwill impairment (2008: EUR 100.0 million) the operating result for the year ended 31 December 2008 amounted to EUR 333.4 million, an increase of EUR 6.2 million compared to EUR 327.2 million in the year ended 31 December 2007. The operating result (excluding impairments), as a percentage of revenue, remained the same at 3.8% in both years.

Finance income. Finance income of EUR 27.2 million in the year ended 31 December 2008 decreased by EUR 13.1 million, or 32.5%, compared to EUR 40.3 million in the year ended 31 December 2007. This decline was mainly the result of a EUR 5.3 million decrease in interest income, a EUR 4.8 million decrease in fair value results on cash flow hedges, and a EUR 3.3 million decrease in dividend income. The decrease in dividend income related to the dividends received on the preference shares in Van Oord held by the Group. The nominal value of these preference shares amounted to EUR 70.0 million. In 2007 (EUR 35.0 million) and in 2008 (EUR 35.0 million) Van Oord repurchased these shares, resulting in a lower dividend income for the Group.

Finance expense. Finance expense of EUR 58.1 million in the year ended 31 December 2008 decreased by EUR 16.8 million, or 22.4%, compared to EUR 74.9 million in the year ended 31 December 2007. This decline was primarily caused by an increase in the amount of capitalised interest on property development projects.

Result before tax. The result before tax of EUR 252.5 million in the year ended 31 December 2008 decreased by EUR 89.3 million, or 26.1%, compared to EUR 341.8 million in the year ended 31 December 2007. The decrease included the negative euro:pound sterling translation effect of EUR 18.1 million. Excluding the impairment of EUR 100.0 million on AM goodwill, the result before tax amounted to EUR 352.5 million in the year ended 31 December 2008 compared to EUR 341.8 million in the year ended 31 December 2007. The result before tax, as a percentage of revenue, excluding the goodwill impairment, amounted to 4.0% (2007: 4.0%).

Net result discontinued operations. In 2007, the net result from discontinued operations amounted to EUR 80.7 million. This result regarded Flatiron, the former American subsidiary of the Group. Flatiron was sold to Hochtief in the 4th quarter of 2007, generating a bookprofit of EUR 72.2 million. The Group consolidated Flatiron up to and including the 3rd quarter of 2007, contributing EUR 8.5 million to the Group's net result.

Net result continued operations. Net result of EUR 165.8 million in the year ended 31 December 2008 decreased by EUR 104.5 million, or 38.7%, compared to EUR 270.3 million in the year ended 31 December 2007.

Result of operations by business sector in the years ended 31 December 2009, 2008 and 2007

The following table illustrates Royal BAM Group's revenue, results and order book per business sector for each of the years ended 31 December 2009, 2008 and 2007.

Revenue, result and order book per sector (x EUR 1,000, except for percentages)	Year ended 31 December 2009		Year ended 31 December 2008		Year ended 31 December 2007	
Revenue						
Construction	3,528,140		3,825,528		3,790,868	
Property	823,914		1,205,126		1,303,884	
Civil engineering	3,944,381		3,794,778		3,512,100	
PPP	66,127		66,711		73,411	
Mechanical & electrical contracting	259,868		243,473		205,378	
Consultancy & engineering	206,680		231,754		219,133	
Other including eliminations (1)	(476,018)		(532,604)		(566,219)	
Total revenue	8,353,092		8,834,766		8,538,555	
Result before tax (also as a % of revenue)		%		%		%
Construction	77,695	2.2	144,707	3.8	88,274	2.3
Property	(266,588)	(32.4)	(79,755)	(6.6)	95,814	9.0
Civil engineering	114,186	2.9	139,197	3.7	111,430	3.2
PPP	11,224	17.0	19,421	29.1	29,250	39.8
Mechanical & electrical contracting	9,009	3.5	12,167	5.0	11,600	5.6
Consultancy & engineering	11,622	5.6	28,102	12.1	28,411	13.0
Other including eliminations (1)	(9,975)	2.1	(11,335)	-	(23,026)	-
Total result before tax	(52,827)	(0.6)	252,504	2.9	341,753	4.0
Order book						
Construction	4,469,543		5,268,060		5,513,923	
Property	1,467,676		2,459,973		3,124,895	
Civil engineering	4,777,639		5,246,451		5,003,568	
PPP	404,617		389,140		512,916	
Mechanical & electrical contracting	427,500		274,000		275,000	
Consultancy & engineering	110,373		117,877		111,433	
Discontinued operations						
Other including eliminations (1)	(438,125)		(618,950)		(791,467)	
Total order book	11,219,223		13,136,551		13,750,268	

(1) This includes other items of non-operating companies and the elimination of intercompany transactions between, for example, property and construction. This includes, where applicable, the results of Van Oord, of Royal BAM Group (cost and interest) and of discontinued activities (Flatiron, sold in 2007).

Construction. The following table sets forth a selection of key figures of the construction sector for each of the years ended 31 December 2009, 2008 and 2007.

Construction
(x EUR 1,000, except for percentages)

	Year ended 31 December 2009		Year ended 31 December 2008		Year ended 31 December 2007	
		%		%		%
Netherlands	1,577,966	44.7	1,643,092	43.0	1,550,404	40.9
United Kingdom	1,244,597	35.3	1,359,309	35.5	1,524,204	40.2
Belgium	170,412	4.8	222,298	5.8	176,051	4.6
Germany	535,165	15.2	575,971	15.1	522,690	13.8
Other (worldwide)	-	-	24,858	0.6	17,519	0.5
Total revenue	3,528,140	100.0	3,825,528	100.0	3,790,868	100.0
Total result before tax	77,695	2.2	144,707	3.8	88,274	2.3
Order book	4,469,543	126.7	5,268,060	137.7	5,513,923	145.5

Year ended 31 December 2009 compared to year ended 31 December 2008

Revenue. Revenue decreased by EUR 297.4 million, or 7.8%, to EUR 3,528.1 million in the year ended 31 December 2009 from EUR 3,825.5 million in the year ended 31 December 2008. The decrease included the negative euro:pound sterling translation effect of EUR 149.4 million. In the Netherlands, the decrease in revenue was predominantly caused by lower revenues from residential construction projects as a result of the deteriorated housing market. Residential revenue decreased to approximately EUR 800.0 million (2008: approximately EUR 900.0 million). The decrease in revenue in the United Kingdom related to the euro:pound sterling translation effect (EUR (149.4) million). Excluding these exchange rate effects the revenue in the United Kingdom increased by EUR 34.7 million or 2.6%. In Germany and in Belgium, the 2009 revenue was lower than the 2008 revenue, because in 2009 fewer large projects were under construction than in 2008. The revenue produced by the construction sector amounted to 42.2% of the Group's revenue (2008: 43.3%).

Result before tax. The result before tax decreased by EUR 67.0 million, or 46.3%, to EUR 77.7 million in the year ended 31 December 2009 from EUR 144.7 million in the year ended 31 December 2008. This decrease included a negative euro:pound sterling translation effect of EUR 6.2 million. The margin (result before tax as a percentage of revenue) of the construction sector decreased from 3.8% to 2.2%. The decrease in result before tax and the decrease in margin mainly reflected the increasing difficult circumstances in the relevant construction markets such as the downturn in residential construction in the Netherlands. Lower results on projects, under-recovery of overhead costs, a lower finance result and restructuring costs (related to the measures taken to cover the decrease of the activities in this market) negatively impacted results before tax and margins. Nevertheless, the residential construction activities in the Netherlands generated a small positive result in 2009. In non-residential construction, in all home markets, results and margins were also under pressure, but to a relatively lesser extent than in residential construction. Due to the larger volumes in non-residential construction, compared to the volumes in residential construction, the downturn in non-residential construction had a larger impact on the construction sector's result before tax than the downturn in residential construction.

Order book. The order book decreased by EUR 798.5 million, or 15.2%, to EUR 4,469.5 million in the year ended 31 December 2009 from EUR 5,268.1 million in the year ended 31 December 2008. The decrease of the order book related for the most part to non-residential construction activities in the United Kingdom, where acquisition of new projects was subject to high competitive pressure. The decrease of the order book was partly offset by a positive year-end euro:pound sterling translation effect. The United Kingdom order book at 31 December 2009 represented an amount in excess of one year of revenue. Another important driver of the decrease of the order book was the weak residential construction market in the Netherlands. At 31 December 2009, the residential construction order book in the Netherlands, after downsizing the business to reflect the decrease of the activities in the market, represented approximately one year of revenue. Both negative effects were partly mitigated by the increase of the non-residential order book in the Netherlands, due to acquisitions of projects.

Year ended 31 December 2008 compared to year ended 31 December 2007

Revenue. Revenue increased by EUR 34.6 million, or 0.9%, to EUR 3,825.5 million in the year ended 31 December 2008 from EUR 3,790.9 million in the year ended 31 December 2007. Revenue was negatively affected (in an amount of EUR 230.0 million) due to the euro:pound sterling translation effect. Apart from this exchange rate effect, revenue increased in all home countries, primarily driven by higher production levels on (large) projects. The revenue produced by the construction sector amounted to 44.4% of the Group's revenue (2007: 44.4%).

Result before tax. The result before tax increased by EUR 56.4 million, or 63.9%, to EUR 144.7 million in the year ended 31 December 2008 from EUR 88.3 million in the year ended 31 December 2007. This increase in result before tax (in euro) was negatively affected by the euro:pound sterling translation effect, equal to EUR (11.4) million. The margin increased to 3.8% (2007: 2.3%). Both residential and non-residential construction activities in 2008 realised increased results and margins compared to 2007. In absolute as well as relative terms, the main contribution to the result before tax (in EUR) was generated by non-residential construction activities in the Netherlands and the United Kingdom. The positive contributions of the non-residential operations in these countries to the result before tax were driven by high production levels, a large number of projects under construction and overall good project results.

Order book. The order book decreased by EUR 245.8 million, or 4.5%, to EUR 5,268.1 million in the year ended 31 December 2008 from EUR 5,513.9 million in the year ended 31 December 2007. The decrease of the order book was primarily caused by the euro:pound sterling translation effect of EUR 694.0 million. The order book in the Netherlands increased slightly due to a combination of a decrease in residential construction and an increase in non-residential construction in the public sector. The order book of BAM Construct UK included a number of public sector framework contracts for hospitals in England, Scotland and Wales. BAM Deutschland strengthened its position in the German non-residential market. The order book of Interbuild (Belgium) decreased due to a smaller number of large commercial projects, which was partly offset by an increase in the number of public sector contracts.

Property. The following table sets forth a selection of key figures of the property sector for each of the years ended 31 December 2009, 2008 and 2007.

Property
(x EUR 1,000, except for percentages)

	Year ended 31 December 2009		Year ended 31 December 2008		Year ended 31 December 2007	
		%		%		%
Netherlands	725,706	88.1	1,013,964	84.1	1,049,812	80.5
United Kingdom	43,203	5.2	34,630	2.9	170,376	13.1
Belgium	53,282	6.5	84,982	7.1	43,819	3.4
Germany	-	-	63,412	5.3	-	-
Ireland	1,723	0.2	8,138	0.7	39,877	3.1
Total revenue	823,914	100.0	1,205,126	100.0	1,303,884	100.0
Total result before tax	(266,588)	(32.4)	(79,755)	(6.6)	95,814	9.0
Order book	1,467,676	178.1	2,459,973	204.1	3,124,895	239.7

Year ended 31 December 2009 compared to year ended 31 December 2008

Revenue. Revenue decreased by EUR 381.2 million, or 31.6%, to EUR 823.9 million in the year ended 31 December 2009 from EUR 1,205.1 million in the year ended 31 December 2008. The decrease included the negative euro:pound sterling translation effect of EUR 5.2 million. The weak market conditions in the Netherlands, predominantly in the residential market, were the main driver for the decrease. The number of houses sold in 2009 amounted to 1,983 compared to 3,231 in 2008 (2007: 5,334). Revenue is only generated after the houses have been sold and construction starts after the sale of a majority of houses of a project. This results in a time lag between the sale and the recognition of revenue. In the United Kingdom, revenue increased by EUR 8.6 million compared to 2008, partly due to one major project which was sold in 2009. In Belgium, the 2009 revenue decreased compared to 2008, because in 2009 fewer large projects were sold than in 2008. In Germany, no revenue was realised in 2009 since the operations in Germany were ceased in 2008, when the last project was sold. In Ireland, due to the weak market conditions, the 2009 revenue decreased to almost nil. As a percentage of total revenue, the property sector generated 9.9% of the Group's revenue in 2009 (2008: 13.6%).

Result before tax. The result before tax decreased by EUR 186.8 million, or 234.1%, to EUR (266.6) million in the year ended 31 December 2009 from EUR (79.8) million in the year ended 31 December 2008. The result in 2009 (EUR (266.6) million) includes an operational loss of EUR 132.3 million, a loss of EUR 94.3 million as a result of impairment on property positions and a loss of EUR 40.0 million as a result of impairment on goodwill. In the Netherlands, the operational loss was EUR 95.0 million, reflecting lower revenue forecasts for current projects resulting in negative revaluations of projects, costs for redevelopment of projects, insufficient coverage of overhead and reorganisation costs. The reorganisation costs related to aligning the organisation with the declining order book. The remainder of the operational loss in 2009 (EUR 37.3 million) regarded the United Kingdom and Ireland, mainly resulting from negative revaluations on projects (caused by adjusted projections on rentals and sales of commercial property). The impairment losses in 2009 related to property positions (EUR 94.3 million, of which EUR 70.0 million in inventory and EUR 24.3 million in respect of writing-off loans in connection with property positions) and goodwill (EUR 40.0 million) in the Netherlands. The goodwill impairment in 2008 (EUR 100.0 million) also pertained to the Netherlands. Belgian property activities generated a positive result before tax.

Order book. The order book decreased by EUR 992.3 million, or 40.3%, to EUR 1,467.7 million in the year ended 31 December 2009 from EUR 2,460.0 million in the year ended 31 December 2008. The decrease of the order book was due to internal adjustments of project forecasts and timing and almost completely related to Dutch residential construction activities. Considering the weak market circumstances, the Group significantly adjusted these expectations downwards.

Year ended 31 December 2008 compared to year ended 31 December 2007

Revenue. Revenue decreased by EUR 98.8 million, or 7.6%, to EUR 1,205.1 million in the year ended 31 December 2008 from EUR 1,303.9 million in the year ended 31 December 2007. The decrease in revenue in the Netherlands related to delays as to projects, in start or execution, and lower sales. The number of houses sold in 2008 amounted to 3,231 compared to 5,334 in 2007. The 2008 revenue in the United Kingdom decreased considerably compared to the high level in 2007, in which year a large portfolio of commercial property projects was sold in one transaction. In Belgium, the 2008 revenue increased compared to 2007 due to an increase in the number and size of sold projects. The 2008 revenue in Germany resulted from the sale of the last project of Wayss

& Freytag Projektentwicklung, after which the company ceased its operations. As a percentage of total revenue, the property sector generated 13.6% of the Group's revenue (2007: 15.3%).

Result before tax. Result before tax decreased by EUR 175.6 million, or 183.3%, to EUR (79.8) million in the year ended 31 December 2008 from EUR 95.8 million in the year ended 31 December 2007. The decrease in result before tax, resulting in a loss in 2008, included the EUR 100.0 million impairment on the goodwill paid in relation to the acquisition of AM, in the Netherlands. Furthermore, in the Netherlands, the result before tax, although still positive excluding the EUR 100.0 impairment, was negatively impacted by the weak market circumstances, resulting in lower project results and restructuring costs. Despite this, the result before tax (excluding the goodwill impairment) in the Netherlands was positive. In the United Kingdom and in Ireland, losses were recorded due to downward revaluations of property positions and restructuring costs. As a consequence, the results before tax in these countries were negative. The Belgian activities generated a positive result before tax.

Order book. The order book decreased by EUR 664.9 million, or 21.3%, to EUR 2,460.0 million in the year ended 31 December 2008 from EUR 3,124.9 million in the year ended 31 December 2007. The decrease of the order book was to a large extent due to internal adjustments of project forecasts relating to Dutch residential construction activities. The adjustments were in line with the Group's policy to only include in the property order book projects which are expected to commence within the next two years. Considering the weak market circumstances, the Group significantly adjusted these expectations downwards.

Civil engineering. The following table sets forth a selection of key figures of the civil engineering sector for each of the years ended 31 December 2009, 2008 and 2007.

Civil engineering
(x EUR 1,000, except for percentages)

	Year ended 31 December 2009		Year ended 31 December 2008		Year ended 31 December 2007	
		%		%		%
Netherlands	1,464,065	37.1	1,337,427	35.2	1,280,558	36.5
United Kingdom	703,591	17.8	801,209	21.1	863,206	24.6
Belgium	600,216	15.2	533,760	14.1	408,403	11.6
Germany	318,115	8.1	301,123	7.9	204,059	5.8
Ireland	369,169	9.4	461,110	12.2	463,197	13.2
United States	-	-	-	-	655	0.0
Other (worldwide)	489,225	12.4	360,149	9.5	292,022	8.3
Total revenue	3,944,381	100.0	3,794,778	100.0	3,512,100	100.0
Total result before tax	114,186	2.9	139,197	3.7	111,430	3.2
Order book	4,777,639	121.1	5,246,451	138.3	5,003,568	142.5

Year ended 31 December 2009 compared to year ended 31 December 2008

Revenue. Revenue increased by EUR 149.6 million, or 3.9%, to EUR 3,944.4 million in the year ended 31 December 2009 from EUR 3,794.8 million in the year ended 31 December 2008. In the Netherlands, the increase in revenue was partly caused by a number of large projects under construction. In the United Kingdom, the decrease in revenue in euro was mainly caused by currency exchange differences (in an amount of EUR 85.7 million) in respect of the euro:pound sterling exchange rate. The revenue in the United Kingdom in pound sterling decreased by 1.2%. In Belgium, the revenue increase partly related to a major PPP project (Liefkenshoektunnel). In Germany, the increase in revenue was primarily caused by a major power plant project. In Ireland, the 2009 revenue decreased considerably compared to 2008, reflecting the difficult circumstances in this market. The increase in revenue in other countries (worldwide) was due to an increased number and size of projects under construction in, among other regions, the Gulf region. The revenue produced by the civil sector amounted to 47.2% of the Group's revenue (2008: 43.0%).

Result before tax. The result before tax decreased by EUR 25.0 million, or 18.0%, to EUR 114.2 million in the year ended 31 December 2009 from EUR 139.2 million in the year ended 31 December 2008. This decrease included EUR (3.2) million exchange effects relating to the negative euro:pound sterling exchange rate. The margin decreased to 2.9% (2008: 3.7%). In general, the decrease in result before tax and margin was caused by difficult market conditions in all home markets due to, among other things, fierce price competition in acquiring new projects. The activities in other countries (worldwide) generated relatively high margins (approximately 5.5%) in 2009 with a significant contribution to result before tax.

Order book. The order book decreased by EUR 468.9 million, or 8.9%, to EUR 4,777.6 million in the year ended 31 December 2009 from EUR 5,246.5 million in the year ended 31 December 2008. The major driver for this decrease was the order book for the countries outside Europe, due to the economic downturn. The order book in the Netherlands remained stable. In the United Kingdom the order book increased. In Germany the order book decreased, but remained at a level well above one year of revenue. The order book in Ireland decreased considerably and the organisation was modified accordingly.

Year ended 31 December 2008 compared to year ended 31 December 2007

Revenue. Revenue increased by EUR 282.7 million, or 8.0%, to EUR 3,794.8 million in the year ended 31 December 2008 from EUR 3,512.1 million in the year ended 31 December 2007. In the Netherlands, revenue increased moderately. In the United Kingdom, the decrease in revenue was driven by the euro:pound sterling translation effect of EUR 137.0 million. The revenue in pound sterling in the United Kingdom increased by GBP 54.4 million (or 9.2%). In Belgium, approximately 40% of the revenue increase was driven by Betonac, which was acquired in the fourth quarter of 2007. In Germany, the 2008 revenue increased compared to 2007 due to some large-scale tunnelling projects and contracts in the energy sector. In Ireland, the 2008 revenue remained stable compared to 2007. The revenue of the other countries (worldwide) increased partly due to the construction of two large soccer stadiums in South Africa. The revenue produced by the civil sector amounted to 43.0% of the Group's revenue (2007: 41.1%).

Result before tax. Result before tax increased by EUR 27.8 million, or 25.0%, to EUR 139.2 million in the year ended 31 December 2008 from EUR 111.4 million in the year ended 31 December 2007. This increase included EUR (5.1) million exchange rate effects relating to pound sterling. The margin increased to 3.7% (2008: 3.2%). The increase in result before tax and margin was primarily driven by the activities in Ireland and in other countries outside Royal BAM Group's home markets.

Order book. The order book increased by EUR 242.9 million, or 4.9%, to EUR 5,246.5 million in the year ended 31 December 2008 from EUR 5,003.6 million in the year ended 31 December 2007. This increase included EUR (230.0) million exchange rate effects relating to pound sterling. In all home markets except for the United Kingdom and Ireland where the order books increased. In the United Kingdom the order book decreased in euro because of the euro:pound sterling translation effect. In Ireland the order book decreased, reflecting the economic downturn, amongst others in the cut back on government projects. In Germany and Belgium the order book increase was positively influenced by the acquisition of a number of large projects.

Public-private partnerships. The following table sets forth a selection of key figures of the public-private partnerships sector for each of the years ended 31 December 2009, 2008 and 2007.

Public-private partnerships
(x EUR 1,000, except for percentages)

	Year ended 31 December 2009		Year ended 31 December 2008		Year ended 31 December 2007	
		%		%		%
Netherlands	3,200	4.8	3,220	4.8	4,177	5.7
United Kingdom	52,112	78.9	53,786	80.6	67,869	92.5
Germany	1,878	2.8	2,651	4.0	1,365	1.9
Ireland	8,937	13.5	7,054	10.6	-	
Total revenue	66,127	100.0	66,711	100.0	73,411	100.0
Total result before tax	11,224	17.0	19,421	29.1	29,250	39.8
Order book	404,617	611.9	389,140	583.3	512,916	698.7

Year ended 31 December 2009 compared to year ended 31 December 2008

Revenue. Revenue decreased by EUR 0.6 million, or 0.9%, to EUR 66.1 million in the year ended 31 December 2009 from EUR 66.7 million in the year ended 31 December 2008. Included in this decrease were the effects of new projects (EUR 9.0 million), of the lower euro:pound sterling exchange rate (EUR (6.3) million) and of the divestment of projects to DIF (EUR (7.5) million).

Result before tax. Result before tax decreased by EUR 8.2 million, or 42.2%, to EUR 11.2 million in the year ended 31 December 2009 from EUR 19.4 million in the year ended 31 December 2008. The decrease was due to a combination of a lower euro:pound sterling exchange rate and high bid costs resulting from high bid activity.

Order book. The order book, which only includes expected revenue from operational PPP projects in the first 5 years, although contracts have a longer term, increased by EUR 15.5 million, or 4.0%, to EUR 404.6 million in the year ended 31 December 2009 from EUR 389.1 million in the year ended 31 December 2008. The increase was the result of the combination of new operational projects, the euro:pound sterling translation effect and the divestments of projects to DIF.

Year ended 31 December 2008 compared to year ended 31 December 2007

Revenue. Revenue decreased by EUR 6.7 million, or 9.1%, to EUR 66.7 million in the year ended 31 December 2008 from EUR 73.4 million in the year ended 31 December 2007. Included in this decrease were the effects of new projects (EUR 12.2 million), of the lower euro:pound sterling exchange rate (EUR (9.1) million) and of the divestment of projects to DIF (EUR (9.8) million).

Result before tax. Result before tax decreased by EUR 9.8 million, or 33.6%, to EUR 19.4 million in the year ended 31 December 2008 from EUR 29.3 million in the year ended 31 December 2007. This decline was caused by a lower euro:pound sterling exchange rate and the higher net tendering costs, partly offset by the divestment profits.

Order book. The order book decreased by EUR 123.8 million, or 24.1%, to EUR 389.1 million in the year ended 31 December 2008 from EUR 512.9 million in the year ended 31 December 2007. The decrease was predominantly due to the negative euro:pound sterling translation effect.

Mechanical and electrical engineering. The following table sets forth a selection of key figures of the Mechanical and electrical engineering sector for each of the years ended 31 December 2009, 2008 and 2007.

Mechanical and electrical contracting
(x EUR 1,000, except for percentages)

	Year ended 31 December 2009		Year ended 31 December 2008		Year ended 31 December 2007	
		%		%		%
Netherlands	259,424	99.8	242,702	99.7	204,402	99.5
Belgium	35	0.0	65	0.0	153	0.1
Germany	372	0.1	494	0.2	654	0.3
Other (worldwide)	37	0.0	212	0.0	3	0.0
Total revenue	259,868	100.0	243,473	100.0	205,378	100.0
Total result before tax	9,009	3.5	12,167	5.0	11,600	5.6
Order book	427,500	164.5	274,000	112.5	275,000	133.9

Year ended 31 December 2009 compared to year ended 31 December 2008

Revenue. Revenue increased by EUR 16.4 million, or 6.7%, to EUR 259.9 million in the year ended 31 December 2009 from EUR 243.5 million in the year ended 31 December 2008. The increase in revenue in 2009 was primarily due to a large number of acquired orders, including a number of relatively large projects.

Result before tax. Result before tax decreased by EUR 3.2 million, or 26.0%, to EUR 9.0 million in the year ended 31 December 2009 from EUR 12.2 million in the year ended 31 December 2008. The result before tax decreased due to increased pressure on margins.

Order book. The order book increased by EUR 153.5 million, or 56.0%, to EUR 427.5 million in the year ended 31 December 2009 from EUR 274.0 million in the year ended 31 December 2008. The increase in the order book was due to various smaller and a number of relatively larger projects being awarded.

Year ended 31 December 2008 compared to year ended 31 December 2007

Revenue. Revenue increased by EUR 38.1 million, or 18.5%, to EUR 243.5 million in the year ended 31 December 2008 from EUR 205.4 million in the year ended 31 December 2007. In general, this increase in revenue was due to favourable market conditions.

Result before tax. Result before tax increased by EUR 0.6 million, or 5.2%, to EUR 12.2 million in the year ended 31 December 2008 from EUR 11.6 million in the year ended 31 December 2007. The increase in result before tax was due to a combination of an increased revenue and increased pressure on margins. The margin in 2008 was 5.0% (2007: 5.6%).

Order book. The order book was nearly stable at EUR 274.0 million in the year ended 31 December 2008 (2007: EUR 275.0 million).

Consultancy and engineering. The following table sets forth a selection of key figures of the Consultancy and engineering sector for each of the years ended 31 December 2009, 2008 and 2007.

Consultancy and engineering
(x EUR 1,000, except for percentages)

	Year ended 31 December 2009		Year ended 31 December 2008		Year ended 31 December 2007	
		%		%		%
Netherlands	96,373	46.6	104,016	44.9	110,127	50.3
Belgium	2,108	1.0	2,802	1.2	1,609	0.7
Germany	18,950	9.2	22,442	9.7	24,831	11.3
Other (worldwide)	89,249	43.2	102,494	44.2	82,566	37.7
Total revenue	206,680	100.0	231,754	100.0	219,133	100.0
Total result before tax	11,622	5.6	28,102	12.1	28,411	13.0
Order book	110,373	53.4	117,877	50.9	111,433	50.9

Year ended 31 December 2009 compared to year ended 31 December 2008

Revenue. Revenue decreased by EUR 25.1 million, or 10.8%, to EUR 206.7 million in the year ended 31 December 2009 from EUR 231.8 million in the year ended 31 December 2008. This decline in revenue was primarily due to a weakening of the market in, among other sectors, the property sector.

Result before tax. Result before tax decreased by EUR 16.5 million, or 58.7%, to EUR 11.6 million in the year ended 31 December 2009 from EUR 28.1 million in the year ended 31 December 2008. This decline, like the decline in revenue, was primarily due to a weakening of the market, which resulted in lower revenues and pressure on margins.

Order book. The order book decreased by EUR 7.5 million, or 6.4%, to EUR 110.4 million in the year ended 31 December 2009 from EUR 117.9 million in the year ended 31 December 2008. This decline in the order book was caused by a decrease in acquired orders due to difficult market circumstances.

Year ended 31 December 2008 compared to year ended 31 December 2007

Revenue. Revenue increased by EUR 12.7 million, or 5.8%, to EUR 231.8 million in the year ended 31 December 2008 from EUR 219.1 million in the year ended 31 December 2007. The increase in revenue partly related to the activities in Russia and the Gulf region.

Result before tax. Result before tax decreased by EUR 0.3 million, or 1.1%, to EUR 28.1 million in the year ended 31 December 2008 from EUR 28.4 million in the year ended 31 December 2007. The margin amounted to 12% (2007: 13%).

Order book. The order book increased by EUR 6.5 million, or 5.8%, to EUR 117.9 million in the year ended 31 December 2008 from EUR 111.4 million in the year ended 31 December 2007.

Liquidity and capital resources

Key elements of the Group's cash flow

The Group has historically generated cash, and still does so, primarily from its operating activities. In addition, acquisitions of new businesses, investments in property development and the growth of PPP activities have caused financing cash flow to increase, both at corporate level and at project level.

Operating cash flow. The operating cash flow mainly relates to projects under execution and their progress, the latter being reflected (among other things) by project milestones and the corresponding cash flows. Cash is generated by progress payments received from clients, whilst cash out is based on the project costs (wages, subcontractor fees and suppliers).

In line with industry practice, the Group executes projects which have a positive cash balance and projects which have a negative cash balance. Individual project cash balances can vary over time and may swing from positive to negative and vice versa. The variations and swings tend to be partly seasonal. Seasonal effects are, for instance, caused by wintry conditions on projects and increased order settlement as well as higher payments and downpayments towards the end of the year.

For the Group, the portfolio of projects for third parties has shown a positive cash balance from 2007 through 2009. However, the (partly seasonal) variations and swings have had significant effects on the cash positions and cash flows throughout and within the respective years. Historically, the Group's operational cash flow has been lower in the first half of the year and higher in the second half of the year.

The investments of the Group in property development inventory are accounted for in the working capital cash flow. The related project financing, if any, is accounted for in the financing cash flow.

Investing cash flow. The major part of the investing cash flow relates to the Groups PPP activities, which assets are accounted for as financial assets or intangible assets. Historically, these PPP related cash flows mainly regarded cash out flows, resulting from investing in new PPP assets, and to a lesser extent cash in flows, resulting from divesting operational PPP projects. In 2007 through 2009 the amounts of PPP related cash outflows have been significant. Another element of the Groups investment cash flow relates to property plant and equipment. Furthermore, the investing cash flow includes interest received on the cash positions of the Group and dividends received from associates, predominantly regarding the 21.5% interest in Van Oord.

Financing cash flow. A major part of the financing cash flow regards project-related financing for PPP projects and for property development projects. The PPP related financing cash flows have been significant, matching the corresponding growth of the PPP assets. The financing cash flows regarding property development have also been significant in 2007 through 2009. These cash flows included both in flows and out flows, corresponding with the (re)financing of new and existing projects and with the repayments resulting from property projects being sold. The financing of the Groups PPP projects is fully non recourse and the financing of the property development projects is mainly non recourse. The movements in the property development assets are accounted for in operational cash flow, in the working capital. The financing cash flow also includes the dividends paid out to shareholders of Royal BAM Group.

Cash flow table

The following table sets forth Royal BAM Group's cash flow for the three months ended 31 March 2010 and 2009 and the years ended 31 December 2009, 2008 and 2007.

Cash flow
(x EUR 1,000)

	Three months ended 31 March 2010	**Three months ended 31 March 2009**	**Year ended 31 December 2009**	**Year ended 31 December 2008**	**Year ended 31 December 2007**
Net cash flow from operating activities	(251,506)	(84,189)	373,875	127,069	(74,431)
Net cash used in investing activities	(50,725)	(67,316)	(285,447)	(213,014)	(184,990)
Net cash flow from financing activities	30,814	64,509	103,762	86,781	297,870
Increase/(decrease) in net cash position	(271,417)	(86,996)	192,190	836	38,449
Net cash position at beginning of the period	715,153	509,735	509,735	566,261	551,163
Exchange rate difference on net cash operation	1,980	7,667	13,228	(57,362)	(23,351)
Net cash position at end of the period	445,716	430,406	715,153	509,735	566,261

Cash flow from operating activities

Net cash flow from operating activities was EUR (251.5) million in the three months ended 31 March 2010, compared to EUR (84.2) million for the three months ended 31 March 2009. In both of these three month periods the negative cash flow was dominated by the, largely seasonal, increase of working capital. In the three months ended 31 March 2010 the amount of the working capital increase was high, as a result of the high decrease of working capital in the preceding fourth quarter of 2009.

Net cash provided by operating activities was EUR 373.9 million in 2009, compared to EUR 127.1 million in 2008. The increase of EUR 246.8 million was primarily due to a lower working capital. One driver for this decrease in working capital was the financial positions on projects under construction. The amount of pre-financing, when projects are cash positive, increased with EUR 133.3 million, to an amount of EUR 1,074.5 million at 31 December 2009. Another driver for the decrease of working capital was the decrease of inventory, by EUR 71.2 million, in particular regarding the property positions as a result of the impairments (EUR 70.0 million).

Net cash provided by operating activities was EUR 127.1 million in 2008, compared to EUR 74.4 million in 2007. The increase of EUR 201.5 million for 2008 was primarily the result of improved working capital. This decrease of working capital included the improvement (decrease) of after-financing on projects by EUR 102.8 million and the improvement (increase) of pre-financing on projects by EUR 51.2 million. These improvements were partly offset by the increase of inventory of EUR 137.2 million.

Cash flow from investing activities

Net cash used in investing activities for the three months ended 31 March 2010, was EUR 50.7 million compared to EUR 67.3 million for the three months ended 31 March 2009. The decrease during the three months ended 31 March 2010 relates to lower investments in tangible and intangible fixed assets.

Net cash used in investing activities increased by EUR 72.4 million, to EUR 285.4 million in the year ended 31 December 2009 compared to EUR 213.0 million in 2008. The investing activities relate to investments in PPP concessions, PPP receivables, property, plant and equipment and other long-term receivables. The increase of the financing cash out in 2009 related mainly to the financial assets, including PPP receivables. Both in 2007 and 2008, the Group received EUR 35.0 million relating to the repayment of the loans (in the form of cumulative preference shares) granted to Van Oord.

Net cash used in investing activities increased by EUR 28.0 million to EUR 213.0 million in the year ended 31 December 2008 compared to EUR 185.0 million in 2007. This increase was predominantly caused by an increase of investments in PPP concessions and an increase in PPP receivables.

Cash flow from financing activities

Net cash from financing activities for the three months ended 31 March 2010 was EUR 30.8 million compared to net cash provided by financing activities of EUR 64.5 million for the three months ended 31 March 2009. The decrease was due to lower amounts of (re)financing of existing and new loans.

Net cash provided by financing activities increased by EUR 17.0 million, to EUR 103.8 million in the year ended 2009 compared to EUR 86.8 million in the year ended 2008. The financing cash flows include corporate debt, project debt relating to PPP and to property development and dividend paid out. In 2009 net cash provided by financing activities reflected the EUR 176 million net increase in debt (mainly PPP) and an outflow of 2008 dividend of EUR 67.6 million. The debt cash outflow included the EUR 49.0 million regarding the acquisition of the remaining 49% share in AM.

Net cash provided by financing activities decreased by EUR 210.9 million in the year ended 2008, to EUR 86.8 million in the year ended 2008 from EUR 297.9 million in the year ended 2007. The decrease in 2008 compared to 2007 consists of EUR 152.3 million less net borrowings and EUR 61.8 million less dividend payment.

Working capital development

The working capital comprises of current assets excluding cash and marketable securities, less current non-interest bearing liabilities. The Group's working capital has historically shown seasonal fluctuations, whereby in the first half of the year working capital increases, usually followed by a decrease in the second half and especially the fourth quarter of the year. The seasonal fluctuations may, for instance, be the result of wintry conditions on projects and by increased order settlement as well as higher (down)payments towards the end of the year.

A historical overview of the working capital fluctuations from quarter to quarter is given below.

Working capital development (x EUR million)	**2010**	**2009**	**2008**
First quarter	705.0	869.0	718.0
Second quarter	N/A	969.0	964.0
Third quarter	N/A	895.0	1,036.0
Fourth quarter	N/A	460.0	747.0

The fluctuations in working capital are a driver in the fluctuations in the cash position of the Group. Although the cash position is also affected by other elements than working capital, the fluctuations in the cash position tend to correlate with the seasonal pattern of working capital.

Description of borrowings

The following table provides an overview of the borrowings of Royal BAM Group at 31 March 2010.

Borrowings
(x EUR 1,000)

31 March 2010	Non-current	Current	Total
Subordinated loan	200,000	0	200,000
Preference shares	1,407	314	1,721
Non-recourse PPP loans	675,335	47,979	723,314
Non-recourse project loans	174,891	293,666	468,557
Other project financing	236,145	68,476	304,621
Bank financing	360,000	0	360,000
Financial lease liabilities	27,605	18,221	45,826
Other loans	6,421	13,423	19,844
Bank overdrafts	0	122,395	122,395
	1,681,804	564,474	2,246,278
Not later than 1 year			564,474
Later than 1 and not later than 5 years			1,077,910
Later than 5 years			603,894
			2,246,278

Subordinated loan. The Subordinated Term Loan Facility of EUR 200.0 million was incurred in 2007 in the context of a broad refinancing of Royal BAM Group and has been provided by a consortium of banks. The proceeds of the loan drawn under the Subordinated Term Loan Facility were used for the early repayment of an earlier subordinated loan.

The interest on the subordinated loan varies on the basis of Royal BAM Group's recourse leverage ratio. The interest rate is equal to EURIBOR plus a margin, which can vary between a minimum of 230 and a maximum of 320 basis points. The margin was 250 basis points at 31 December 2009 (2008: 250 basis points).

Royal BAM Group entered into an interest rate swap to hedge part of the interest risk on the subordinated loan. Commencing in February 2008, the swap fixes EURIBOR at 3.99%. Including the margin, the interest rate on the subordinated loan amounted to 6.49% at 31 December 2009 (2008: 6.49%). Certain major subsidiaries of Royal BAM Group have guaranteed the subordinated loan.

In April 2010, Royal BAM Group's banking syndicate consented to amend the Subordinated Term Loan Facility (including the following amendments to the terms and provisions thereof) which amendment will take effect upon execution of an amendment agreement and subject to certain market customary conditions and the condition of completion of the Offering being met:

- The Subordinated Term Loan Facility provides for repayment of the outstanding loan in two instalments: 50% of the outstanding loan on 31 July 2012 and the other 50% on the final maturity date, being 31 July 2013. Pursuant to the amended Subordinated Term Loan Facility, the total amount of the outstanding loan must be repaid in one instalment on 7 June 2013.
- The interest rate margin on any loan under the Subordinated Term Loan Facility varies between 2.30% and 3.20% per annum, as adjusted from time to time, subject to the recourse leverage ratio. The amended interest rate margin currently will vary between 3.25 and 5.25% per annum, as adjusted from time to time, subject to the recourse leverage ratio.
- The recourse leverage ratio which the Group must maintain during the lifetime of the Subordinated Term Loan Facility will be adjusted as to provide more flexibility to meet the demands that result from the seasonal pattern common for the construction industry.
- The Group will have to maintain a current ratio during the lifetime of the Subordinated Term Loan Facility.

The Subordinated Term Loan Facility contains certain other ratios and conditions described under 'Covenants' in this paragraph.

Preference shares. In December 2002, 39,285,715 convertible Cumulative Preference Shares F and 8,333,335 non-convertible Cumulative Preference Shares F were issued. During an initial period of eight years (until 31 December, 2010), the dividend for the convertible Cumulative Preference Shares F is fixed at 8.83% per annum and for the non-convertible Cumulative Preference Shares F at 9.13% per annum, both to be calculated over the issue price of EUR 4.20 per share.

At the request of the shareholder, convertible Cumulative Preference Shares F may be converted into ordinary shares, with immediate effect, for a price equal to the issue price (EUR 4.20). In 2009, 3,846 of these shares were converted (2008: 5,286,412 shares). At 31 December 2009, 346,276 convertible Cumulative Preference Shares F were still outstanding (2008: 350,122 shares).

In 2009, 8,562 non-convertible Cumulative Preference Shares F were repurchased (2008: none). At 31 December 2009, 473,275 non-convertible Cumulative Preference Shares F were still outstanding (2008: 473,275). Royal BAM Group intends to repurchase the remaining shares via the stock exchange. The majority of the non-convertible Cumulative Preference Shares F were repurchased in 2005.

Non-recourse PPP loans. These loans relate to PPP projects in the United Kingdom, Ireland, the Netherlands, Belgium, Germany and Switzerland. Under these loans the lenders do not have recourse on the Group. On 31 December 2009, they amounted to EUR 670.4 million. Of the non-current part, approximately EUR 465.0 million, had a term to maturity of more than five years (2008 EUR 430.0 million). The average remaining term to maturity of the PPP loans was 25 years (2008: 22 years). The non-recourse PPP loans directly relate to the associated receivables from government and semi-governmental bodies. Therefore, interest rates are influenced only marginally by market adjustments.

The interest rates on the PPP loans are variable (LIBOR and EURIBOR), but they are swapped for a fixed rate using interest rate swaps at interest rates to match the corresponding PPP concessions and PPP receivables. The average interest rate on PPP loans was 4.8% (2008: 4.8%). Interest margins are fixed for the duration of these loans.

At 31 December 2009, the intangible fixed assets (PPP concessions) and financial fixed assets (PPP receivables) related to the PPP loans amounted to EUR 728.0 million in total (2008: EUR 600.0 million). These assets have been given as security to the lenders. The loans are payable on demand if certain qualitative or quantitative conditions regarding inter alia interest coverage or solvency are not met. See “Covenants” in this paragraph for further information on these conditions.

Non-recourse project finance. These loans are incurred to finance land for property development and to finance property development projects. Under these loans the lenders do not have recourse on the Group. The average term of non-recourse project financing is approximately 2.5 years. Interest on these loans is predominantly variable, equal to EURIBOR or LIBOR plus a margin. Interest margins are fixed for the duration of these loans.

The terms of project loans are relatively short, as a consequence of which interest margins are in line with the current market rates. Therefore, the carrying amounts of these loans do not significantly differ from their fair value. The carrying amount of the related assets amounted to approximately EUR 665.0 million at 31 December 2009 (2008: approximately EUR 700.0 million). The assets are pledged as security for the lenders. These loans are payable on demand if certain qualitative or quantitative conditions regarding inter alia interest coverage or solvency are not met. See “Covenants” in this paragraph for further information on these conditions.

Other project finance. Other project loans are entered into to finance land for property development and ongoing property development projects. The average term of the other project financing was approximately 2.5 years. Interest on these loans is predominantly variable, equal to EURIBOR or LIBOR plus a margin. Interest margins are fixed for the duration of these loans.

The terms of project loans are relatively short, as a consequence of which interest margins are in line with the current market rates. Therefore, the carrying amounts of these loans do not significantly differ from their fair value. The carrying amount of the related (project) assets amounted to approximately EUR 390.0 million at 31 December 2009 (2008: approximately EUR 315.0 million). The security for lenders is provided not only in the form of the project assets, but also additional security has been given, in the form of guarantees by Group companies. These loans are repayable on demand if certain qualitative or quantitative conditions in relation to interest and capital repayments are not met. See “Covenants” in this paragraph for further information on these conditions.

Bank financing. A consortium of banks provided a Term Loan Facility of EUR 360.0 million in May 2009. The proceeds of the loan under the Term Loan Facility were used to repay the loans which were incurred to acquire AM. The interest rate is based on Royal BAM Group’s recourse leverage ratio and is equal to EURIBOR plus a margin, which can vary between a minimum of 205 and a maximum of 280 basis points. The margin was 230 basis points at 31 December 2009.

Commencing in June 2009, an interest rate swap was entered into to hedge part of the interest risk on this loan. The interest rate swap fixes EURIBOR at 2.24%. At 31 December 2009, the interest on this loan amounted to 4.54% including the applicable margin. The carrying amount of the loan does not significantly differ from its fair value as it is subject to variable interest rates. Certain major subsidiaries of Royal BAM Group have guaranteed the loan.

In April 2010, Royal BAM Group's banking syndicate consented to amend the Term Loan Facility (including the following amendments to the terms and provisions thereof) which amendment will take effect upon execution of an amendment agreement and subject to certain market customary conditions and the condition of completion of the Offering being met:

- The term of the Term Loan Facility will be extended with 12 months. The final maturity date will be changed to 29 April 2013 (from 29 April 2012).
- Pursuant to the amended Term Loan Facility, the Group will have to apply 50% of the proceeds of any disposal by any member of the Group of shares in the share capital of Van Oord in prepayment of the aggregate amount of loans outstanding under the Term Loan Facility, provided that the proceeds applied in prepayment of these loans shall not exceed EUR 120 million in the aggregate.
- The recourse leverage ratio which the Group must maintain during the lifetime of the Term Loan Facility will be adjusted as to provide more flexibility to meet the demands that result from the seasonal pattern common for the construction industry.
- The Group will have to maintain a current ratio during the lifetime of the Term Loan Facility.

The Term Loan Facility is subject to certain other ratios and conditions described under 'Covenants' in this paragraph.

Third party shareholders in AM. In relation to the acquisition of AM in 2006 a consortium of investors led by ING Corporate Investment Participations B.V. obtained an equity interest worth EUR 49.0 million (49%) in Terra Amstel Holding B.V. through Houdstermaatschappij Terra Amstel Holding bv . As this latter company was entitled to a fixed compensation of 8.9% annually, these shares were presented as liabilities.

In March 2009, Royal BAM Group exercised its right to purchase this 49% in Terra Amstel Holding bv for an amount of EUR 49.0 million excluding dividend over 2008 and the first quarter of 2009.

Credit facilities. In 2007, Royal BAM Group incurred a Revolving Credit Facility of EUR 550.0 million. This facility was partly drawn to repay uncommitted bilateral credit lines. At 31 December 2009, Royal BAM Group had not drawn under the facility (2008: EUR 50.0 million). The Revolving Credit Facility can be used for working capital and other activities.

Variable interest rates apply to the drawn-down portion of the facility. At 31 December 2009, the margin was 50 basis points (2008: 50 basis points). The carrying amounts of the drawn-down portions of the Revolving Credit Facility do not significantly differ from their fair value as they are subject to variable interest rates. Certain major subsidiaries of Royal BAM Group have guaranteed the amounts drawn under the Revolving Credit Facility.

In April 2010, Royal BAM Group's banking syndicate consented to amend the Revolving Credit Facility (including the following amendments to the terms and provisions thereof) which amendment will take effect upon execution of an amendment agreement and subject to certain market customary conditions and the condition of completion of the Offering being met:

- The total commitments to be made available to the Group under the Revolving Credit Facility will be reduced by EUR 75 million from EUR 550 million to EUR 475 million.
- The term of the Revolving Credit Agreement will be extended with approximately nine months, except in respect of one lender. The final maturity date will be been changed to 29 April 2013 (from 31 July 2012), except in respect of one lender.
- Pursuant to the amended Revolving Credit Facility the Group will have to apply 50% of the proceeds of any disposal by any member of the Group of shares in the share capital of Van Oord in cancellation of the total commitments (to a maximum of EUR 120 million) and, if the aggregate amount of loans outstanding under the Term Loan Facility would exceed the total commitments as a result thereof, in prepayment of such excess amount.
- The interest rate margin on loans under the Revolving Credit Facility varies between 0.30% and 0.85% per annum, as adjusted from time to time, subject to the recourse leverage ratio. The amended interest rate margin will vary between 1.25% and 2.75% per annum as adjusted from time to time, subject to the recourse leverage ratio, except that the interest margin will not be amended for the lender in respect to whom the term of the Revolving Credit Facility will not be extended.

- The recourse leverage ratio which the Group must maintain during the lifetime of the Term Loan Facility will be adjusted as to provide more flexibility to meet the demands that result from the seasonal pattern common for the construction industry.
- The Group will have to maintain a current ratio during the lifetime of the Revolving Credit Facility.

The Revolving Credit Facility is subject to certain other ratios and conditions described under ‘Covenants’ in this paragraph.

In addition to committed long-term facilities, Royal BAM Group has EUR 175.0 million in bilateral credit facilities at its disposal (2008: EUR 190.0 million), none of which was drawn at 31 December 2009 (2008: EUR 91.0 million).

Covenants. Royal BAM Group is bound by qualitative and quantitative conditions, including financial ratios, which are in line with what it believes to be customary in the industry. Conditions for project-related financing (non-recourse PPP loans, non-recourse and other project financing) vary as they relate specifically to the projects. The ratio in property project financing arrangements relates to the loan to value, which expresses the ratio between the amount of the financing arrangement and the value of the project. Royal BAM Group complied with all ratios at 31 December 2009.

Conditions for Royal BAM Group’s balance sheet financing arrangements (the subordinated loan, the bank loan and the committed financing facility) are based on Royal BAM Group as a whole, excluding non-recourse elements. The most important ratios for these financing arrangements are: recourse leverage ratio, interest coverage ratio, solvency ratio and guarantor covers (all recourse). Royal BAM Group complied with all ratios at 31 December 2009.

The ratios are calculated in respect of recourse financing and related activities only. With regard to EBITDA this implies the exclusion, from the Groups total EBITDA, of the (operational) results of non-recourse property development and PPP activities. The recourse net debt equals total net debt of the Group minus non-recourse property and PPP debt. Recourse solvency is based upon the capital base of the Group, divided by the balance sheet total, excluding non-recourse liabilities. All ratios are calculated on a quarterly basis. The balance sheet items in the ratios are quarter-end figures. The items derived from the profit and loss account are 12 month-rolling figures.

The recourse financial ratios described above, are as follows:

Ratio	Calculation	Norm	2009	2008
Recourse leverage ratio	Net debt / EBITDA	≤ 2.50	0.75	1.08
Interest coverage	EBITDA / interest paid	≥ 4.00	6.24	10.55
Solvency	Capital base / total assets	≥ 15.00%	20.40%	19.80%
Guarantor cover	EBITDA / share guarantors	≥ 60.00%	71.00%	76.00%
Guarantor cover	Assets / share guarantors	≥ 50.00%	86.00%	62.00%

The above table contains the Q4 ratios as calculated at year-end. The recourse leverage ratio fluctuates during the year. The quarterly ratio fluctuations are predominantly driven by net debt fluctuations. Net debt fluctuations are, to a large extent, correlated to seasonal patterns of the Group’s working capital. In the period 2007-2009, the recourse leverage ratio was occasionally higher than 2.0 but never higher than 2.5. In this period, the recourse leverage ratio was occasionally below 1.0.

Pursuant to the contemplated amendments to the Existing Facilities to which Royal BAM Group’s banking syndicates consented in April 2010 subject to certain market customary conditions and the condition of completion of the Offering being met, as further described under ‘Subordinated loan’, ‘Bank financing’ and ‘Credit facilities’ in this paragraph, the permitted recourse leverage ratio will be increased for the second and third quarter of 2010 to ≤ 3.0 and for the second and third quarter of 2011 to ≤ 2.75. These temporary ratio increases are intended to allow for large seasonal swings in the Group’s net debt, resulting from seasonal swings in its working capital. In addition, the Group will have to maintain a current ratio, as from the effective date of the amendment, during the lifetime of the Credit Facilities of ≥ 1.0. The current ratio is the ratio of current assets of the Group to the current liabilities of the Group.

Off-balance sheet commitments at 31 December 2009

Royal BAM Group claims considerable amounts in pending proceedings and disputes with clients. It is impossible to reasonably determine the extent and timing of revenue resulting therefrom, if any. These potential benefits are therefore not recognised in the balance sheet. In respect of pending proceedings and disputes against the Group, provisions have been made for possible losses which Royal BAM Group considers adequate.

In the ordinary course of business, guarantees are issued to (prospective) clients. Guarantees are issued either by Royal BAM Group itself (corporate guarantees), or by banks or surety companies (surety bonds) pursuant to uncommitted guarantee facilities. At 31 December 2009, Royal BAM Group had issued corporate guarantees in the amount of EUR 676.0 million (2008: EUR 702.0 million) and surety bonds in the amount of EUR 204.0 million (2008: EUR 205.0 million). Guarantees issued to Royal BAM Group by third parties amounted to EUR 1,420.0 million (2008: EUR 1,423.0 million). Liabilities resulting from guarantees and surety bonds are not recognised in the balance sheet. The Royal BAM Group does not expect material risks to arise in connection with these contingent liabilities.

Total liabilities towards third parties of companies for which Royal BAM Group bears joint and several liability (such as general partnerships) amounted to EUR 3,831.0 million at 31 December 2009 (2008: EUR 3,137.0 million). Royal BAM Group's share in these liabilities, amounting to EUR 1,945.0 million (2008: EUR 1,690.0 million), was included in the consolidated balance sheet.

Royal BAM Group has, in the context of the Van Oord transaction in 2003, given certain guarantees on Ballast Ham Dredging balance sheet positions. Royal BAM Group will also be obliged to offer its ordinary shares in Van Oord to the other shareholders of Van Oord if a significant direct or indirect competitor of Van Oord obtains control over Royal BAM Group, or a 15% voting or capital interest in Royal BAM Group. In such a case, Royal BAM Group would also no longer be able to exercise rights of control in Van Oord and would not be entitled to dividends on the ordinary shares in Van Oord.

At 31 December 2009, Royal BAM Group had commitments for capital expenditure of tangible assets for an amount of EUR 4.0 million (2008: EUR 8.0 million). These commitments related primarily to equipment, machines and installations and were mainly due in 2010.

Royal BAM Group had conditional contractual obligations to acquire land for property development activities in an amount of EUR 343.0 million at 31 December 2009 (2008: EUR 359.0 million). The conditional nature of these obligations related, among other things, to the amendment of zoning plans, obtaining of planning permissions and the actual realisation of projects. Timing of the cash outflow depends on fulfilment of the conditions.

Royal BAM Group leases various company cars, buildings and equipment from third parties under non-cancellable operational lease agreements. The leases have varying durations, escalation clauses and renewal rights. The lease expenditure, including lease bonuses received, is charged to the income statement during the term of the lease (linear). In the 2009 financial year, the cost of operational leases amounted to EUR 102.0 million (2008: EUR 76.0 million).

Royal BAM Group leases equipment and buildings to third parties under non-cancellable operational lease agreements. The leases are of varying duration, and contain escalation clauses and renewal rights. The book value of the related assets amounted to EUR 15.0 million at 31 December 2009 (2008: EUR 17.0 million). The lease income, including lease bonuses, is recognised as revenue in the income statement. In the 2009 financial year, revenue from operational leases amounted to EUR 5.0 million (2008: EUR 6.0 million).

Working capital

Royal BAM Group believes that its working capital is sufficient for its present requirements; that is, for at least twelve months following the date of this Prospectus.

Financial market risk management

Royal BAM Group recognises market risks with regard to foreign exchange rate, interest rate, price, credit, capital and liquidity. These financial risks are not exceptional or different in nature from those that are customary in the industry. Royal BAM Group applies a stringent policy designed to manage and mitigate these risks to the extent possible. This involves using general management measures, such as internal procedures and instructions, as well as specific measures and/or financial instruments. These measures are accompanied by efficient reporting systems and short lines of communication. Royal BAM Group's financial risks, control measures and residual risk are described below.

For additional discussion of the market risks to which Royal BAM Group is exposed in the normal course of its business, please refer to the sections "Risk factors" and "Business" as well as Royal BAM Group's consolidated financial statements and related notes incorporated by reference in this Prospectus.

Foreign exchange rate risk management

Royal BAM Group has substantial activities in the United Kingdom and to a limited extent in other non-euro countries. Until the third quarter-end 2007, Royal BAM Group was also active in the United States. Royal BAM Group's results and shareholders' equity are therefore affected by foreign exchange rates. Generally, Royal BAM Group is active through local subsidiaries. The foreign exchange risk is therefore limited, as income and expenditure are to a large extent denominated in the same currency. Royal BAM Group does not hedge the associated translation risk. The impact of exchange rate risks on Royal BAM Group's results has been considerable.

A limited number of subsidiaries are active in markets where contracts are denominated in a currency different from their functional currency. Royal BAM Group's policy is that costs and revenues from these projects are mainly expressed in the same currency, thus limiting foreign exchange risk. Royal BAM Group hedges the residual exchange risk on a project-by-project basis, using forward exchange contracts.

Royal BAM Group policy is to hedge unconditional project-related foreign exchange risks in excess of EUR 1 million when they occur. Additional exchange risks in the tender stage and arising from contractual amendments are assessed on a case-by-case basis. Procedures have been established for proper recording of hedge transactions. Systems are in place to ensure the regular performance and analysis of the requisite hedge effectiveness measurements.

To the extent that costs and revenues in the same currency are in balance and any residual exchange risk are hedged using forward exchange contracts, exchange rate fluctuations have a limited effect on Royal BAM Group's results and shareholders' equity.

With regard to financial instruments, Royal BAM Group is predominantly exposed to exchange rate risk on current account transactions in pound sterling. This risk is mitigated by forward exchange contracts. The residual effect of the exchange rate risk with regard to financial instruments in pound sterling and other currencies on Royal BAM Group's result and shareholders' equity is limited.

Interest rate risk management

Royal BAM Group's interest rate risk is associated with interest-bearing receivables and cash and cash equivalents on the one hand and interest-bearing borrowings on the other hand. If the interest rate is variable, this creates a cash flow interest rate risk. If the interest rate is fixed, there is a fair value interest rate risk.

Royal BAM Group mitigates the cash flow interest rate risk as far as possible by using interest swaps, pursuant to which interest liabilities based on a variable rate are converted to fixed rates. Royal BAM Group does not use interest swaps whereby fixed-rate interest liabilities are converted to variable rates in order to hedge the fair value interest rate risk.

The analysis of the cash flow interest rate risk takes into account cash and cash equivalents, the debt position and the usual fluctuations in Royal BAM Group's working capital requirements. Various alternatives are studied and hedges are considered.

Cash flow interest rate risk with respect to long-term borrowings (mainly subordinated and PPP borrowings) is largely hedged by interest rate swaps. Nevertheless, Royal BAM Group is subject to movements in interest rates. At 31 December 2009, 62% of the interest on Royal BAM Group's net debt position was fixed (2008: 48%). The part not covered by hedging consists almost entirely of short-term project financing.

Price risk management

Royal BAM Group's price risk exposure relates to the procurement of land and materials and subcontracting of work, and consists of the difference between the market price at the moment of tendering or offering on a contract and the market price at the time of performance.

Royal BAM Group strives to have its clients bear this risk. Royal BAM Group also endeavours to manage the price risk by using framework contracts with indexation provisions, by asking quotes from different suppliers and by using price data that it considers reliable.

If Royal BAM Group is awarded a project and no price indexation reimbursement clause is agreed with the client, the costs of land and materials, as well as the costs for subcontractors, are usually fixed at an early stage by agreeing on prices and conditions with the main suppliers and subcontractors in advance.

While it is impossible to exclude the impact of price fluctuations altogether, Royal BAM Group takes the view that its method of operating reflects the optimum economic balance between decisiveness and predictability. Royal BAM Group does therefore not use financial instruments to hedge price risk.

Credit risk management

Royal BAM Group is exposed to credit risk with regard to financial assets including PPP receivables, derivative instruments, trade receivables, cash and cash equivalents and bank deposits.

The PPP receivables and a substantial proportion of the trade receivables are owed by governments or government bodies. Therefore, Royal BAM Group believes that the credit risk inherent in these contracts is limited. In addition, a significant proportion of the trade receivables is based on contracts involving prepayments or payments proportionate to the progress of the project, which limits the credit risk, in principle, to the balance outstanding.

The credit risk from PPP receivables and trade receivables is monitored by the operating companies. Client creditworthiness is analysed in advance and monitored during the execution of the project. This involves reviewing the client's financial position, previous collaborations and other factors.

Royal BAM Group's endeavours to mitigate these credit risks through the use of various instruments, including retaining ownership until payment has been received, prepayments and the use of bank guarantees.

Royal BAM Group's cash and cash equivalents and bank deposits are held in various different banks. Royal BAM Group limits the credit risk associated with cash and cash equivalents and bank deposits held in these banks as a result of Royal BAM Group's policy to use what it considers to be strong banking institutions. This policy means that cash and cash equivalents as well as bank deposits in excess of EUR 10 million are held in banks with at least an 'A' rating. Royal BAM Group's policy is aimed at minimising any concentration of credit risks involving cash and cash equivalents and bank deposits.

Liquidity risk management

Royal BAM Group is exposed to liquidity risk if the performance of new projects stagnates and fewer payments (and prepayments) are received, or if investments in land or property development have a disproportionate effect on available financing resources and/or operational cash flow. The size of individual transactions can cause relatively large short-term fluctuations in liquidity. Royal BAM Group believes that it has sufficient credit and current account facilities to manage these fluctuations.

Partly to manage liquidity risk, subsidiaries prepare detailed monthly cash flow projections for the next twelve months. The analysis of liquidity risk takes into account the amount of cash and cash equivalents, credit facilities and usual fluctuations in Royal BAM Group's working capital requirements. This provides Royal BAM Group with sufficient opportunities to use its available liquidity and credit facilities as flexible as possible, and to indicate any shortfalls in a timely manner.

The expected outgoing cash flows are offset by incoming cash flows from operational activities and (re-)financing. Royal BAM Group has entered into a syndicated credit facility of EUR 550 million, whereunder no amount was drawn as at 31 December 2009 (31 December 2008: EUR 50 million), and into bilateral credit facilities of EUR 175 million (2008: EUR 190 million), whereunder no amount was drawn in as at 31 December 2009 (31 December 2008: EUR 91 million).

Capital risks management

Royal BAM Group aims to ensure continued operations while minimising the cost of equity. Royal BAM Group believes that to be able to achieve this, flexibility and access to the financial markets are important.

As it believes is common within the industry, Royal BAM Group monitors its capital structure on the basis of a solvency ratio. Solvency is calculated as the capital base divided by total assets. Royal BAM Group's capital base consists of equity attributable to Royal BAM Group's shareholders, the subordinated loan and the preference shares (2008: including third party shareholders AM).

The solvency ratio was 15.8% at 31 March 2010 and 15.8% at the end of 2009 (2008: 16.3%). The recourse solvency of the Group, based upon the balance sheet excluding non-recourse liabilities was 20.8% at 31 March 2010 and 20.4% at the end of 2009 (2008: 19.8%). The recourse solvency forms part of the covenant of the Group's balance sheet financing arrangements (the subordinated loan, the bank loan and the committed credit facility).

General risk management

The Group uses the following general instruments for its risk management and control:

- instructions from Royal BAM Group to the management of its operating companies setting out such matters as commitment limits for investments and projects as well as the powers of the operating company managers. These management instructions are reviewed annually, and if necessary adjusted;
- guidelines for the design of the financial reports of the Group's operating companies and for the procedures to be followed in connection with those reports;
- budgeting, reporting and (internal) control systems. The Group uses uniform guidelines and accounting policies, which serve as the basis for all financial and management reporting;

- quarterly reports, which include detailed monitoring of the forecasts and results achieved by the Group's operating companies are discussed with the Management Board;
- interim reports of any deviations from the expected financial results and movements in cash positions, working supplies, turnover and results.

The Group has also implemented specific measures. Apart from the financial risks described under Financial Market Risk these are focused primarily on risk relating to market, reputation, safety and projects.

Significant accounting policies

Consolidation

a) Associates. Associates are all entities over which Royal BAM Group has significant influence but no control, generally accompanied by the possession of more than one fifth of the voting shares and taking into account the potential voting rights which are exercisable at the balance sheet date. Royal BAM Group considers Van Oord N.V., in which it has a 21.5% stake, as an associate.

b) Joint ventures. Royal BAM Group's interests in entities, in which control is contractually exercised jointly with third parties, are accounted for based on proportional consolidation. Royal BAM Group combines its share in the joint ventures' individual revenues and expenses, assets and liabilities on a line-by-line basis with corresponding items in Royal BAM Group's financial statements.

Intangible assets

a) Goodwill. Goodwill represents the excess of the cost of an acquisition over the fair value of Royal BAM Group's share in the identifiable assets and liabilities of the acquired subsidiary at the date of acquisition. If (a part of) the acquisition amount involves contingent considerations, the fair value of these at the date of acquisition will be recognised. Goodwill is carried at cost less accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to the cash flow generating units that are expected to benefit from the acquisition which generated the goodwill.

Goodwill on acquisitions of associates is included in investments in associates. Impairments of goodwill are irreversible.

Goodwill is tested for impairment every year. This involves testing the carrying amount of a cash generating unit, including allocated goodwill, against its recoverable value. The recoverable value of a cash generating unit is the higher of the value of an asset less selling expenses and its value in use. The calculation of the recoverable value involves the application of pre-tax cash flow projections based on financial budgets approved by management over a five-year period.

Cash flows after the five-year period are extrapolated using estimated growth figures considered to be in line with Royal BAM Group's long-term expectations with regard to sectors and markets. The forecast cash flows are discounted to their present value using a pre-tax discount rate that reflects the market situation, the time value of money and the risks specific to the asset.

Gains and losses on disposal of entities include the carrying amount of goodwill relating to the entity sold and are recorded in the income statement.

b) Non-integrated software. Non-integrated software is stated at cost, less accumulated amortisation and accumulated impairment losses. Amortisation on non-integrated software is calculated using the straight-line method over their estimated useful lives (4 - 10 years), taking into account their residual values.

The useful lives and residual values of assets are reviewed annually and depreciation is adjusted, if applicable.

c) PPP concessions. PPP concessions consist of rights obtained from government to charge users for the use of public facilities (toll roads), based on actual usage. PPP concessions are accounted for at cost less accumulative depreciation.

Government grants received for PPP concessions are deducted, at fair value, from the valuation of the concession if it can be stated with a reasonable degree of certainty that the grant will be received and that the conditions attached to the grant will be fulfilled.

PPP concessions are depreciated in line with the actual usage of the specific public facility, with a maximum of the duration of the concession.

Revenues from PPP concessions are reviewed annually and depreciation is adjusted, if applicable.

d) Other intangible assets. Other intangible assets relate to market positions, including brand names and the management of acquired subsidiaries, and are stated at cost, less accumulated amortisation and accumulated impairment losses. Amortisation on other intangible assets is calculated using the straight-line method over their estimated useful lives (4 years).

PPP receivables

PPP receivables are concession payments to be received from government in relation to PPP projects, based upon the availability of the specific facility. PPP receivables are accounted for as financial assets. These receivables are initially recognised in the financial statements at fair value and subsequently measured at amortised cost.

Inventories

a) Land and building rights. Inventories of land and building rights are stated at the lower of cost and net realisable value. Royal BAM Group capitalises interest as part of the cost when the land is assigned for construction and active development starts.

b) Property development. The category property development consists of acquired projects for (re) development and land positions in their stage of development; they are stated at the lower of cost and net realisable value. Royal BAM Group capitalises interest and other cost as part of the cost of property development. Capitalisation of interest cost starts at the beginning of development, is suspended during the period in which active development is interrupted and ceases when the project is completed or sold.

If the equitable title of a project is transferred in whole or in part to a third party, the capitalised cost of the project is accounted for in the income statement and the related revenue is recognised.

The control over and essential risks and benefits related to property development in ownership are transferred as soon as the title to the land and buildings, if any, has been transferred. Property development is accounted for as construction contracts if the land has been transferred to the buyer and if essential risks and benefits are continuously transferred by accession, as construction progresses.

Property development regarding to houses is accounted for in accordance with construction contracts if (a part of) the property development has been transferred at the start of a project.

Property development regarding to commercial property is accounted for in accordance with construction contracts, only when the project is sold and there is a legal transfer of land and buildings at that particular time.

c) Raw materials and consumables. Inventories of raw materials and consumables are stated at the lower of cost and net realisable value. Cost is based on the first-in, first-out (FIFO) principle and includes expenditure incurred in acquiring the inventories and in bringing them to their existing location and condition.

The net realisable value of this inventory is the estimated selling price in the ordinary course of business, less the estimated cost of completion and selling expenses. Assets qualify as inventory if they are used in the normal course of business.

Construction contracts

Construction contracts are stated at cost incurred and allocated result in line with the progress of the construction, less identifiable losses and invoiced instalments. The cost price consists of all costs which are directly related to the project and the allocated direct cost based on the normal production capacity.

If the outcome of a contract can be estimated reliably, project revenue and cost are accounted for in the income statement based on the progress of work performed. If the outcome of a contract cannot be estimated reliably, revenue is recognised only to the extent of the contract costs incurred that are likely to be recoverable. If it is probable that the total contract cost is higher than the total contract revenue, the total expected loss is recognised as an expense.

Royal BAM Group uses the ‘percentage of completion method’ to determine the appropriate amount to be recognised in a given period. The stage of completion is measured by reference to the contract cost incurred as a percentage of total actual or estimated project cost. Revenues and result are recognised in the income statement based on this progress.

Projects are presented in the balance sheet as receivables from or payables to clients on behalf of the contract. If the costs incurred (including the result recognised) exceed the invoiced instalments, the contract will be presented as a receivable. If the invoiced instalments exceed the costs incurred (including the result recognised) the contract will be presented as a liability.

Contracts containing the construction of a project and the possibility of subsequent long-term maintenance of that project as separate components, or for which these components could be negotiated individually in the market, are accounted for as two separate contracts. Revenue and results are recognised accordingly in the income statement as construction contracts for third parties or the rendering of services respectively.

Trade receivables and other receivables

Trade receivables and other receivables are initially recognised at fair value and subsequently measured at amortised cost, less accumulated impairment losses. Impairments are accounted for if there is objective evidence that Royal BAM Group is unable to collect the amount receivable. Imminent corporate bankruptcy, financial reorganisations or overdue payments are considered to be indicators for possible impairments. Impairments amount to the difference between the anticipated reduced value of the return and the carrying amount.

The difference is recorded in the income statement and credited against trade receivables and other receivables on a separate account for impairments. As soon as an amount to be received is in fact uncollectable, the receivable and related provision are written off and the possible difference is accounted for in the income statement.

Trade receivables and other receivables are expected to be settled within the normal course of business, normally within twelve months. The fair value of receivables and the amounts expected to be settled after more than twelve months are disclosed as such in the notes to the financial statements.

Derivative financial instruments

Royal BAM Group uses derivative financial instruments to hedge its exposure to interest rate and foreign exchange risks arising from operating and financing activities. Derivatives are only used as hedging instruments in case of floating interest rates on loans and in case of certain future cash flows in foreign currencies.

Derivatives are initially recognised at fair value at the date on which they are entered into and are subsequently measured at their fair value at the reporting date. The method of recognising the resulting gain or loss depends on whether hedge accounting has been applied and, if so, whether the hedge relationship is effective.

At the inception of a transaction, Royal BAM Group documents the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking the various hedge transactions.

At hedge inception and afterwards, Royal BAM Group periodically documents its assessment of whether the derivatives used in hedging transactions are effective in offsetting changes in cash flows of hedged items. If they are effective, the movement is recognised in equity; if they are not, it is accounted for in the income statement.

The movement in equity consist of: (i) additions with regard to new derivatives, (ii) the increase in the value of existing derivatives and (iii) the release to the income statement, as soon as the related transaction is recognised in the income statement.

Royal BAM Group uses hedge accounting on all forward exchange contracts and interest rate swaps for projects with an equivalent value of more than EUR 1 million.

Impairments

Assets that have an indefinite useful life are not subject to amortisation and are tested for impairment annually. Assets that are subject to amortisation, as well as other assets, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. An impairment loss is recognised for the amount by which the carrying value of an asset exceeds its recoverable amount. The recoverable amount is the higher of the value of an asset less selling expenses and its value in use. If the value in use is applied, impairments will be assessed at the level of the cash flow generating unit.

Assets, excluding goodwill, that have been impaired are reviewed annually for a possible reversal of the impairment. A maximum reversal is the amount of the original impairment, while it cannot exceed the carrying value which the relevant asset would have had if it had not been subjected to impairment.

Employee benefits

a) Pension liabilities. Royal BAM Group has both defined benefit and defined contribution schemes. The schemes are generally funded through payments to multi-employer funds, insurance companies or trustee-administered funds.

A defined benefit scheme is a pension scheme defining the amount of pension benefits that an employee will receive on retirement, usually dependent upon factors such as age, years of service and compensation.

A defined contribution scheme is a pension scheme under which Royal BAM Group pays fixed contributions to an insurance company or pension fund and has no legal or constructive obligations to pay further contributions if the fund or insurance company fails to maintain sufficient assets to pay all present and future pension benefits. Defined benefit schemes in multi-employer funds are recognised as defined contribution schemes.

Defined benefit schemes

The assets and liabilities recognised in the balance sheet with regard to defined benefit pension schemes consist of the present value of obligations at balance sheet date, less the fair value of the assets of the scheme, adjustments for unrecognised actuarial gains or losses and past service costs.

The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates for high-value corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms to maturity of the related pension liability.

Royal BAM Group applies the corridor method for actuarial gains and losses arising from changes in actuarial assumptions.

Actuarial gains and losses exceeding 10% of the higher of the assets of the scheme and defined benefit obligation (the maximum corridor) are charged or credited to the income statement over the employees' expected average remaining working lives. Past service costs are recognised directly in the income statement, unless the changes to the pension scheme depend on the employees' remaining in service for a specified period of time (the vesting period). In this case, the past service costs are amortised on a straight-line basis over the vesting period.

Defined contribution schemes

For defined contribution schemes, Royal BAM Group pays contributions to insurance companies or trustee-administered funds on a mandatory, contractual or voluntary basis. Royal BAM Group has no further payment obligations once the contributions are paid. The contributions are recognised as personnel expense when they are due. Prepaid contributions are recognised as an asset to the extent that cash refunds or reductions in the future payments are available.

b) Other long-term employee obligations. These obligations relate to jubilee benefits, temporary leaves and similar arrangements and have a non-current nature. These obligations are stated at present value.

c) Termination benefits. Termination benefits are liabilities with regard to termination of employment before the standard retirement date. Royal BAM Group recognises termination benefits if it is demonstrably committed to terminating the employment of employees under a formal and irrevocable plan. Benefits are discounted to their present value. The liability is recorded and disclosed as such under non-current and current provisions.

d) Bonus and profit-sharing schemes. Royal BAM Group recognises a liability for bonuses and profit-sharing, based on the relevant performance schemes. The liability is recorded and disclosed as such under other liabilities.

Provisions

Provisions are recognised if Royal BAM Group has a legal or constructive obligation as a result of past events and if an outflow of resources is probable and can be estimated reliably. No provisions are formed for future operating losses. The amount recognised as a provision is the best estimate of the outflow of cash to settle the present obligation. If the effect of the time value of money is material, the amount of the provision equals the net present value of the outflow.

a) Warranties. This provision relates to estimated liabilities and pending proceedings with regard to disputes about completed projects.

b) Reorganisation. A provision for reorganisation is recognised if Royal BAM Group has approved a detailed and formal reorganisation plan and the reorganisation has commenced or has been announced publicly. Future operating losses are not provided for.

c) Rental guarantees. These include the estimated commitments arising from rental guarantees issued to third parties.

d) Other. This covers other legal and constructive obligations, for example for environmental matters (soil pollution) or continuing rental commitments.

Deferred taxes

Deferred tax assets and liabilities are recorded for the forecast fiscal consequences of temporary differences arising between the tax bases of assets and liabilities and their carrying values in the consolidated financial statements. However, deferred taxes arising from initial recognition of an asset or liability in transactions (other than business combinations), which at the time of the transaction affects neither accounting nor taxable profit or loss, are not accounted for. Deferred taxes are determined using tax rates (and acts) that have been determined no later than on the balance sheet date and that are expected to apply when the related deferred tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised if it is probable that future taxable profit will be available against which the timing differences and the available losses can be utilised.

Deferred taxes are provided on timing differences arising on investments in subsidiaries and associates, except if the timing of the reversal of the timing difference is controlled by Royal BAM Group and if it is unlikely that the timing difference will reverse in the foreseeable future.

Deferred tax assets and liabilities are netted if Royal BAM Group has a right to do so by law, and if the deferred tax assets and liabilities relate to taxes levied by the same tax authority from the same taxpayer.

Deferred tax assets and liabilities are classified as such and presented on the balance sheet as non-current assets and non-current liabilities.

Revenue

a) Construction contracts. Royal BAM Group recognises revenue associated with construction contracts. Revenue consists of the initially agreed amount and the variations in contract work, claims and incentive payments.

If the outcome of a contract can be estimated reliably, project revenue and cost are accounted for in the income statement based on the progress of work performed. This is the case if: (i) the total contract revenue can be measured reliably; (ii) it is probable that future economic benefits will flow to Royal BAM Group; (iii) the cost to complete the contract and the stage of contract completion can be reliably measured; and (iv) the contract cost can be identified and measured reliably so that the actual cost can be compared with prior estimates. Revenue and cost are recognised by reference to the stage of completion of the relevant project activity at the balance sheet date.

If the outcome of a contract cannot be estimated reliably, revenue is recognised only to the extent of the contract costs incurred that are likely to be recoverable.

b) Property development. Royal BAM Group recognises revenue with regard to property development. Revenue consists of the agreed upon amounts of the transactions. No revenue is recognised until the risks and rewards relating to the equitable title have been transferred to a third party. Revenue is recognised as soon as the equitable title is transferred to a third party. A transfer has taken place if (as a minimum): (i) the total contract revenue can be measured reliably; (ii) it is probable that future economic benefits will flow to Royal BAM Group and (iii) the cost to complete the contract can be reliably measured. Revenue and cost are recognised by reference to the stage of completion of the project activity at the balance sheet date and if and to the extent that the equitable title has been transferred.

A transfer of equitable title is considered to have taken place if and to the extent that risks and rewards attached to ownership have been transferred to the client. This may relate to an entire project or to significant parts thereof, if the related risks and rewards have also been transferred. This applies to land transfers, for example.

c) PPP concessions. Royal BAM Group accounts for revenue from concession management. This revenue depends on the availability or the actual usage of a facility. If income depends on the availability of a facility, revenue consists of (i) the fair value of the rendering of contractually agreed upon services and (ii) interest income related to the capital investment in the project. If income depends on the actual usage of a facility, revenue consists of payments actually received for usage of the facility.

In both cases, revenue is recognised as soon as the related services are rendered. Amounts received prior to rendering services are recognised as a liability and they are recognised as revenue as soon as the related services are rendered. Interest is recognised as revenue in the period to which it relates.

d) Provision of services and sale of goods. Revenue from the provision of services is recognised if the result of the transaction can be reliably determined. Revenue is included in proportion to completed services.

If the result of a transaction cannot be determined reliably, revenue is only recognised if it is likely that the costs incurred can be recovered.

Revenue from the sale of goods is recognised if products have been delivered to the client, the client has accepted the products and it is likely that the related receivables can be collected. Revenue consists of the amount agreed upon for the related transaction.

e) Other. Other revenue includes rental income received under operational lease or sublease of property, equipment or installations. Income received (net of any incentives granted to the lessee) is recognised in the income statement.

Expenses

a) Tender costs. Tender costs are initially recognised in the income statement. If there is sufficient certainty that the project will be awarded to Royal BAM Group, the costs are capitalised from that moment onwards. If tender costs are recognised as an expense in the period in which they initially occurred, they are not capitalised any more if the project is obtained in the following period.

b) Operational lease payments. Payments made under an operational lease (net of any incentives) are recognised in the income statement on a straight-line basis over the term of the lease.

c) Financial lease payments. Financial lease payments are partially accounted for as liabilities and partially as financing cost. Financing costs are charged to the income statement over the lease period so as to produce a fixed periodic rate of interest on the remaining balance of the liability.

d) Government grants. Grants from government are recognised at their fair value if there is reasonable certainty that the grant will be received and Royal BAM Group will comply with all the conditions attached to it. Government grants relating to costs are recognised in the income statement in the period in which the related costs are accounted for.

e) Research and development. Research and development expenses that are directly related to projects, are recognised in the cost price of these projects. Expenses with regard to other research and development are recognised and accounted for in the income statement in the period in which they were incurred.

f) Financing income and expense. Financing income consists of interest income and result from associates. Financing expense consist of interest costs on borrowings and financial lease arrangements as well as dividend paid on preference shares, less capitalised interest on PPP projects in the construction phase and on property development.

If a variable interest rate is fixed by means of an interest rate swap, the variable interest charge, as well as the value adjustment of the related interest rate swap, is recognised in the income statement. Consequently, financing expenses are fixed.

Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may reasonably occur based on the current situation.

Critical accounting estimates and assumptions in the financial statements

Royal BAM Group makes estimates and assumptions concerning the future. Estimates will, by definition, seldom be identical to the actual results. Estimates and assumptions are based on historical experience and other factors, including expectations of future events that may occur based on the current situation. Estimates and judgements are continuously evaluated.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying values of assets and liabilities within the next financial year are disclosed in the notes to the financial statements.

a) Project results. If the result of a contract can be reliably estimated, revenues and costs are accounted for over the period of the contract, in proportion to the progress of the activities performed. The activities performed are measured in accordance with the 'percentage of completion method'. If it is probable that the total project cost will exceed the total contract revenue, the expected loss is recognised as an expense.

This system is based on periodic assessments by the project teams using project accounts, project files and the expertise of those involved. Estimates are an inherent part of this process and they may differ from the subsequent reality, especially for long-term projects. However, historical experience has also shown that estimates are, on the whole, sufficiently reliable.

b) Land and building rights. Royal BAM Group assesses the valuation of land banks and building rights by making estimates and assumptions based on market information. Developments of all-in prices, the level of building cost and the number of housing units per project are particularly important for houses. For commercial property, estimates are also made with regard to the expected market yield per object and the estimated rent-free periods. In some cases, external valuations are used.

As a consequence of the radical changes in market conditions with regard to property, assumptions and starting points may change significantly, partly due to the relatively long duration for project realisation. This may result in impairments of positions to lower market values.

c) Property development. The valuation of property positions is assessed on the basis of market information available. Based on the market information, assumptions and starting points are assessed per project. Developments of all-in prices, the level of building cost and the number of housing units are particularly important for houses. For commercial property, estimates are also made with regard to the expected market yield per object and the estimated rent-free periods. In some cases, external valuations are used. As a consequence of the radical changes in market conditions with regard to property, assumptions and starting points may change significantly. This may result in impairments of positions to lower market values.

d) Goodwill. Royal BAM Group tests for impairment of goodwill every year. Based on the business plans of the business units, expected cash flows are determined for the next 5 years. For each business unit, a 'weighted average cost of capital' (WACC) is determined based on a representative 'peer group'. In addition, an estimate is made of the expected inflation and growth percentage. The cash flows, inflation, growth percentage and WACC identified constitute the basis for the 'discounted cash flow method' to test goodwill.

e) Tax on profits. Royal BAM Group estimates the tax position for each tax entity. Estimates are made with regard to the valuation of tax losses.

Royal BAM Group values deferred tax assets only to the extent that they are likely to be realised.

Critical judgements in applying the entity's accounting policies

Pension plan obligations are considered to be cost within the normal course of business but relate to liabilities that will have to be fulfilled at some distant future date. Pension charges are determined on the basis of actuarial principles. These are based on a number of underlying assumptions such as staffing changes, discount rates, mortality rates, pensionable age, expected return on plan assets, future salary increases and the associated indexation of the payments.

These assumptions are generally reassessed at the start of every financial year. Actual circumstances may deviate from these assumptions, giving rise to an altered pension obligation, which may then lead to extra income or expense in the consolidated income statement. Changes in the relevant pension costs may occur in the future as a result of adjusted assumptions.

Except for the above and the elements as included in the notes to the financial statements, there are no critical accounting estimates or assumptions in applying Royal BAM Group's accounting policies which require further disclosure.

MANAGEMENT, EMPLOYEES AND CORPORATE GOVERNANCE

Management structure

Royal BAM Group has a two-tier board structure consisting of a management board (*raad van bestuur*; the "**Management Board**") and a supervisory board (*raad van commissarissen*; the "**Supervisory Board**").

Management Board

Powers, composition and function

The Management Board members are collectively responsible for Royal BAM Group's management, the general affairs of Royal BAM Group's business and the general affairs of the Group, under the supervision of the Supervisory Board. In performing its duties, the Management Board is required to be guided by the interests of Royal BAM Group and its business, taking into consideration the interests of Royal BAM Group's stakeholders (which includes but is not limited to Royal BAM Group's shareholders). The Management Board is required to provide the Supervisory Board in a timely manner with all information necessary for the Supervisory Board to carry out its duties. The Management Board must also submit certain important decisions to the Supervisory Board for approval, as more fully described below.

The Management Board as a whole, as well as each member of the Management Board acting solely, is entitled to represent Royal BAM Group. Pursuant to the Articles of Association, in the event that a member of the Management Board privately enters into a contract with Royal BAM Group or is privately involved in any legal proceedings against Royal BAM Group, Royal BAM Group shall be represented in this respect by a person to be appointed for this purpose by the Supervisory Board, unless the General Meeting appoints a person for this purpose. In the event that a member of the Management Board has a conflict of interest with Royal BAM Group in any way other than as described in the preceding sentence, the member of the Management Board shall be entitled to represent Royal BAM Group, as shall each of the other members of the Management Board, unless the General Meeting appoints another person for this purpose. The Management Board Rules (as defined below) provide for further rules regarding conflicts of interest between Royal BAM Group and a member of the Management Board.

Members of the Management Board are appointed for a maximum term of four years, provided that, unless a member of the Management Board resigns at an earlier date, a term of office lapses at the closing of the first annual General Meeting to be held in the fourth year after the year of appointment. A retiring member of the Management Board can be reappointed, with due observance of the foregoing. The Supervisory Board has adopted a rotation schedule for members of the Management Board.

The Supervisory Board determines the number of members of the Management Board. The Management Board must consist of at least two members. The Supervisory Board appoints the members of the Management Board. The Supervisory Board appoints one of the members of the Management Board as the chairman.

The Supervisory Board may suspend or dismiss a member of the Management Board at any time with the proviso that a member of the Management Board can not be dismissed until the General Meeting has been consulted on the intended dismissal.

On 21 April 2010, the General Meeting resolved to amend the Articles of Association to introduce a so-called "mitigated large company regime" (*gemitigeerd structuurregime*). The ministerial declaration of no-objection in respect of this proposed amendment was granted on 19 April 2010. In accordance with regular procedures for all companies carrying the royal epithet in their name, the proposed amendment is still subject to discretionary approval from Her Majesty Queen Beatrix. If it were to graciously please Her Majesty to grant the approval, the deed of amendment of the Articles of Association will be executed, as a result of which the Articles of Association will be amended as described in the next three paragraphs.

The General Meeting appoints the members of the Management Board. One of the members will be appointed as chairman of the Management Board by the Supervisory Board and one of the members may be appointed as vice-chairman of the Management Board by the Supervisory Board. If a member of the Management Board is to be appointed, the General Meeting may exclusively vote for candidates whose nomination is stated in the agenda of the meeting or in an explanation to the agenda. For the appointment of a member of the Management Board, the Supervisory Board shall be given the opportunity by the Management Board to draw up a binding nomination of one person or as many persons as the law requires for each vacancy to be filled.

If a binding nomination has been drawn up by the Supervisory Board, the General Meeting shall adopt a resolution concerning the person nominated as a member of the Management Board. A resolution to appoint a member of the Management Board in accordance with a binding nomination of the Supervisory Board shall be adopted by absolute majority of the votes cast. The General Meeting may overrule the binding nature of the nomination by the Supervisory Board in a resolution adopted by absolute majority of the votes cast, representing at least one-third of the issued share capital. If no binding nomination has been drawn up by the Supervisory Board, the General Meeting may appoint a member of the Management Board at its discretion, which resolution will be adopted by absolute majority of the votes cast, representing at least one-third of the issued share capital.

The General Meeting may suspend or dismiss a member of the Management Board at any time. The Supervisory Board may suspend (but not dismiss) a member of the Management Board at any time. A resolution of the General Meeting to suspend or dismiss a member of the Managing Board shall be adopted by absolute majority of the votes cast, representing at least one-third of the issued share capital, unless the proposal for suspension or dismissal was initiated by the Supervisory Board, in which case the resolution shall be adopted by absolute majority of the votes cast without a quorum requirement.

Pursuant to the Articles of Association, the Management Board may draw up rules governing its internal affairs, as well as regarding the division of its tasks. Adoption as well as amendment of such rules requires the approval of the Supervisory Board. In accordance with the Articles of Association, the Management Board has adopted and the Supervisory Board has approved Rules Governing the Principles and Best Practices of Royal BAM Group's Management Board (the "**Management Board Rules**"). The Management Board Rules are published on and can be downloaded from Royal BAM Group's website.

Under the Management Board Rules, the Management Board can, in principle, only adopt resolutions if at least a majority of the members are present. If there is no majority present in the meeting, the Management Board is only entitled to pass resolutions in case the chairman is of the opinion that taking a resolution is required in view of the interest of Royal BAM Group and that no delay is permitted.

All resolutions of the Management Board shall be adopted by absolute majority of the votes cast. In the event of a tie vote, no resolution shall be adopted, unless there are more than two members of the Management Board present in which case the chairman of the Management Board will have the casting vote. Resolutions are, if possible, adopted unanimously. Resolutions can also be adopted without holding a meeting, provided that (i) such resolutions are adopted in writing, by cable, by electronic device, by telefax, by telephone or by means of video-conferencing, (ii) the matter in question has been brought to the attention of all members of the Management Board, (iii) no member has objected to this means of resolving, (iv) all members have taken part of the decision making process and (v) in case of a meeting by way of telephone or videoconferencing, all members of the Management Board are able to hear each other simultaneously.

Adopted minutes of a meeting of the Management Board are evidence of the proceedings of the meetings. Minutes of the meetings will be adopted at the next meeting.

Under Dutch law and the Management Board Rules, the Management Board must obtain the approval of the General Meeting and of the Supervisory Board for resolutions regarding a significant change in the identity or nature of Royal BAM Group or its business, which in any event includes:

- transfer of the enterprise or almost the entire enterprise to a third party;
- entry into or termination of any long-term cooperation by Royal BAM Group or a subsidiary of Royal BAM Group with another legal entity, company or partnership, or as fully liable partner in a limited or general partnership, if such cooperation or termination thereof is of far-reaching significance to Royal BAM Group;
- acquisition or disposal by Royal BAM Group, or a subsidiary of Royal BAM Group, of a participating interest in the capital of a company with a value of at least one-third of the amount of the assets as shown on the balance sheet with explanatory notes or, if Royal BAM Group prepares a consolidated balance sheet, as shown on the consolidated balance sheet with explanatory notes according to the most recently adopted annual accounts of Royal BAM Group.

Resolutions of the Management Board referred to in Section 164, Book 2, Dutch Civil Code, as well as other resolutions of the Management Board will be subject to the approval of the Supervisory Board. Resolutions relating to the following matters are subject to the approval of the Supervisory Board:

- issuance and acquisition of shares in the capital of Royal BAM Group and debt instruments issued by Royal BAM Group, or of debt instruments issued by a limited or general partnership of which Royal BAM Group is a fully liable partner;
- cooperation with the issuance of depositary receipts for shares (certificaten van aandelen);
- application for admission to trading on a regulated market or a multilateral trading facility of the securities mentioned above;

- entry into or termination of a long-term cooperation between Royal BAM Group or a dependent company (afhankelijke maatschappij) and another legal entity or partnership or as a fully liable partner in a public partnership, if such cooperation or termination thereof is of far-reaching significance for Royal BAM Group;
- acquisition, by Royal BAM Group or a dependent company, of a participating interest in the capital of another company, the value of which equals at least one quarter of the sum of the issued share capital and the reserves of Royal BAM Group as shown in its balance sheet with explanatory notes, and any significant increase or decrease of such participating interest;
- investments requiring an amount equal to at least one-quarter of the sum of the issued share capital and the reserves of Royal BAM Group as shown in its balance sheet with explanatory notes;
- a proposal to amend the Articles of Association;
- a proposal to dissolve Royal BAM Group;
- application for bankruptcy or for suspension of payments *(surseance van betaling)*;
- termination of the employment of a considerable number of employees of Royal BAM Group or of a dependent company at the same time or within a short timeframe;
- a material change in the working conditions of a considerable number of employees of Royal BAM Group or of a dependent company; and
- a proposal to reduce the issued share capital.

Each year, as per a determination by the Supervisory Board prior to a date to be determined by the Supervisory Board, the Management Board must prepare an operating plan including the investments envisaged for that year, also including companies in which Royal BAM Group has a direct or indirect interest, for approval by the Supervisory Board.

Members of the Management Board

On the date of this Prospectus, the Management Board is composed of the following five members:

Name	Date of birth	Position	Member as of	Term
J.A.P. van Oosten	30 March 1948	Chairman	8 June 1995	not limited
N.J. de Vries	21 July 1951	Vice-chairman	28 May 1998	not limited
M.J. Rogers	18 December 1955	Member	21 April 2009	4 years
J. Ruis	14 May 1950	Member	7 May 2004	4 years
R.P. van Wingerden	21 July 1961	Member	7 May 2008	4 years

Royal BAM Group's registered address serves as the business address for all members of the Management Board. See "Description of share capital—General".

J.A.P. van Oosten

Mr Van Oosten graduated as a civil engineer from the Technical University of Delft, the Netherlands in 1974. Mr Van Oosten joined Royal BAM Group in 1976 as a planning engineer, before becoming project manager and works manager. He was appointed deputy director of BAM Vastgoed in 1985 and director in 1986. His appointment as director of BAM Utiliteitsbouw followed in 1992. Mr Van Oosten has been a member of the Management Board of Royal BAM Group since 1995. Mr Van Oosten was appointed chairman of the Management Board in 2005. From January 2007 until December 2009, Mr Van Oosten was a member, nominated by the Minister of Economic Affairs, of the Council for the construction industry founded by the Dutch Government (*Regieraad Bouw*). From 2004 until 2006, he was a member of the board, nominated by the construction industry, of the Garantie Instituut Woningbouw. Mr Van Oosten is also a member of the supervisory board of Wereldhave, a board member of Haagse Dag van de Architectuur and a board member of Pure Jazz Foundation. Mr Van Oosten has Dutch nationality. Mr. J.A.P. van Oosten will be succeeded by Mr N.J. de Vries as Chairman of the Executive Board of Royal BAM Group on 1 October 2010. Mr J.A.P. van Oosten will retire from the Executive Board as of 31 March 2011.

N.J. de Vries

Mr De Vries completed an architecture foundation course in 1971. He graduated with a degree in civil engineering from the Technical University of Delft, the Netherlands in 1977. In 1977 Mr De Vries joined Royal BAM Group as a planning engineer, after which he held positions as project manager, works manager and branch director. In 1986 he was appointed deputy director and in 1990 director of BAM Utiliteitsbouw, followed in 1995 by his appointment as sector director of civil engineering for Royal BAM Group. Mr De Vries has been a member of the Management Board of Royal BAM Group since 1998 and currently serves as vice-chairman of the Management Board. Mr De Vries is also chairman of the Netherlands Association of International Contractors (*Vereniging van Nederlandse aannemers met belangen in het buitenland*; NABU), a member of the board of directors of Bouwend Nederland Association, a member of the board of directors of the International Chamber of Commerce The Netherlands, a member of the board of directors of the Dutch-German Trade Chamber, a member of the board of directors of Stichting Raad van Arbitrage voor de Bouw, a member of the strategic advisory board of TNO Bouw en Ondergrond and a member of the Delta Technology Steering Group (*Stuurgroep Deltatechnologie*). Mr De Vries has Dutch nationality. Mr N.J. de Vries will succeed Mr. J.A.P. van Oosten as Chairman of the Executive Board of Royal BAM Group on 1 October 2010.

M.J. Rogers

Mr Rogers gained a higher National Diploma in Building Studies at the Hertfordshire College of Building, the United Kingdom. He is a Fellow of the Chartered Institute of Building (FCIOB) and a Fellow of the Institution of Civil Engineers (FICE). After working at a midsized construction company in Hertfordshire, Mr Rogers joined Farrow Construction in 1977 and the British group company BAM Construct UK in 1979. Mr Rogers started as a planning engineer and moved to contracts management in 1981. In 1989 Mr Rogers was appointed construction director and in 1995 regional director. He was appointed managing director of BAM Construct UK in 2002. On 1 April 2007, he was appointed CEO of BAM Nuttall. Mr Rogers became a member of the Management Board of Royal BAM Group on 21 April 2009. Mr Rogers is also a member of the CBI Construction Council and a member of the South East Regional Council. Mr Rogers has British nationality.

J. Ruis

Mr Ruis completed his financial studies at the School for Higher Vocational Education (*Hoger Beroepsonderwijs*) in 1976. He joined Royal BAM Group in 1971 and held a number of different financial positions within the Group. Mr Ruis has been a member of the Management Board of Royal BAM Group since 2004 (chief financial officer). Mr Ruis has Dutch nationality.

R.P. van Wingerden

Mr Van Wingerden graduated as a civil engineer from the Technical University of Delft, the Netherlands in 1988. Mr Van Wingerden joined Royal BAM Group in 1988 as a project surveyor and has subsequently fulfilled a number of (project) managerial positions at Royal BAM Group's operating companies in the Netherlands and other countries. In 2000 Mr Van Wingerden was appointed director of HBG Bouw en Vastgoed, followed in 2002 by an appointment as director of BAM Utiliteitsbouw and in 2005 by an appointment as chairman of the management board of BAM Woningbouw. Mr Van Wingerden has been a member of the Management Board of Royal BAM Group since 2008. Mr Van Wingerden was appointed member of the board of the Stichting Pensioenfonds HBG in 2004 and resigned in 2009. Mr Van Wingerden is also a member of the Vernieuwingsplatform Bouw. Mr Van Wingerden has Dutch nationality.

Supervisory Board

Powers, composition and function

The Supervisory Board supervises the policies of the Management Board and the general course of affairs of Royal BAM Group and its business enterprise. The Supervisory Board also provides advice to the Management Board. In performing their duties, the members of the Supervisory Board are required to be guided by the interests of Royal BAM Group and its business, taking into consideration the interests of Royal BAM Group's stakeholders (which includes but is not limited to Royal BAM Group's shareholders).

The Supervisory Board determines the number of the members of the Supervisory Board. The Supervisory Board shall consist of at least five members.

The members of the Supervisory Board are appointed by the General Meeting on the basis of the Supervisory Board's nomination. In the event the General Meeting does not appoint the person nominated and does not resolve to reject the nomination, the Supervisory Board shall appoint the person nominated. The Supervisory Board shall notify the General Meeting and Royal BAM Group's works council (*ondernemingsraad*; the "**Works Council**") simultaneously of its nomination. The General Meeting and the Works Council may recommend to the Supervisory Board persons to be nominated as members of the Supervisory Board. With regard to one-third of the members of the Supervisory Board, the Supervisory Board shall nominate a person recommended by the Works Council, unless the Supervisory Board objects to the recommendation on the grounds that the person recommended is expected to be unsuitable for the fulfilment of the duties of a member of the Supervisory Board or that the Supervisory Board will not be suitably composed when the appointment is made as recommended. The General Meeting may reject the nomination by the Supervisory Board with absolute majority of the votes cast, representing at least one-third of the issued share capital.

The Supervisory Board appoints one of its members as chairman and one of its members as vice-chairman of the Supervisory Board.

The members of the Supervisory Board are appointed for a maximum term of four years, provided that his term lapses at the latest with effect from the closing of the first annual General Meeting to be held in the fourth year after the year of his appointment. A member of the Supervisory Board whose term lapses can be reappointed. The Supervisory Board has adopted a rotation schedule for members of the Supervisory Board.

The Supervisory Board may suspend a member of the Supervisory Board. The General Meeting may withdraw its confidence in the entire Supervisory Board by absolute majority of the votes cast, representing at least one-third of the issued share capital, resulting in the immediate dismissal of all members of the Supervisory Board. Individual members of the Supervisory Board may be dismissed by the Enterprise Chamber of the Amsterdam Court of Appeal *(Ondernemingskamer van het Gerechtshof te Amsterdam*) on a number of serious grounds at the request of Royal BAM Group, represented for that purpose by the Supervisory Board, or of a representative of the General Meeting designated for that purpose, or of the Works Council.

The Supervisory Board has adopted Rules Governing Royal BAM Group's Supervisory Board's Principles and Best Practices (the "**Supervisory Board Rules**"). The Supervisory Board Rules are published on and can be downloaded from Royal BAM Group's website.

Pursuant to the Articles of Association, the Supervisory Board can only adopt resolutions if the majority of the members are present or represented, on the understanding that members of the Supervisory Board that have a conflict of interest (as specified in the Supervisory Board Rules) do not count in calculating this quorum. The Supervisory Board can adopt resolutions in a meeting by absolute majority of votes. In the event of a tie vote, the chairman of the Supervisory Board will cast the deciding vote.

Resolutions can also be adopted in writing, by cable, by electronic device, by telefax, by telephone or by means of video conferencing without holding a meeting, provided that (i) the matter in question has been brought to the attention of all members of the Supervisory Board, (ii) none of the members of the Supervisory Board has opposed to this decision-making procedure and (iii) all members have participated in the decision making, on the understanding that members of the Supervisory Board that have a conflict of interest (as specified in the Supervisory Board Rules) do not participate in the decision making.

Members of the Supervisory Board

On the date of this Prospectus, the Supervisory Board is composed of the following five members:

Name	Date of birth	Position	Member as of	Term
W.K. Wiechers	25 June 1940	Chairman	27 May 1999	4 years
A. Baar	8 August 1943	Vice-chairman	21 May 2001	4 years
J.A. Dekker	10 May 1939	Member	25 May 2000	4 years
H. Scheffers	13 January 1948	Member	21 April 2009	4 years
W. van Vonno	1 January 1941	Member	3 May 2006	4 years

Royal BAM Group's registered address serves as the business address for all members of the Supervisory Board. See "Description of share capital—General".

W.K. Wiechers

Mr Wiechers graduated in technical physics at the Technical University of Delft, the Netherlands. Mr Wiechers began his career in 1966 at KEMA in Arnhem where he held a number of positions, including head of the electrical approvals division, deputy director and director. He became a member of the executive board in 1982. In 1987 Mr Wiechers joined the board of directors of PNEM (*Provinciale Noord-Brabantse Energie Maatschappij*) and became CEO in 1991. In 1997, PNEM merged with MEGA Limburg to become the PNEM-MEGA Groep of which Mr Wiechers became chairman of the executive board. In December 1999, after Essent was created by merging PNEM-MEGA Groep with EDON, Mr Wiechers became chairman of the executive board of Essent, which position he held until his early retirement on 1 July 2003. Mr Wiechers was first appointed to the Supervisory Board in 1999 and has been re-appointed in 2003 and 2007. Mr Wiechers was appointed vice-chairman of the Supervisory Board in 2004 and chairman in 2007. Mr Wiechers was a member of the supervisory board of Bank Nederlandse Gemeenten from 1997 until 2008, a member of the supervisory board of MCB Holding from 1991 until 2006, a member of the supervisory board of OPTAS from 2003 until 2006, and a member of Innovatieraad Brabant from 2003 until 2006. Mr Wiechers is also a member of the supervisory board of KEMA, a member of the General Energy Council in the Netherlands, chairman of the expert committee benchmarking nuclear safety of the Borssele nuclear power station and chairman of the supervisory board of the Brabant Life Sciences Seed Capital Fund. Mr Wiechers has Dutch nationality.

A. Baar

Mr Baar has spent almost his entire working life in the construction sector. Having started at a young age as a construction worker, he went on to hold many different management positions (both executive and administrative) at various levels. These positions include senior management positions at Van Wijnen and at the Amstelland Group. While working for the Amstelland Group, Mr Baar acquired experience in the United States. Mr Baar was chairman of the management board of NBM-Amstelland from 1990 until 2000. Mr Baar was appointed as a member of Royal BAM Group's Supervisory Board in 2001, and has been re-appointed in 2005 and 2009. Mr Baar was appointed vice-chairman of the Supervisory Board in 2007. Mr Baar was chairman of the supervisory board of Van Gelder Beheer from 2000 until 2008, a member of the supervisory board of Cementbouw from 2002 until 2008 and a member of the executive committee of Stichting Preferente Aandelen Koninklijke Nedschroef Holding from 1998 until 2008. Mr Baar has Dutch nationality.

J.A. Dekker

Mr Dekker graduated from the Technical University of Delft, the Netherlands with a degree in engineering physics. Mr Dekker began his career in 1964 at AKZO where he worked in the area of research and production before becoming international project manager and general manager of a subsidiary in Nigeria. In 1981 Mr Dekker joined the management of GTI Holding as chairman of the board of directors, a position that he held until 1995. In 1995 Mr Dekker became chairman of the executive board of TNO. He held that position until he reached his retirement age in 2003. Mr Dekker was first appointed to the Supervisory Board in 2000 and has been re-appointed in 2004 and 2008. Mr Dekker was a member of the supervisory board of ASML from 1997 until 2009, chairman of the executive board of Syntens from 2005 until 2009, vice-chairman of the European Research Advisory Board from 2005 until 2006, member of the executive committee of Stichting Continuïteit Arcadis from 1995 until 2006, member of the advisory board of Leeuwendaal Consulting from 2003 until 2006, and member of the supervisory board of Gamma Holding from 1992 until 2004. Mr Dekker currently is chairman of the Royal Institute of Engineers in the Netherlands. He also is a member of the advisory board of Agens, a member of the executive board of De Baak, a member of the executive committee of Stichting Continuïteit C/Tac, a member of the executive committee of Stichting Continuïteit KBW and he holds several positions in the healthcare sector and as a consultant. Mr Dekker has Dutch nationality.

H. Scheffers

Mr Scheffers was trained as a chartered accountant and is a certified accountant since December 1983. He was employed from 1974 until 1993 at Koninklijke Bunge, where he successively held the positions of internal auditor, European controller and President Northern Europe. He was subsequently employed as an executive board member at LeasePlan Corporation from 1993 until 1999. Mr Scheffers joined SHV Holdings in 1999, where he was a member of the executive board as chief financial officer until he retired in May 2007. Mr Scheffers was first appointed to the Supervisory Board in 2009. Mr Scheffers is also chairman of the supervisory board of Aalberts Industries, vice-chairman of the supervisory board of Flint Holding, a member of the supervisory board and chairman of the audit committee of Koninklijke FrieslandCampina, a member of the supervisory board and chairman of the audit committee of Wolters Kluwer, a member of the investment committee of NPM Capital and a member of the board of Made in Scotland. Mr Scheffers has Dutch nationality.

W. van Vonno

Dr Van Vonno graduated as a physical sciences engineer in 1965 and in 1968 obtained a doctorate degree in technical sciences, both at the Technical University of Delft, the Netherlands. From 1968 until 1973, Dr Van Vonno worked at Raadgevend Technisch Buro Van Heugten in Nijmegen. From 1973 until 1982 he worked for Bredero in Utrecht as operating company director and later as divisional director. Dr Van Vonno was chairman of the Management Board of Royal BAM Group from 1982 until 1 October 2005. Dr Van Vonno was appointed to the Supervisory Board in 2006 and has been re-appointed for a period of four years by the General Meeting on 21 April 2010. Dr Van Vonno was chairman of the advisory council of AKD Prinsen Van Wijmen from 2006 until 2008, a member of the advisory council of Kempen & Co from 2006 until 2008, a member of the supervisory board of AM from 2006 until 2009, and chairman of the supervisory board of CTP Property from 2007 until 2008. Dr Van Vonno currently is chairman of the supervisory board of DHV Groep, chairman of the supervisory board of Van Nieuwpoort Groep, chairman of the supervisory board of Publiek Belang Elektriciteitsproductie, a member of the supervisory board of Bank voor de Bouwnijverheid, a member of the supervisory board of Van Boldrik Groep, a member of the supervisory board of Convest, where he served as chairman from 2000 until 2008, a member of the supervisory board of Mammoet, a member of the supervisory board of Van Oord, a member of the supervisory board of Optimix Vermogensbeheer, a member of the supervisory board of Schiphol Area Development Company (SADC), consultant to CTP Products, arbitrator for the Stichting Raad van Arbitrage voor Metaalnijverheid en –Handel, a member of the board of directors of Stichting Nederlands Normalisatie-Instituut (NEN), a member of the board of directors of Stichting Continuïteit ING Groep, a member of the board of directors of Stichting Preferente Aandelen Mediq, a member of the board of directors of Stichting Bescherming TNT, a member of the investment committee of NPM Capital and chairman of the Nomination Committee Dockwise. Dr Van Vonno has Dutch nationality.

Supervisory Board Committees

The Supervisory Board has an Audit Committee, a Remuneration Committee and a Selection and Appointment Committee.

Audit Committee

The Audit Committee assists and advises the Supervisory Board on its audit duties and prepares its decisions in this regard. The duties of the Audit Committee include supervising and assessing the effect of internal risk management and control system and the financial information to be disclosed by Royal BAM Group. It also supervises the compliance with recommendations of external auditors, Royal BAM Group's policy on tax planning, information and communication technology, financial administrative organisation and Royal BAM Group's financing. In addition, it maintains regular contact with and supervises the external auditor and it nominates an external auditor for appointment by the General Meeting. It also prepares the approval by the Supervisory Board of annual accounts, dividend policy, the annual operation plan and substantial capital investments of Royal BAM Group. The Audit Committee is also responsible for assessing the propagation by the Management Board and management of the proper management culture through communicating the importance of internal risk management. The Audit Committee will at least once a year hold a meeting with the external auditor of Royal BAM Group without any of Royal BAM Group's Management Board members or offices being present.

The Audit Committee presently consists of Mr Dekker (chairman), Dr Van Vonno and Mr Scheffers.

Remuneration Committee

The Remuneration Committee assists and advises the Supervisory Board on its duties regarding the remuneration. The Remuneration Committee prepares proposals for the Supervisory Board concerning the remuneration policy for the members of the Management Board and the remuneration of the individual members of the Management Board within the framework of the remuneration policy as adopted by the General Meeting. It also prepares a proposal concerning the individual remuneration of the members of the Supervisory Board for adoption by the General Meeting and the remuneration report on the remuneration policies for the Management Board to be adopted by the Supervisory Board. The Remuneration Committee meets at least once a year and whenever one or more of its members have requested a meeting.

The Remuneration Committee presently consists of Mr Baar (chairman) and Mr Wiechers.

Selection and Appointment Committee

The Selection and Appointment Committee assists and advises the Supervisory Board on its duties regarding the selection and appointment of members of the Management Board and members of the Supervisory Board. It prepares the selection criteria and appointment procedures for the members of the Supervisory Board and the Management Board, evaluates the functioning of individual members and the scope and composition of the Supervisory Board and the Management Board. The duties of the Selection and Appointment Committee include proposing the (re-)appointments of the members of the Supervisory Board and Management Board and supervising the policy of the Management Board in relation to the selection and appointment criteria for senior management. It also prepares the decision making of the Supervisory Board with regard to accepting by a member of the Management Board of a supervisory directorship of another listed company and the decision making of the Supervisory Board regarding the conflicts of interest which may occur in acceptance by members of the Supervisory Board of positions elsewhere. The Selection and Appointment Committee meets at least once a year and whenever one or more of its members have requested a meeting.

The Selection and Appointment Committee presently consists of Mr Wiechers (chairman) and Mr Baar.

Administrative, management and supervisory bodies' conflicts of interest

There are no potential conflicts of interest between the private interest or other duties of the members of the Management Board or the Supervisory Board and their duties to Royal BAM Group.

Remuneration

Management Board remuneration information

The General Meeting adopts the policy regarding the remuneration of the Management Board upon a proposal of the Supervisory Board. Simultaneously with its submission to the General Meeting, the proposal for the remuneration policy shall be presented in writing to the Works Council. The remuneration of the individual members of the Management Board is determined by the Supervisory Board with due observance of the policy referred to above. If applicable, the Supervisory Board shall submit to the General Meeting for its approval a proposal regarding arrangements for remuneration in the form of Ordinary Shares, Cumulative Preference Shares B and Cumulative Preference Shares F ("**Company Shares**") or rights to subscribe for Company Shares. This proposal shall at least set out the maximum number of Company Shares or rights to subscribe for Company Shares to be granted and the applicable criteria for such grant or for any change thereto.

It is Royal BAM Group's policy not to award Company Shares, options on Company Shares or similar rights to acquire Company Shares to members of the Management Board or other employees. No amounts have been set aside or accrued by the Group to provide pension, retirement or similar benefits. The pension amounts as set out below under "2009 remuneration and benefits for the Management Board" are not set aside or accrued by the Group, but paid out directly on the basis of individual pension obligations.

The variable remuneration for members of the Management Board is awarded on the basis of two categories of criteria: financial objectives (maximum variable remuneration: 40% of annual salary) and individual non-financial objectives derived from the Company's strategic agenda (maximum variable remuneration: 20% of annual salary). The strategic agenda defines, among other things, objectives that stimulate long-term value creation for the shareholders, such as further growth in specific market segments, corporate social responsibility, product development, risk management, staff development and knowledge management. The maximum annual variable remuneration is 60% of the fixed part of the Management Board member's annual salary.

In order to achieve long-term aims, members of the Management Board are also entitled to a long-term bonus. Under the current long-term bonus plan, which lasts for three years and expires at the end of 2010 or earlier if the target is achieved before that date, each member of the Management Board will be eligible for an additional variable remuneration in that year of 50% of the Management Board member's annual salary if the margin of 4% before tax as mentioned in Royal BAM Group's strategic agenda is realised.

2009 remuneration and benefits for the Management Board

The table below provides the remuneration of each current member of the Management Board for the financial year ended 31 December 2009.

Name	**Fixed salary (gross)**	**Variable remuneration**	**Pension**	**Other**	**Total**
	(in EUR)	(in EUR)	(in EUR)	(in EUR)	(in EUR)
J.A.P. van Oosten	610,000	-	140,000	7,500	757,500
N.J. de Vries	535,000	107,000	92,000	7,500	741,500
J. Ruis	460,000	92,000	81,000	7,500	640,500
R.P. van Wingerden	420,000	84,000	31,000	7,500	542,500
M.J. Rogers (1)	252,000	50,000	48,000	0	350,000
Total					**3,032,000**

(1) As of 21 April 2009.

In addition to the remuneration set out in the above table, members of the Management Board are entitled to certain fringe benefits including arrangements related to health insurance and occupational disability, personal accident insurance, company car scheme and a director's and officer's liability insurance against damages resulting from their conduct when acting in the capacities as member of the Management Board (See "Indemnification and insurance").

Royal BAM Group does not provide loans or guarantees to members of the Management Board.

Supervisory Board remuneration information

The General Meeting determines the remuneration of the members of the Supervisory Board. The Supervisory Board will from time to time submit proposals to the General Meeting in respect of the remuneration of the chairman and the other members of the Supervisory Board. The remuneration of the Supervisory Board may not be made dependent on Royal BAM Group's results. None of the members of the Supervisory Board may receive Company Shares, options to Company Shares or similar rights to acquire Company Shares as part of their remuneration. No amounts have been set aside or accrued by the Group to provide pension, retirement or similar benefit.

2009 remuneration and benefits for the Supervisory Board

The table below provides the remuneration of each member of the Supervisory Board for the financial year ended 31 December 2009.

Name	Annual remuneration	Allowances for committee meetings attended	Other	Total
	(in EUR)	(in EUR)	(in EUR)	(in EUR)
W.K. Wiechers	50,000	5,000	3,280	58,280
A. Baar	45,000	5,000	1,640	51,640
R.J.N. Abrahamsen	45,000	0	1,640	46,640
J.A. Dekker	40,000	5,000	1,640	46,640
H. Scheffers (1)	30,000	0	1,640	31,640
W. van Vonno.	40,000	5,000	1,640	46,640
Total				**281,480**

(1) As of 21 April 2009.

Equity holdings

At the date of this Prospectus, none of the current and appointed members of the Management Board or the Supervisory Board holds any Company Shares or options on Company Shares or similar rights to acquire Company Shares.

Employment agreements and severance agreements

Mr Ruis will receive compensation of up to EUR 800,000, if the Company terminates his employment agreement before the end of his four year term.

In the event the Company terminates the employment contract of either Mr Van Wingerden or Mr Rogers before the end date of their respective terms, or in case Mr Van Wingerden or Mr Rogers will not be reappointed as a member of the Management Board, they will be paid compensation up to two times the fixed annual salary, with a minimum of EUR 600,000.

Except as stated above, no employment or service contracts exist, which provide benefits to current and appointed members of the Management Board and Supervisory Board upon termination of service.

Indemnification and insurance

Under Dutch law, members of the Management Board, Supervisory Board and certain other officers may be held liable for damages in the event of improper or negligent performance of their duties. They may be held jointly and severally liable for damages to Royal BAM Group and to third parties for infringement of the Articles of Association or of certain provisions of the Dutch Civil Code. In certain circumstances, they may also incur additional specific civil and criminal liabilities.

Article 24.4 of the Articles of Association provides that, unless Dutch law provides otherwise, the members of the Management Board and Supervisory Board as well as former members of the Management Board and Supervisory Board will be indemnified for (i) the reasonable costs of conducting a defence against claims based on acts or failures to act in the exercise of their duties or any other duties currently or previously performed by them at the Company's request, (ii) any damages or fines payable by them as a result of an act or failure to act as referred to under (ii), and (iii) the reasonable costs of appearing in other legal proceedings in which they are involved as member of the Management Board or Supervisory Board or as former member of the Management Board or Supervisory Board, with the exception of proceedings primarily aimed at pursuing a claim on their own behalf.

The members of the Management Board and Supervisory Board or former members of the Management Board and Supervisory Board shall not be entitled to be indemnified if and to the extent that (a) it has been established by the competent court in a final and conclusive decision that the act or failure to act of the person concerned may be characterised as wilful misconduct (*opzettelijk*), intentionally reckless (*bewust roekeloos*) or seriously culpable (*ernstig verwijtbaar*) conduct, unless Dutch law provides otherwise or this would, in view of the circumstances of the case, be unacceptable according to standards of reasonableness and fairness or (b) the costs or financial loss of the person concerned are covered by an insurance and the insurer has paid out the costs or financial loss or (c) the acts or failures to act as referred to under the first bullet point have taken place before 1 January 2005.

Members of the Management Board, Supervisory Board and certain other officers are insured under an insurance policy under standard market terms and conditions taken out by Royal BAM Group against damages resulting from their conduct when acting in the capacities as such members or officers.

Other information relating to the Management Board and Supervisory Board

During the last five years, none of the members of the Management Board or the Supervisory Board (i) has been convicted in relation to fraudulent offences, (ii) has served as a director or officer of any entity subject to bankruptcy proceedings, receivership or liquidation, (iii) has been subject to any official public incrimination and/or sanctions by statutory or regulatory authorities (including designated professional bodies), or disqualification by a court from acting as a member of the administrative, management or supervisory body of an issuer or from acting in the management or conduct of affairs of any issuer.

Employees

As at 31 December of the last three years, Royal BAM Group employed the numbers of employees, measured on the basis of full-time equivalent (fte) set out in the table below. The table also sets out the average number of fte employees employed by Royal BAM Group during the last three years.

Royal BAM Group does not have a significant number of temporary employees.

	2009	2008	2007
Number of fte as at 31 December	27,212	29,050	27,578
Average number of fte	28,464	28,544	28,007

Royal BAM Group believes that its size, together with the different market sectors and geographical areas in which it is active, makes it an attractive employer. Royal BAM Group believes that its portfolio of activities will prove to be a strong suit in recruiting and retaining the right people, as talented staff will have the opportunity to gain experience within a wide range of Group Companies.

Construction primarily depends on people and the Company believes that it is the quality of its workforce that determines the quality of the Group's projects. Royal BAM Group spends considerable amounts of time and resources on recruitment and training. In continuing these policies, recognising the importance of an effective workforce, Royal BAM Group is confident that it will maintain a highly skilled and motivated employee base.

Works Council

The Group has established a European Works Council and a central Works Council. The Works Council is a body consisting of employee representatives which have been elected by the employees. Dutch law requires that the Works Council be allowed to render advice on the appointment and dismissal of members of the Management Board. Throughout the Group, other works councils are in function.

Under Dutch law, the Works Council has a right to render its advice or, in certain areas, approval on resolutions concerning important matters of Royal BAM Group, such as intended acquisitions or divestments, seeking credit facilities or making capital investments. Failure by management to follow up the advice opens the possibility for the Works Council to appeal to the Enterprise Chamber of the Amsterdam Court of Appeal within one month of the Group's written notification of its decision. During this one month period the Group must suspend the implementation of his decision.

Trade Union Relations

Throughout the Group several collective labour agreements are in force. These agreements tend to be negotiated with trade unions. The duration of the agreements varies. For example, the collective labour agreement in the Netherlands for the construction industry (*CAO Bouwnijverheid*) expires on 31 December 2010. Royal BAM Group believes that its relations with its workforce and the trade unions are good.

Pension Schemes

The Group has both defined benefit and defined contribution schemes. The schemes are generally funded through payments to multi-employer funds, insurance companies or trustee-administered funds.

Corporate Governance

On 9 December 2003, the Dutch Corporate Governance Committee, also known as the Tabaksblat Committee, published the Dutch corporate governance code. In December 2008, the Netherlands Corporate Governance Code Monitoring Committee (*Frijns Committee*) proposed an amended and updated Dutch corporate governance Code applicable as of 2009 (the "**Code**"). The Code contains a number of principles and best practice provisions for listed companies in respect of their managing boards, supervisory boards, shareholders and general meetings of shareholders, financial reporting, auditors, disclosure, compliance and enforcement standards. The full text of the Code can be found at www.commissiecorporategovernance.nl.

Under Dutch law, the Code applies to all companies whose registered office is in the Netherlands and whose shares or depositary receipts for shares are officially listed on regulated market whether in the Netherlands or elsewhere.

Under Dutch law Royal BAM Group is required to disclose in its annual reports whether or not it applies those provisions of the Code that are addressed to the Management Board and the Supervisory Board, and, if it does not apply those provisions, to give the reasons for such non-application. Royal BAM Group has disclosed in its annual report relating to its financial year 2009 that the Management Board and the Supervisory Board subscribe to the applicable principles and best-practice principles except for best practice provisions II.2.8 (maximum severance payment) and II.2.13 (performance criteria, variable remuneration), which are not applied in full. See also the further details given below regarding Royal BAM Group's compliance with and implementation of the Code. At the date of this Prospectus, no substantial changes have been proposed to Royal BAM Group's corporate governance structure.

Deviation from best practice provision II.2.8 (maximum severance payment in the event of dismissal)

Pursuant to best practice provision II.2.8 the remuneration in the event of dismissal may not exceed one year's salary (the 'fixed' remuneration component). If the maximum of one year's salary would be manifestly unreasonable for a Management Board member who is dismissed during his first term of office, such Management Board member shall be eligible for severance pay not exceeding twice the annual salary. Best practice provision II.2.8 has been observed to the extent allowed under Dutch employment law. In respect of newly appointed members of the Management Board who immediately prior to their appointment have been employed by Royal BAM Group, when determining such person's remuneration, the Company reserves the right to take into account any rights such person may have acquired vis-à-vis Royal BAM Group pursuant to such person's preceding employment relationship with Royal BAM Group. The same applies in respect of Management Board members who were appointed before the Code came into effect.

Deviation from best practice provision II.2.13 (performance criteria, variable remuneration)

Pursuant to best practice provision II.2.12 the remuneration report of the Supervisory Board shall contain an account of the manner in which the remuneration policy has been implemented in the past financial year, as well as an overview of the remuneration policy planned by the Supervisory Board for the next financial year and subsequent years. Provision II.2.13 sets out the information to be provided in such overview. Royal BAM Group strives, in the information on variable remuneration to be stated in the remuneration report, for a proper balance between transparency on the one hand and not revealing information that may give an advantage to the competition on the other. Therefore, not all information requirements are met.

Royal BAM Group's corporate governance structure was discussed with the shareholders during the General Meeting on 21 April 2009. It is Royal BAM Group's intention to always submit any substantial changes in the main features of the corporate governance structure to its shareholders for discussion.

Management Board

General

The Supervisory Board and the Management Board share the premise of the Code that the Management Board, apart from looking after the day-to-day management of Royal BAM Group, is also responsible for formulating and achieving corporate objectives, for corporate strategy with its associated risk profile and for corporate social responsibility. The Management Board accounts for its activities to the Supervisory Board and to the General Meeting. In performing its duties, the Management Board is guided by the interests of Royal BAM Group and the related enterprise, weighing the justifiable interests of the various stakeholders against each other. The Code's best practice provisions evolving from this premise are supported. The members of the Management Board jointly manage Royal BAM Group and are jointly and severally liable for that management. Subject to the approval of the Supervisory Board, the members of the Management Board share out their activities. The chairman manages the Management Board. The chief financial officer (CFO) is specifically charged with financial duties.

Appointment and retirement

Pursuant to the Code, members of the Management Board are appointed for a maximum period of four years. They retire after the conclusion of the first annual General Meeting to be held in the fourth year after the year of their respective appointments. Members of the Management Board can be re-appointed for a further period of four years. The contractual agreements with members of the Management Board who were appointed before the Code came into effect will be honoured; their appointment is for an indefinite period. The contracts of employment of members of the Management Board are for an indefinite period of time. A four-year contract of employment is concluded with new members who join the Management Board from outside Royal BAM Group. The main elements of the employment contracts with members of the Management Board are published on Royal BAM Group's website, in accordance with the Code.

Remuneration policy

The Code's provisions relating to the amount of the remuneration payable to members of the Management Board and the composition of the remuneration package as well as the disclosure of these details are supported. The Supervisory Board draws up a proposal – prepared by the Remuneration Committee – regarding Royal BAM Group's remuneration policy. This remuneration policy is put forward for approval at the General Meeting. The Supervisory Board also compiles an annual remuneration report, which is also prepared by the Remuneration Committee. The remuneration report confirms the manner in which the remuneration policy has been followed in practice during the financial year. It also contains details of the total remuneration of the members of the Management Board, subdivided into its various elements, and a summary of the remuneration policy adopted by the shareholders for the coming financial year and the subsequent financial years.

As part of the report by the Supervisory Board, the remuneration report is included in the annual report and is also published on Royal BAM Group's website. The Supervisory Board determines the remuneration of the members of the Management Board within the framework of the remuneration policy, based on a recommendation by the Remuneration Committee. The premise when determining the variable portion of the remuneration for members of the Management Board is that it should be linked to predefined objectives that are assessable and that can be influenced, with a responsible balance between short-term and long-term focus. The Supervisory Board analyses the possible results of the variable remuneration components and the consequences for the directors' remuneration. The Supervisory Board determines the level and structure of this remuneration on the basis of scenario analyses, taking into account remuneration ratios within Royal BAM Group, and in doing so considers financial and non-financial indicators which are relevant to Royal BAM Group's objectives. When these indicators are set, the Supervisory Board feels that priority must be given to further improvement of the profit margin, with profit growth in the long-term as well as the short term being a particular performance criterion. Royal BAM Group strives, in the information on variable remuneration to be stated in the remuneration report, for a proper balance between transparency on the one hand and not revealing information that may give an advantage to the competition on the other. In specific cases where the variable remuneration is awarded on the basis of inaccurate (financial) data, the Supervisory Board can adjust the variable remuneration accordingly and Royal BAM Group is entitled to reclaim (any part of) the variable remuneration paid to a director on the basis of incorrect (financial) information. The Supervisory Board also has the power to amend the existing conditional awards of the variable remuneration by quantified performance criteria if, in its opinion, applying the award without amendment would have an unreasonable or unintended outcome. The Supervisory Board would only use these powers as a last resort. These matters have all been incorporated into the employment agreements with members of the Management Board since the introduction of the Code.

Payment upon dismissal

The payment for members of the Management Board if they are dismissed during or after the expiry of the first term of appointment is a maximum of one year's salary or, if this is clearly unreasonable, a maximum of twice the annual salary. If the new member of the Management Board comes from within Royal BAM Group, Royal BAM Group reserves the right to take rights accumulated within Royal BAM Group into account when determining the level of severance pay. What is stated above in relation to current agreements also applies with regard to members of the Management Board who were appointed before the Code came into effect. Royal BAM Group believes that existing rights should be respected. In respect of Mr Ruis, Mr Van Wingerden and Mr Rogers, see "Employment agreements and severance agreements".

Conflicts of interest

Royal BAM Group does not have any share or options plans, and there is no intention to introduce such plans. If Royal BAM Group should ever decide to introduce them, the Code's recommendations will be followed. Principle and best-practice provisions relating to conflicts of interest are supported. Any form or appearance of conflicting interests between Royal BAM Group and members of the Management Board must be avoided. Decisions to enter into transactions that involve conflicts of interest between the members of the Management Board and that are of material importance to Royal BAM Group and/or the Management Board member in question must be approved by the Supervisory Board. The Management Board Rules (see also under "Management Board —Powers, composition and function") set out in detail what action should be taken in the event of possible conflicts of interest. The Management Board Rules govern such matters as what situations might constitute conflicts of interest, the manner in which members of the Management Board are to report conflicts of interest, the impartiality of the Management Board member concerned in relevant decisions and the approval procedure of the Supervisory Board.

Supervisory Board

General

As set out in "Supervisory Board—Powers, composition and function", the duty of the Supervisory Board is to exercise supervision of the Management Board's policies and the general course of affairs of Royal BAM Group and its business enterprise. The role of the Supervisory Board is also to advise the Management Board. The Supervisory Board, too, is guided by the interests of Royal BAM Group and its business enterprise, weighing the justifiable interests of the various stakeholders against each other. In such cases, the Supervisory Board also considers corporate social responsibility. The principles and best-practice provisions of the Code relating to the Supervisory Board are supported.

Supervisory Board meetings

At its periodic meetings with the Management Board, the Supervisory Board discusses a number of subjects, including the general state of affairs (e.g. order book, major tenders, special projects, problem areas, major claims and legal proceedings) and financial reporting based on the operational plan for the year in question (quarterly reports, balance sheet, profit and loss account, cash and cash equivalents, capital investment and warranties). The agenda for Supervisory Board meetings also includes subjects such as major investments (both as regards acquisitions and disposals and as regards fixed assets), human resources, corporate social responsibility, the relationship with shareholders, the dividend proposal, quarterly and half yearly reports, the auditor's report, the external auditor's management letter and follow-ups to that management letter, setting the operational plan with the operational and financial goals for the following financial year (set once a year), and approval of the strategic plan and the related parameter conditions (every third year). At least once a year, the Supervisory Board discusses the strategy and the principal risks connected to the business, the Management Board's assessment of the organisation and operation of the internal risk management and control systems, as well as any significant changes to those systems.

Supervisory Board profile

The Supervisory Board has created a profile, which was discussed with the shareholders at the General Meeting on 21 April 2009. This profile is available for shareholders to examine at Royal BAM Group's office and it is also published on Royal BAM Group's website. The composition of the Supervisory Board must be balanced and in line with this profile. The members of the Supervisory Board must have the experience needed to perform well in a large multinational construction company. Each member must be capable of assessing the main aspects of the overall policy and of behaving in a critical and independent manner with regard to the other members of the Supervisory Board and the members of the Management Board. The members of the Supervisory Board must carry out the tasks of the Supervisory Board as specified by law and by the Articles of Association and they must be able to give the Management Board solicited and unsolicited advice. Other specific criteria applied by the Board to its composition are a general, broad-based understanding of business, knowledge of the construction industry, experience in the management of large, preferably international companies and expertise relating to issues with a social dimension and concerning society at large. The members of the Supervisory Board are appointed by the General Meeting on the basis of the Supervisory Board's nomination, that nomination being made on the basis of the profile. The current composition of the Board does not yet fully reflect the desired diversity. The Supervisory Board appoints one of its members to be chairman, and another to be vice-chairman to act in the chairman's place as the occasion demands. The Supervisory Board has among its members a financial expert with experience in both the finance and accounting disciplines at a large legal entity. Royal BAM Group provides an introduction programme for members appointed to the Supervisory Board for the first time as referred to in provision III.3.3. This provision is also met by arranging working visits to Royal BAM Group's operating companies and presentations by operating company managers for the Supervisory Board.

Dismissal, remuneration and independence

The General Meeting may dismiss the entire Supervisory Board once the Works Council has had the opportunity to give its opinion. The General Meeting determines the Supervisory Board members' remuneration. In relation to the independence of Supervisory Directors, as detailed in best practice provision III.2.1, it should be pointed out that all of the current members of the Supervisory Board qualify as being independent within the meaning of the Code, apart from one member of the Board, which is also in line with the Code.

Supervisory Board Committees

The Supervisory Board has three permanent committees, namely an Audit Committee, a Remuneration Committee and a Selection and Appointment Committee. The rules of these committees can be found on Royal BAM Group's website. It is the task of the committees to support and advise the Supervisory Board concerning the activities that are the committees' responsibility and to prepare the Supervisory Board's decisions regarding those activities. The Supervisory Board as a whole remains responsible for the way in which it performs its tasks and for the preparatory work carried out by the committees. The committees submit reports of all their meetings to the Supervisory Board. The functions and composition of the Supervisory Board committees are set out in greater detail under "Supervisory Board Committees" above.

Shareholders

General

Royal BAM Group supports the principles and best practice provisions in Chapter IV of the Code with regard to the shareholders and the General Meeting. As a large company with a two-tier board, best-practice provision IV.1.1 (restriction of the right to make binding recommendations for appointments to the Management Board or Supervisory Board) does not affect Royal BAM Group.

Depositary receipts for shares

Principle IV.2 and the ensuing best-practice provisions concern the issue of depositary receipts for shares. No depositary receipts for shares in Royal BAM Group have been issued with Royal BAM Group's co-operation.

General Meetings and voting

Royal BAM Group does not have any provisions limiting voting rights. Each Company Share is entitled to one vote. Royal BAM Group's share capital consists of Ordinary Shares, Cumulative Preference Shares F and Cumulative Preference Shares B (not issued at present). The Ordinary Shares and Cumulative Preference Shares F are listed on Euronext Amsterdam. Ordinary share options are also traded on the Amsterdam option exchange of Euronext.liffe. The Articles of Association allow for a registration period to be set, thus reducing the period of time in which shareholders do not have their shares at their disposal. The Management Board applies this option. The record date cannot be determined earlier than 30 days prior to the meeting but no later than the third day prior to the meeting. Notices convening shareholders' meetings, agendas and documentation to be discussed are generally published at least 14 days prior to the date of the meeting, not including the date of the notice and the date of the meeting. The notice shall, where applicable, contain those times, the place of meeting and the proceedings for registration. The notice will be placed on Royal BAM Group's website. The website also holds an anonymous list, broken down by agenda item, of the votes cast by proxy received by Royal BAM Group prior to the meeting.

Remote voting and proxy voting

Remote voting and voting by proxy also play a role in increasing shareholder participation. The Act to promote the use of electronic communication media (*Wet ter bevordering van het gebruik van elektronische communicatiemiddelen*) enables shareholders to participate in meetings of shareholders and to cast their votes at such meetings without being physically present. Royal BAM Group has incorporated the facilities offered by law for using electronic communication media into the Articles of Association. Royal BAM Group considers that the manner in which shareholders take part in their meetings and cast votes at such meetings will require a meticulous procedure. The use of electronic means of communication therefore depends greatly on the degree of certainty that these means of communication will work properly. In addition, voting by proxy continues to provide shareholders with a good mechanism for allowing their voice to be heard in meetings that they are unable to attend, so that Royal BAM Group can note their views. When shareholders' meetings are convened, Royal BAM Group invites shareholders to use their option to vote by proxy, and ensures that voting instruction forms can be obtained and that these forms are also available electronically. Shareholders are also advised of their option to give a proxy electronically. Royal BAM Group offers its shareholders the opportunity to issue a power of attorney, with voting instructions, to an independent third party before the meeting takes place. Royal BAM Group also offers shareholders the possibility of voting in advance of the meeting. As a rule, voting takes place electronically at the meeting itself. Royal BAM Group invites shareholders to submit any questions to Royal BAM Group prior to the meeting, which will then be answered by Royal BAM Group at the meeting.

Approval of Management Board Resolutions and amendment of the Articles of Association

Prior approval from the General Meeting is required for decisions concerning any important changes in the identity or nature of Royal BAM Group or the business, including the transfer of the enterprise or almost the entire enterprise to a third party, the entry into long-term partnerships that have a significant effect on Royal BAM Group and acquiring or disposing of a participating interest worth at least a third of the amount of the assets recognised in the consolidated balance sheet. In the event that a serious private bid has been announced for part of the business or a participating interest, and that bid is worth at least a third of the amount of the assets recognised in the consolidated balance sheet, the Management Board will publicly announce its position in respect of the bid, together with its reasons, as soon as possible. Resolutions to amend the Articles of Association may be adopted by the General Meeting by an absolute majority of votes cast, in response to a proposal by the Management Board with the approval of the Supervisory Board. Material amendments to the Articles of Association will each be submitted separately to the General Meeting.

Agenda

The agenda for shareholders' meetings will state which of the agenda items are for discussion and which items will be put to a vote. Reports of shareholders' meetings are provided to shareholders, as stipulated in the Code. Within 15 calendar days after each shareholders meeting, the results of the votes, broken down by agenda item, are published on Royal BAM Group's website. Shareholders are entitled to put items on the agenda of shareholders' meetings. Shareholders who on their own or jointly represent at least (i) 1% of the issued capital or (ii) shares worth EUR 50 million can place items on the agenda of the General Meeting subject to the condition that Royal BAM Group receives a request to that effect at least 60 days before the date of the meeting. The Supervisory Board and the Management Board may only refuse to put an item on the agenda if doing so would be counter to a weighty company interest. In addition, shareholders who represent at least 10% of Royal BAM Group's issued capital are entitled to call a shareholders' meeting.

Authorisation of the Management Board to issue shares or share options, limit pre-emptive rights and repurchase shares

The General Meeting is asked each year (except in 2010, in which authorisation was requested and given for the Offering) to authorise the Management Board – subject to the approval of the Supervisory Board – to issue Company Shares or options on Company Shares. This authorisation is limited in time to a period of 18 months. It is also limited in scope in respect of Ordinary Shares and Cumulative Preference Shares F to 10% of the issued capital, plus an additional 10%, which additional 10% may be used exclusively for mergers and acquisitions by Royal BAM Group or a Group Company. The General Meeting is also asked – subject to the approval of the Supervisory Board – to exclude or limit pre-emptive rights to issued shares and to exclude or limit the issuing of ordinary share options. The General Meeting is also asked each year to authorise the Management Board for a period of 18 months to repurchase shares in Royal BAM Group, within the limitations imposed by the law and the Articles of Association. Every request for the granting of such an authorisation is put separately to the shareholders. A proposal for approval or authorisation by the General Meeting will be accompanied by a written explanation including all relevant information.

Provision of information to shareholders and the public

As regards the provision of information as stated in Principle IV.3 of the Code, the Supervisory Board and the Management Board endorse the importance of providing transparent and equal information. Royal BAM Group endeavours to do so, subject to exceptions under the law. All press and analysts' meetings in connection with the publication of financial statements and half-yearly figures are accessible to everyone via the internet. Anyone can call in to any conference call with press and analysts in connection with the publication of first-quarter and third-quarter figures. General Meetings are open to the press and are webcast. All dates and locations of road shows, seminars and the like are published on Royal BAM Group's website. Financial presentations made to third parties are published on Royal BAM Group's website where there is a material difference between these and previously published presentations. Six weeks prior to each annual report and three weeks prior to each quarterly and half-yearly report, Royal BAM Group will be extremely reticent about conducting any conversations with investors, analysts or members of the press about the overall course of business at Royal BAM Group. Royal BAM Group has a general policy on bilateral contacts with shareholders, investors, analysts and the press. This policy has been published on Royal BAM Group's website.

Protective measures

The Management Board can invoke a response period as specified in provision II.1.9 of the Code. The Supervisory Board will be involved closely and in good time in the process concerning any offer for Company Shares, and the Management Board and the Supervisory Board will immediately discuss any request from a competing third-party bidder to examine company information. As regards the protective provisions against undesirable developments that might affect the independence, continuity and/or identity of the Group, Royal BAM Group can issue Cumulative Preference Shares B. A call option was given to the Foundation in 1993 for Cumulative Preference Shares B. Royal BAM Group gave this Foundation the right of investigation (*recht van enquête*) in 2008.

Financial reporting and the role of the auditor

The principles and best-practice provisions relating to financial reporting are supported. The Management Board is responsible for the quality and completeness of the financial reports that are published. The Supervisory Board ensures that the Management Board carries out this responsibility. The principles and best-practice provisions regarding the role, appointment, remuneration and assessment of the performance of the external auditor are also supported. A particular point of note is that the external auditor will be present at the annual General Meeting to answer questions from shareholders about his report regarding the truth and fairness of the financial statements.

Royal BAM Group does not have an internal audit department. The Audit Committee assesses any possible need for an internal auditor every year. Based on this assessment and on a proposal by the Audit Committee, the Supervisory Board makes a recommendation to the Management Board and includes this recommendation in the report by the Supervisory Board. The external auditor attends the meetings of the Supervisory Board at which the financial statements and the half-yearly figures are discussed. The external auditor reports the same information from the findings of his audit of the annual accounts to the Management Board and the Supervisory Board. The external auditor is also present when the Audit Committee discusses the financial statements, the half-yearly figures and the quarterly figures. The external auditor may also attend other meetings of the Audit Committee, subject to asking the chairman of the Audit Committee for permission to attend in advance. The external auditor receives the financial information on which the quarterly and half-yearly figures are based and is given the opportunity to react to that information. The partner in the external audit company who performs the required audits is allowed to audit the Group's financial statements for a maximum of seven consecutive years.

MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

Major shareholders

The table below sets forth certain information as at the date of this Prospectus concerning the ownership of Company Shares of each holder with a 5% or larger interest in the capital or 5% or more of the voting rights. The information is based on public filings in the register of substantial shareholdings kept by the AFM.

Name	Type of shares	Type of Interest	Number of Company Shares	% of share capital	Number of votes	% of voting rights
ING Groep N.V.	Ordinary Shares	indirect	13,939,111	10.25	13,939,111	10.25
A. van Herk	Ordinary Shares	indirect	12,735,441	9.36	12,735,441	9.36
Aviva plc	Ordinary Shares	indirect	2,900,000	6.01	2,900,000	6.01
	Ordinary Shares	direct	24,000		24,000	0.02
	Cumulative Preference Shares F	indirect	5,275,000		5,275,000	
Stichting Aandelenbeheer BAM Groep	Call option for Cumulative Preference Shares B	direct	135,876,257	99.90	135,876,257	99.90

Royal BAM Group is not directly or indirectly owned or controlled by anyone. Royal BAM Group is not aware of any arrangement that may, at a subsequent date, result in a change of control.

Related party transactions

Royal BAM Group's related parties include subsidiaries, joint ventures, associates, the Management Board and the Supervisory Board. Business relations with such persons and partners are conducted on an arm's length basis.

Joint ventures

A majority of Royal BAM Group's activities is carried out in joint ventures. Important transactions in this context include the assignment and/or financing of land as well as carrying out projects with third parties.

Royal BAM Group currently participates in approximately 770 joint ventures. Joint ventures tend to remain in existence until a project is finished only. In practice, the duration of many joint ventures is limited to a period of between approximately one and four years. PPP joint ventures remain in existence for much longer. Royal BAM Group does not regard any single joint venture interest to be of material significance.

Royal BAM Group's share in the revenue generated by joint ventures amounted to approximately EUR 1,100 million in 2009 which represented approximately 13.2% of Royal BAM Group's revenue.

Associates

Royal BAM Group carried out transactions with associates related to the sale of goods and services for EUR 33.8 million and related to the purchase of goods and services for EUR 18.7 million.

The 2009 year-end balance of receivables and liabilities arising from transactions with associates amounted to a liability of EUR 1.8 million. Royal BAM Group did not recognise loans to associates.

Guarantees

In the ordinary course of business, guarantees are issued to (prospective) clients. Guarantees are issued either by Royal BAM Group itself (corporate guarantees), or by banks or surety companies (surety bonds) pursuant to uncommitted guarantee facilities. At 31 December 2009, Royal BAM Group had issued corporate guarantees in the amount of EUR 676.0 million. Surety bonds were issued in the amount of EUR 204.0 million.

Total liabilities towards third parties of companies for which Royal BAM Group bears joint and several liability (such as general partnerships) amounted to EUR 3,831.0 million at 31 December 2009. Royal BAM Group's share in these liabilities amounted to EUR 1,945.0 million.

Management Board and Supervisory Board

The remuneration paid to members of the Management Board and Supervisory Board and the pension agreements for the members of the Management Board are set out in detail in "Management, employees and corporate governance". No other business transactions with members of the Management Board and Supervisory Board exist.

Other related parties

Royal BAM Group has not entered into any material transaction with other related parties.

DESCRIPTION OF SHARE CAPITAL

General

Koninklijke BAM Groep N.V. is a public company with limited liability (*naamloze vennootschap*). In its dealings abroad, the Company may also use the name Royal BAM Group N.V. Other trade names of the Company are: Koninklijke BAM Groep, Royal BAM Group, BAM Group and BAM Groep. The Company was incorporated under the laws of the Netherlands on 31 December 1927. The statutory seat of the Company is in Bunnik, the Netherlands and its registered office is at 3981 AZ Bunnik, Runnenburg 9 (telephone number +31 (0)30 659 8988), the Netherlands.

Royal BAM Group is registered in the Commercial Register of the Chamber of Commerce for the Central Netherlands (*handelsregister van de Kamer van Koophandel en Fabrieken voor Midden-Nederland*) (the "**Trade Register**") in Utrecht, the Netherlands, under number 30058019.

The Articles of Association were last amended by notarial deed on 16 May 2007 in front of P. Klemann, at that time civil law notary in Amsterdam, the Netherlands. The certificate of no objection of the Minister of Justice to that amendment was issued on 11 May 2007, number N.V. 37.266.

On 21 April 2010, the General Meeting resolved to amend the Articles of Association to introduce a so-called "mitigated large company regime" (*gemitigeerd structuurregime*). The ministerial declaration of no-objection in respect of this proposed amendment was granted on 19 April 2010. In accordance with regular procedures for all companies carrying the royal epithet in their name, the proposed amendment is still subject to discretionary approval from Her Majesty Queen Beatrix. If it were to graciously please Her Majesty to grant the approval, the deed of amendment of the Articles of Association will be executed, as a result of which Royal BAM Group will be subject to the so-called mitigated large company regime.

Under the present Articles of Association Royal BAM Group is subject to the structure regime, which is set out in the Dutch Civil Code and incorporated in the Articles of Association, among other things, the members of the Management Board are appointed, suspended and dismissed by the Supervisory Board and certain important resolutions of the Management Board are subject to the approval of the Supervisory Board.

The following description of the share capital of Royal BAM Group and its corporate structure is based on, and qualified in its entirety, by reference to the full text of the Articles of Association and the Conversion Terms and Conditions.

Corporate purpose

Pursuant to Section 2 of the Articles of Association, the corporate objects of Royal BAM Group includes, among others, the organisation, directly or through investment holdings, of developed and undeveloped areas through realisation, maintenance, redevelopment, design, development, financing, providing services and management in the building industry, dredging industry, mechanical and electrical contracting, metal industry, project development, public-private cooperation and consultancy and engineering.

Share capital

Authorised and issued share capital of Royal BAM Group

At the date of this Prospectus and at 31 March 2010, the authorised share capital of Royal BAM Group amounts to EUR 50,000,000 and is divided into:

200,000,000 Ordinary Shares, each share with a nominal value of EUR 0.10;

250,000,000 Cumulative Preference Shares B, each share with a nominal value of EUR 0.10; and

50,000,000 Cumulative Preference Shares F, each share with a nominal value of EUR 0.10, subdivided into eight series, designated as FP1 up to and including FP8, of 6,250,000 Cumulative Preference Shares F each, which series may be divided into sub-series, which sub-series shall be numbered consecutively, starting from 1.

Pursuant to Section 36 of the Articles of Association, from the day on which the Management Board reported to the Trade Register that a total of at least 200,000,000 Company Shares with a nominal value of EUR 0.10 each have been issued, the authorised share capital of Royal BAM Group amounts to EUR 100,000,000 divided into 400,000,000 Ordinary Shares, each share with a nominal value of EUR 0.10, 500,000,000 Cumulative Preference Shares B, each share with a nominal value of EUR 0.10 and 100,000,000 Cumulative Preference Shares F, each share with a nominal value of EUR 0.10, each subdivided into eight series, designated as FP1 up to and including FP8, of 11,250,000 Cumulative Preference Shares F, which series may be subdivided into sub-series, which sub-series shall be numbered consecutively, starting from 1.

At the date of this Prospectus and at 31 March 2010, 135,196,679 Ordinary Shares, 346,276 convertible Cumulative Preference Shares F and 473,275 non-convertible Cumulative Preference Shares F were outstanding.

History of share capital

The following table sets forth the issued share capital of Royal BAM Group as at 31 December 2009, 2008 and 2007.

Shares that are outstanding at the date of this Prospectus are fully paid up. No Cumulative Preference Shares B have been issued at this time.

	Year ended 31 December 2009		**Year ended 31 December 2008**		**Year ended 31 December 2007**	
	Number of shares outstanding	Amounts of shares outstanding	Number of shares outstanding	Amounts of shares outstanding	Number of shares outstanding	Amounts of shares outstanding
		(in EUR)		(in EUR)		(in EUR)
Ordinary Shares	135,196,679	13,519,667.90	135,192,833	13,519,283.30	129,906,275	12,990,627.50
Non-convertible Cumulative Preference Shares F (series FP4, sub-series 2)	473,275	47,327.50	473,275	47,327.50	473,275	47,327.50
Convertible Cumulative Preference Shares F (series FP4, sub-series 1)	346,276	34,627.60	350,122	35,012.20	5,636,534	563,653.40
Total	**136,016,230**	**13,601,623**	**136,016,230**	**13,601,623**	**136,016,084**	**13,601,608.40**

In 2010, until the date of this Prospectus, there were no changes in the issued share capital compared to the situation at 31 December 2009.

In 2009, the number of outstanding Ordinary Shares increased by 3,846 in connection with the conversion of 3,846 convertible Cumulative Preference Shares F. As a result of the conversions, in 2009, the number of outstanding convertible Cumulative Preference Shares F decreased by 3,846. In 2009, 8,562 non-convertible Cumulative Preference Shares F were repurchased by Royal BAM Group over the stock exchange to bring the number in treasury at 31 December 2009 to 398,517.

In 2008, the number of Ordinary Shares increased in total by 5,286,558. The number increased by 5,286,412 in connection with the conversion of 5,286,412 convertible Cumulative Preference Shares F and by 146 as a result of an amount of dividend on Cumulative Preference Shares F being distributed in the form of Ordinary Shares. As a result of the conversions, in 2008, the number of outstanding convertible Cumulative Preference Shares F decreased by 5,286,412. In 2008, the number of non-convertible Cumulative Preference Shares F in treasury remained unchanged at 389,955.

In 2007, the number of Ordinary Shares increased in total by 6,147,861. The number increased by 6,144,047 in connection with the conversion of 6,144,047 convertible Cumulative Preference Shares F and by 3,814 as a result of an amount of dividend on Cumulative Preference Shares F being distributed in the form of Ordinary Shares. As a result of the conversions, in 2007, the number of outstanding convertible Cumulative Preference Shares F decreased by 6,144,047. In 2007, the number of non-convertible Cumulative Preference Shares F in treasury remained unchanged at 389,955.

Immediately prior to the Offering, all outstanding Ordinary Shares and Cumulative Preference Shares F were listed on Euronext Amsterdam. Share options are traded on the Amsterdam option exchange of Euronext. liffe.

Currently, 398,517 non-convertible Cumulative Preference Shares F are held by Royal BAM Group. The book value is EUR 4.20 per share.

Cumulative Preference Shares F may be converted into Ordinary Shares at the request of the holder of such shares, in accordance with such terms and conditions as the corporate body authorised to issue Company Shares has determined, subject to the approval of the Supervisory Board, at the time of issue of the relevant (sub-) series of Cumulative Preference Shares F, unless, at that moment, it has been determined that they cannot be converted. The non-distributable reserve which is allocated to the funding shares, series FP4, sub-series 1, may only be used at the occasion of a conversion of convertible funding preference shares, series FP4, sub-series 1.

If the number of outstanding Cumulative Preference Shares F held by third parties is less than 5% of the number of outstanding Company Shares held by third parties, the Management Board may, subject to the approval of the Supervisory Board, convert these Cumulative Preference Shares F into Ordinary Shares. The Management

Board must, among other requirements, announce the conversion by placing advertisements in at least one daily newspaper with nation-wide distribution and in the Official Daily List of Euronext Amsterdam *(Officiële Prijscourant)* ("**Official Daily List**"). The Management Board may, subject to the approval of the Supervisory Board, decide that the notification and/or written notice as referred to in the previous sentence (i) in respect of a person entitled to attend General Meetings pursuant to registered shares, who agrees thereto, is replaced by a legible and reproducible message sent by electronic mail and or (ii) in respect of persons entitled to attend General Meetings pursuant to bearer shares, is replaced by an announcement on Royal BAM Group's website. The conversion shall take effect on the date that the advertisements are published respectively announcements are posted on Royal BAM Group's website.

The Conversion Terms and Conditions for the Cumulative Preference Shares F, series FP4, sub-series 1 (the "**Conversion Terms and Conditions**"), which must be read taking into account the share splits described below, provide the terms and conditions pursuant to which the Cumulative Preference Shares F, series FP4, sub-series 1 may be converted into Ordinary Shares. The Conversion Terms and Conditions among other things provide that conversion may take place at any time at the election of the holder. Pursuant to the Conversion Terms and Conditions, the number of Ordinary Shares to which a shareholder is entitled shall be equal to the multiplication of (i) the number of Cumulative Preference Shares F offered for conversion and (ii) the quotient of (a) the yield basis for each Cumulative preference share F offered for conversion as determined in accordance with the Articles of Association plus an amount equal to any unpaid dividend in respect of any closed financial year for which the annual accounts of Royal BAM Group have been adopted and approved and (b) the conversion price. The conversion price was originally EUR 21.00 per Ordinary Share. The conversion price is adjusted from time to time in accordance with the Terms and Conditions and now is EUR 4.20 per Ordinary Share. Upon closing of the Offering, the conversion price will be adjusted to EUR 3.30 per Ordinary Share. In addition, the Conversion Terms and Conditions contain detailed provisions for the adjustment of the conversion price, payment on conversion if they would otherwise not be fully paid up and formal aspects relating to conversion.

As a result of the amendment of the Articles of Association by notarial deed on 11 May 2006 before P. Klemann, at that time civil law notary in Amsterdam, the Netherlands, each Cumulative preference share F with a nominal value of EUR 0.50 was split into 5 Cumulative Preference Shares F, each with a nominal value of EUR 0.10. As a result of the same amendment, each Ordinary Share with a nominal value of EUR 0.50 was split into 5 Ordinary Shares with a nominal value of EUR 0.10 each.

Royal BAM Group has taken the following measures to protect itself against any undesired developments that might have an impact on the independence, continuity and/or identity of Group. Pursuant to a resolution passed by the General Meeting held on 12 June 1972, the Articles of Association include the possibility of issuing Cumulative Preference Shares B. In connection herewith, the Foundation was founded in 1978. The object of the Foundation is to look after the interests of Royal BAM Group and its Group Companies. Specifically, the Foundation seeks to ensure that the interests of Royal BAM Group and of its Group Companies and all their stakeholders are safeguarded as well as possible and that influences that could undermine the independence and/or continuity and/or identity of Royal BAM Group and its Group Companies or could conflict with their interests are averted to the best of the Foundation's ability. The Foundation attempts to achieve its object partly by acquiring, through the option referred to below or otherwise, and holding Cumulative Preference Shares B in Royal BAM Group's capital, by exercising the rights connected with those shares and/or by using the enquiry rights available to it. The Foundation has been granted the right to institute an inquiry within the meaning of Section 345, Book 2, Dutch Civil Code.

Royal BAM Group has granted the Foundation a call option to acquire Cumulative Preference Shares B in Royal BAM Group's capital. This option regards any number of Cumulative Preference Shares B that the Foundation may require, subject to a maximum nominal amount that would result in the total nominal amount of the Cumulative Preference Shares B in issue and not held by Royal BAM Group equalling 99.9% of the total nominal amount of the issued share capital in the form of shares other than Cumulative Preference Shares B and not held by Royal BAM Group at the time of exercising the option right referred to above. The management board of the Foundation has the exclusive right to determine whether or not to exercise this right to acquire Cumulative Preference Shares B.

The Supervisory Board and the Management Board reserve the right, in the interests of Royal BAM Group and its associated companies, to resolve to take measures other than the issue of Cumulative Preference Shares B in order to protect Royal BAM Group against influences that might be regarded by the Supervisory Board and the Management Board as being potentially damaging to the independence and/or continuity and/or identity of the Group after balancing the interests of Royal BAM Group and all of the stakeholders in the Group.

Issue of shares

Shares can be issued pursuant to a resolution of the General Meeting or pursuant to a resolution of the Management Board, subject to the approval of the Supervisory Board, in the event that the Management Board has been appointed for this purpose by the Articles of Association or the General Meeting. The resolution of the General Meeting cannot be revoked. This resolution may each time be extended for a maximum period of five years. A resolution of the General Meeting to issue Company Shares, or to designate the Management Board as the corporate body competent to issue Company Shares, also requires the approval of the holders of shares of the same class, if the rights of these shareholders are prejudiced. This also applies to the granting of rights to subscribe for Company Shares, such as options, but is not required for an issue of shares pursuant to the exercise of a previously granted right to subscribe for shares.

Pursuant to a resolution of the General Meeting on 21 April 2009, the Management Board, subject to the approval of the Supervisory Board, is authorised until 21 October 2010 to issue a maximum of 10% and an additional 10% of the issued share capital of Ordinary Shares and Cumulative Preference Shares F; the additional 10% only to be used for mergers and acquisitions by Royal BAM Group or a Group Company. Pursuant to a resolution of the General Meeting on 21 April 2010, the Management Board, subject to the approval of the Supervisory Board, is authorised until 21 October 2011 to issue and grant rights to acquire Ordinary Shares in connection with an intended rights issue on the basis of which this Offering is made.

Each Ordinary Share and Cumulative preference share F must be paid up in full upon issuance. At least 25% of the nominal value of each Cumulative preference share B must be paid upon issuance, the amount to be paid up to be determined by the Management Board is subject to the approval of the Supervisory Board. Cumulative Preference Shares F that have been issued simultaneously and that entitle the holder to similar dividends, liquidation proceeds and rights to convert their shares into Ordinary Shares, must be regarded as a separate class of shares. Each series of Cumulative Preference Shares F constitutes a separate class of shares.

If the Management Board is authorised to resolve to issue Company Shares, a resolution by it to issue Cumulative Preference Shares B is subject to prior approval from the General Meeting if, after issue, the amount of the issued capital in the form of Cumulative Preference Shares B would exceed the issued capital in the form of Ordinary Shares and Cumulative Preference Shares F. If the approval referred to in the previous sentence is not required, the Management Board must within four weeks upon issue of Cumulative Preference Shares B call a General Meeting to explain the reasons for issuing the Cumulative Preference Shares B.

The names and addresses of shareholders in relation to registered shares are entered in the shareholders' register maintained by the Management Board and kept at Royal BAM Group's offices. This register also indicates the number of shares held by each shareholder and the amount paid up on each share. The register also includes the names and addresses of persons who hold certain ownership rights (for example, usufruct) or a right of pledge in respect of shares, to the extent shares are not entered into the collective deposit (*verzameldepot*) and giro deposit (*girodepot*) on the basis of the Securities Giro Act (*Wet giraal effectenverkeer*).

Statutory pre-emptive rights

Holders of Ordinary Shares have a statutory pre-emptive right upon issuance of new Ordinary Shares in proportion to their existing holdings of Ordinary Shares. According to the Articles of Association, this statutory pre-emptive right does not apply in respect of (i) any issuance of shares to employees of Royal BAM Group or of a Group Company and (ii) shares which are issued against payment in kind.

Statutory pre-emptive rights may be restricted or excluded by a resolution of the General Meeting. Holders of Cumulative Preference Shares B and Cumulative Preference Shares F do not have statutory pre-emptive rights upon issuance of newly issued shares. Holders of Ordinary Shares have no statutory pre-emptive rights to purchase Royal BAM Group's Cumulative Preference Shares B and Cumulative Preference Shares F. Pursuant to the Articles of Association the aforementioned also applies to the granting of rights to subscribe for Ordinary Shares (but do not apply to the issue of shares upon the exercise of rights to subscribe for shares).

The General Meeting may authorise the Management Board to limit or exclude statutory pre-emptive rights for a maximum period of five years, provided that the Management Board has also been authorised to resolve to issue shares. The authority of the Management Board may be extended for subsequent periods, each for a maximum period of five years. The authority ends upon the termination of the authority of the Management Board to issue shares. Once granted, the General Meeting cannot withdraw the authority of the Management Board, unless its initial resolution to authorise the Management Board provides expressly otherwise.

A resolution by the Management Board to limit or exclude statutory pre-emptive rights is subject to the approval of the Supervisory Board. If less than half of the issued share capital is represented, a resolution of the General Meeting to limit or exclude statutory pre-emptive rights in respect of Ordinary Shares or to designate the Management Board as the corporate body competent to limit or exclude statutory pre-emptive rights, requires a majority of at least two-thirds of the votes cast.

Pursuant to a resolution of the General Meeting on 21 April 2010, the Management Board, subject to the approval of the Supervisory Board, is authorised until 21 October 2011 to limit or exclude statutory pre-emptive rights in the event of an issue or the granting of rights to acquire Ordinary Shares in connection with an intended rights issue and on the basis of which this Offering is made.

Capital reduction

Subject to the provisions of Dutch law and the Articles of Association, the General Meeting may resolve to reduce the issued share capital by (i) cancelling Company Shares or (ii) reducing the nominal value of the Company Shares through an amendment of the Articles of Association. The General Meeting may only resolve to amend the Articles of Association pursuant to a proposal of the Management Board and subject to the approval of the Supervisory Board. If the Management Board proposes to the General Meeting to cancel share capital, this proposal of the Management Board is subject to the approval of the Supervisory Board.

Partial repayments on Company Shares or exemptions from the liability for payment as referred to in Section 99, Book 2, Dutch Civil Code may also take place solely in respect of (i) Ordinary Shares or (ii) Cumulative Preference Shares B or (iii) Cumulative Preference Shares F or (iv) Cumulative Preference Shares F of one or more particular (sub-)series. Partial repayment or exemption must take place proportionally for all Company Shares involved. The requirement of proportionality may be set aside with the approval of all shareholders involved. Cancellation with repayment of shares as referred to in Section 99, Book 2, Dutch Civil Code, may also take place solely in respect of (i) Ordinary Shares or (ii) Cumulative Preference Shares B or (iii) Cumulative Preference Shares F or (iv) Cumulative Preference Shares F of one or more particular (sub-) series or (v) the Cumulative Preference Shares F regardless their (sub-)series as determined by way of allotment or (vi) the Cumulative Preference Shares F, which have been determined by way of allotment, of one or more particular (sub-)series.

In the event of cancellation of Cumulative Preference Shares F, in addition to the payment of their nominal value, the following distributions shall be made from the distributable part of Royal BAM Group's equity. First, an amount equal to the share premium paid up on each Cumulative preference share F of the relevant (sub-)series shall be distributed, less any amounts paid prior to the date of repayment of the nominal value from the share premium reserve which has been allocated to the Cumulative Preference Shares F of the (sub-)series. This distribution shall, to the extent possible, be made against the latter share premium reserve or to the extent a statutory reserve connected to those shares (convertible Cumulative Preference Shares F, serie FP4, sub-serie 1) for the account of this statutory reserve. Thereupon, to the extent possible, a distribution of dividends shall be made as provided in the Articles of Association. And finally, in the event (i) the market value of the dividend that should have been distributed on the share for the period starting from the date of repayment to the dividend adjustment date as referred to in the Articles of Association in the event no cancellation would have taken place, to be calculated per the date of repayment, is greater than (ii) the market value of the effective return per the date of repayment and calculated for the same period, in the event a fixed interest would have been compensated over the nominal value and the distribution of share premium, as referred to above, to such next dividend adjustment date on the basis of the reference interest as described in the Articles of Association applicable to the relevant series of Cumulative Preference Shares F, a distribution shall be made in the amount of the difference between them.

A resolution of the General Meeting to reduce the issued share capital requires a majority of at least two-thirds of the votes cast, if less than half of the issued and outstanding share capital is represented at the General Meeting. This resolution requires prior or simultaneous approval of the meeting(s) of holders of shares of the class(es) whose rights are affected. Resolutions of those meetings shall also only be adopted by a majority of at least two-thirds of the votes cast, if less than half of the holders of shares of the relevant class are represented at the meeting.

Dutch law contains detailed provisions regarding the reduction of capital. A resolution to reduce the issued share capital shall not take effect as long creditors have legal recourse against the resolution.

Repurchase of shares

The General Meeting may authorise the Management Board for a period of up to 18 months to have Royal BAM Group repurchase its own Company Shares. The General Meeting shall specify in its authorisation the number and class of Company Shares which may be acquired, the manner in which they may be acquired and the limits within which the price must be set.

The acquisition of Company Shares is not permitted if and to the extent that Royal BAM Group's equity less the acquisition price for the Company Shares is less than the sum of the paid-up and called part of its capital and the reserves that must be maintained by law or under the Articles of Association and if the nominal value of the shares to be acquired less the amount of Company Shares which Royal BAM Group already holds would thereby be reduced to less than one-tenth of the issued share capital.

Royal BAM Group has no right to any distribution of dividend on Company Shares held in its own capital. No votes may be cast for Company Shares held by Royal BAM Group itself or by or for the account of a subsidiary.

Subject to the approval of the Supervisory Board, the Management Board is authorised to alienate the Company Shares acquired by Royal BAM Group in its share capital. There are no statutory pre-emptive rights in respect of such alienation.

Pursuant to a resolution of the General Meeting on 21 April 2010, the Management Board is authorised until 21 October 2011 to acquire Ordinary Shares and Cumulative Preference Shares F within the limitations of the law and the Articles of Association and provided the price does not exceed 10% of the average price of the Ordinary Shares on the stock exchange during the five trading days preceding the date of purchase, or the price to be paid to holders of Cumulative Preference Shares F in accordance with the Articles of Association if the Cumulative Preference Shares F would have been cancelled instead.

Form and transfer of Company Shares

The Ordinary Shares are in bearer form and registered form, at the holder's option. The Cumulative Preference Shares F and Cumulative Preference Shares B are in registered form. All bearer Company Shares are embodied in a single share certificate, which share certificate is currently held in custody with Euroclear Nederland on behalf of the holders of these bearer shares.

For Company Shares in registered form no share certificates will be issued. The names and addresses of the holders of shares in registered form and usufructuaries (*vruchtgebruikers)* and pledgees (*pandhouders*) in respect of such shares are recorded in the register of shareholders and any other information prescribed by Dutch law.

The transfer of a share in registered form shall be effected by means of a deed and, if Royal BAM Group is not a party to the transfer, a written acknowledgment by Royal BAM Group of the transfer.

The transfer of Cumulative Preference Shares F and Cumulative Preference Shares B are subject to the approval of the Management Board except for a transfer of Cumulative Preference Shares F, serie FP4, sub-series 1 and 2. If it refuses to grant its approval, the Management Board must designate one or more prospective buyers. In that case, the price of the Cumulative Preference Shares B and Cumulative Preference Shares F is to be determined by mutual agreement between the transferor and the Management Board. If no agreement can be reached, the price is to be determined by an expert. No certificates are issued in respect of Cumulative Preference Shares F and Cumulative Preference Shares B.

Dividends and other distributions

Distribution of profits only takes place following the adoption of the annual accounts from which it appears that the distribution is allowed. Distributions to shareholders can be made, provided shareholders' equity does not fall below the sum of the called and paid-up share capital plus any reserves required to be kept by Dutch law or the Articles of Association.

From the profit in any financial year, Royal BAM Group shall first, to the extent possible, distribute a dividend on any outstanding Cumulative Preference Shares B. The amount to be distributed is expressed as a percentage of the amount paid up on the Cumulative Preference Shares B at the start of the relevant financial year — subject to an adjustment procedure for additional amounts paid up and amounts repaid. The percentage is calculated by taking the average EURIBOR-percentages for short-term loans with a maturity of twelve months — weighted for the number of days during which these percentages applied — during the financial year for which the distribution is made, increased by 1%. EURIBOR refers to the Euro Interbank Offered Rate.

If during the course of any financial year Cumulative Preference Shares B were issued, the dividend on these shares shall, for that financial year, be proportionally reduced, for which calculation part of a month shall be calculated as a whole month. If, in any year the profit is insufficient to make this dividend payment, the dividend amount shall be paid from the free distributable reserves, with the exception of the free distributable reserves formed in the issue of Cumulative Preference Shares F. If these reserves are also insufficient, the dividend shall be paid in subsequent years before other dividend distributions are made.

After the dividend on Cumulative Preference Shares B has been distributed, Royal BAM Group must, to the extent possible, distribute a dividend from the profit remaining on any Cumulative Preference Shares F expressed as a percentage of the nominal amount and — unless previously repaid — any share premium paid up on the Cumulative Preference Shares F of the relevant (sub-)series at the time of issuance, subject to an adjustment procedure for amounts repaid. For the Cumulative Preference Shares F series FP1 up to and including series FP4, the percentage is calculated by taking the mathematical average of the effective return of Dutch government bonds in euro with a maturity that is aligned as closely as possible with the maturity of the relevant series of Cumulative

Preference Shares F, as determined by the Dutch Central Bureau of Statistics (*Centraal Bureau voor de Statistiek*) and published in the Official Daily List over the five stock exchange days immediately preceding the date the Cumulative Preference Shares F of the relevant (sub-)series were issued, increased by 2%. If the effective return on these government bonds has not been determined by the Dutch Central Bureau of Statistics or is not published in the Official Daily List at the time of the calculation of the applicable percentage, the government bonds referred to above will be replaced by Dutch government bonds in euro with a maturity that is aligned as closely as possible with the maturity of the relevant (sub-)series of Cumulative Preference Shares F, the effective return of which has been determined by the Dutch Central Bureau of Statistics and has been published as mentioned above, increased by 2%.

For the Cumulative Preference Shares F series FP5 up to and including FP8 the percentage equals the average of the EURIBOR-percentages for short-term loans with a maturity of twelve months — weighted for the number of days during which these percentages applied — during the financial year for which the distribution is made, increased by 2%.

The percentages may be increased with or reduced by a maximum of 300 basis points, to take into account the prevailing market conditions as determined by the Management Board, subject to the approval of the Supervisory Board. This mark-up or mark-down may vary for each (sub-)series of Cumulative Preference Shares F.

The percentage for the Cumulative Preference Shares F series FP1 and FP5 will be reset every five years. Likewise, series FP2 and FP6 will be reset every six years, series FP3 and FP7 every seven years and series FP4 and FP8 every eight years.

For the first time per the first day of the calendar month following the day on which the reset period has elapsed since the day on which Cumulative Preference Shares F of a particular (sub-)series were first issued and subsequently for each following period, the percentage of all Cumulative Preference Shares F of the relevant (sub-)series must be adjusted by recalculating it in accordance with the applicable formulae described above, increased or reduced by a maximum of 300 basis points, to take into account the then prevailing market conditions.

The ranking of the Cumulative Preference Shares F is such that previously issued (sub-)series take preference over subsequently issued (sub-)series, unless at the time of issue of subsequently issued (sub-)series, all holders of previously issued (sub-)series have agreed to such subsequently issued (sub-)series being issued with a higher ranking.

If, in any year, the profit is insufficient to distribute dividends on Cumulative Preference Shares F, the dividend in arrears must be distributed from the profit of subsequent years before any other dividend payments are made in these years (but after any distribution of dividend on Cumulative Preference Shares B). The Management Board may, subject to the approval of the Supervisory Board, resolve to distribute the dividend from the freely distributable reserves (except from the share premium freely distributable reserves established upon issuance of Cumulative Preference Shares F).

Pursuant to a proposal of the Management Board, the Supervisory Board shall determine which portion of the profit remaining after the distributions referred to above shall be reserved. The profit remaining is at the disposal of the General Meeting (except that no further payments shall be made on Cumulative Preference Shares B or on Cumulative Preference Shares F). Distributions are payable as of the date determined by the Management Board, which date may differ for each class of Company Shares and each (sub-)serie of Cumulative Preference Shares F. The Management Board may, subject to the approval of the Supervisory Board, determine that a distribution on Ordinary Shares shall be made in the form of Ordinary Shares or Cumulative Preference Shares F of a particular (sub-)serie, or that holders of Ordinary Shares shall be allowed to choose whether they receive a distribution in cash or in the form of Ordinary Shares or in the form of Cumulative Preference Shares F. Payments can not be made against the non-distributable reserve which is allocated to the Cumulative Preference Shares F, series FP4, sub-series 1, all this without prejudice to the Articles of Association.

The Management Board may, subject to the Supervisory Board's approval and subject to certain requirements, resolve to pay an interim dividend.

A claim for payment of a dividend (including an interim dividend) lapses, in favour of Royal BAM Group, five years after the beginning of the day following the day on which the claim became payable.

In the event of a redemption of a (sub-)series of Cumulative Preference Shares F, in addition to the repayment of the amount paid up on the Cumulative Preference Shares F (including any share premium that was paid on those Cumulative Preference Shares F), a dividend will be paid which is, insofar as possible, in accordance with the provisions for payment of dividends on Cumulative Preference Shares F.

A loss may only be applied against the share premium reserve formed upon the issuance of Cumulative Preference Shares F of particular (sub-)series, if all other reserves have been exhausted. In that case, the deficit first is made up out of the share premium formed upon the issuance of Cumulative Preference Shares F of a particular (sub-)series with the lowest order of ranking. Subsequently, it is made up from the share premium formed upon the issuance of Cumulative Preference Shares F of a particular (sub-)series with the next lowest order of ranking and so on until the deficit has been made up. A deficit as referred to in Section 104, Book 2, Dutch Civil Code may never be made up out of the non-distributable reserve which is allocated to the Cumulative Preference Shares F, series FP4, sub-series 1.

Dissolution and liquidation

The General Meeting may resolve to dissolve Royal BAM Group upon a proposal of the Management Board subject to the approval of the Supervisory Board. During liquidation, the Articles of Association will remain in force insofar as possible.

The balance remaining after payment of all debts and liquidation expenses will be distributed to the shareholders and others entitled thereto as follows. First, holders of Cumulative Preference Shares B shall be repaid the amount paid up on their Cumulative Preference Shares B, plus any amounts still due on these shares, plus a distribution calculated by applying the percentage referred to above to the amount paid up on Cumulative Preference Shares B, over the period commencing on the first day of the last complete financial year prior to dissolution and ending on the day of the payment of liquidation proceeds to holders of Cumulative Preference Shares B, with the proviso that all dividends paid on the Cumulative Preference Shares B for this period shall be deducted from the distribution of liquidation proceeds.

Subsequently, with due observance of the ranking referred to above, holders of Cumulative Preference Shares F shall be repaid the nominal value of their Cumulative Preference Shares F, plus any share premium paid on their Cumulative Preference Shares F upon issuance, less distributions on their Cumulative Preference Shares F from the share premium reserve or the non-distributable reserve allocated to the Cumulative Preference Shares F of the relevant (sub-)series prior to the date of distribution, plus any amounts still due, plus an amount calculated by applying the percentage referred to above to the aggregate of the nominal value paid up on these Cumulative Preference Shares F and the share premium paid on these shares for the period commencing the first day of the last complete financial year prior to the dissolution and ending on the day of the distribution of liquidation proceeds, with the proviso that all dividends paid for this period on the Cumulative Preference Shares F shall be deducted from the distribution of liquidation proceeds. Finally, the balance shall be paid to the holders of Ordinary Shares in proportion to the number of Ordinary Shares held by each of them.

General Meetings and voting rights

General Meeting

General Meetings are held in The Hague, Utrecht, Amsterdam or Bunnik, the Netherlands.

Additional extraordinary General Meetings may also be held, whenever deemed necessary by the Management Board and/or the Supervisory Board. One or more shareholders, who jointly represent at least one-tenth of the issued capital, may, on their application, be authorised by the judge in summary proceedings to convene a General Meeting. The judge in summary proceedings shall disallow the application if it does not appear to him that the applicants have previously requested the Management Board and the Supervisory Board in writing, stating the exact matters to be considered, to convene a General Meeting and neither the Management Board nor the Supervisory Board, has taken the necessary steps so that the General Meeting could be held within six weeks after the request.

On the basis of the Articles of Association, the convocation of the General Meeting shall be published in the form of an advertisement in at least one national newspaper distributed daily in the Netherlands, and the Official Daily List no later than the fifteenth day before the day of the General Meeting. Holders of registered shares must be given notice in writing. The Management Board may, subject to the approval of the Supervisory Board decide that the notification and/or written notice as referred to before (i) in respect of a person entitled to attend General Meetings pursuant to registered shares, who agrees thereto, is replaced by a legible and reproducible message sent by electronic mail and (ii) in respect of persons entitled to attend General Meetings pursuant to bearer shares, is replaced by an announcement on Royal BAM Group's website.

The agenda for the annual General Meeting must contain certain subjects as specified in the Articles of Association, including, among other things, the adoption of the annual accounts, the discharge of the members of the Management Board for the relevant financial year and the allocation of the profits of Royal BAM Group. In addition, the agenda shall include such items as have been included therein by the Management Board. The agenda shall also include such items as one or more shareholders and others entitled to attend General Meetings, representing at least 1% of the issued share capital or representing a value of at least EUR 50 million have requested the Management Board to include in the agenda, at least 60 days before the day of the meeting. The Management Board may decide not to place items so requested on the agenda, if they are of the opinion that doing so would be detrimental to vital interests of Royal BAM Group. No resolutions shall be adopted on items other than those which have been included in the agenda.

The General Meeting is chaired by the chairman of the Supervisory Board or, in his or her absence, by the vice-chairman of the Supervisory Board or, in the absence of both of them, another member of the Supervisory Board designated for that purpose by the members of the Supervisory Board. Members of the Management Board and the Supervisory Board may attend a General Meeting. In these meetings, they have an advisory vote. The chairman of the meeting may decide at its discretion to admit other persons to the meeting.

All shareholders and others entitled to attend General Meetings are authorised to attend the General Meeting, to address the meeting and, in so far as they have such right, to vote.

Pursuant to the Articles of Association, the Management Board is authorised to determine that this will apply to those who are a shareholder (or are entitled to attend General Meetings) as per a registration date, determined by the Management Board. The registration date may not be set earlier than 30 days and not later than three calendar days prior to the day of the meeting.

The convocation of the General Meeting will contain the time, the place of meeting and the procedures for registration and/or notification.

The Articles of Association contain detailed provisions on meetings of holders of a class of shares and the adoption of resolutions outside a meeting by holders of Cumulative Preference Shares B or series or sub-series of Cumulative Preference Shares F.

Voting rights

Each Company Share is entitled to one vote. Subject to certain exceptions provided by Dutch law or the Articles of Association, resolutions of the General Meeting are passed by an absolute majority of votes cast. Pursuant to Dutch law, no votes may be cast at a General Meeting in respect of shares which are held by Royal BAM Group. Nonetheless, the holders of a right of usufruct and the holders of a right of pledge in respect of shares held by Royal BAM Group are not excluded from any right they may have to vote on such shares, if the right of usufruct or the right of pledge was granted prior to the time such share became held by Royal BAM Group. Royal BAM Group may not cast votes in respect of a share in respect of which it holds a right of usufruct or a right of pledge. Company Shares which are not entitled to voting rights pursuant to the preceding sentences will not be taken into account for the purpose of determining the number of shareholders that vote and that are present or represented, or the amount of the share capital that is provided or that is represented at a General Meeting.

Holders of a material number of Company Shares do not have other voting rights than other holders of Company Shares.

Amendment of Articles of Association

The General Meeting may only resolve to amend the Articles of Association on a proposal by the Management Board. Such a proposal is subject to the approval of the Supervisory Board. A proposal to amend the Articles of Association must be included in the agenda. A copy of the proposal, containing the proposed amendment verbatim, must be lodged with Royal BAM Group for the inspection of every shareholder until the end of the General Meeting.

Financial reports and rules on ongoing disclosure and filing requirements

Royal BAM Group's financial year coincides with the calendar year. Each year, within four months after the end of the financial year, the Management Board must prepare financial statements which it must make available for inspection by the shareholders at the office of Royal BAM Group. The annual accounts must be accompanied by an auditor's statement, an annual report and other documentation required by Dutch law. The financial statements must be adopted by the General Meeting.

Royal BAM Group prepares consolidated financial statements and consolidated interim semi-annual financial statements in accordance with IFRS. The consolidated financial statements are prepared by the Management Board and are audited by an independent accounting firm under International Auditing Standards.

Pursuant to the FMSA, Royal BAM Group is required to make the following periodic financial information generally available:

- its financial statements, within four months after the end of each financial year;
- its interim semi-annual financial statements, within two months after the end of the first six months of each financial year; and

- interim management reports during the first and the second half of each financial year between ten weeks after the beginning and six weeks before the end of the relevant six-month period.

Royal BAM Group may publish this periodic financial information by means of a press release that refers to Royal BAM Group's website where the information is available in full.

In addition, Royal BAM Group must once a year file a disclosure document with the AFM that contains or refers to all financial and other information that Royal BAM Group has published or has made generally available over the preceding twelve months pursuant to any securities laws. If Royal BAM Group incorporates information by reference, it must indicate where and how that information may be obtained. The annual disclosure document is filed with the AFM and is generally available at the latest twenty business days after publication of the annual financial report.

Rules governing obligations of shareholders to make a public offer

European Directive 2004/25/EC of 21 April 2004 relating to public takeover bids (the "**Takeover Directive**") has been implemented in the FMSA.

A shareholder who (individually or acting in concert with others) directly of indirectly obtains control of a Dutch listed company such as Royal BAM Group is required to make a public offer for all shares. Such control is deemed present if a (legal) person is able to exercise, alone or acting in concert, at least 30% of the voting rights in the general meeting of shareholders of a listed company.

Furthermore, in general, it is prohibited to launch a public offer for shares of a listed company, such as the Ordinary Shares, unless an offer memorandum has been approved by, in the case of Royal BAM Group, the AFM. A public offer is launched by way of publication of the approved offer memorandum. The public offer rules are intended to ensure that in the event of a public offer, among other things, sufficient information will be made available to the holders of the shares, that the holders of the shares will be treated equally, that there will be no abuse of inside information and that there will be a proper and timely offer period.

No public takeover bids by third parties in respect of the Company Shares have occurred during the financial year ended on 31 December 2009 and the current financial year.

Squeeze out procedures

Pursuant to Section 92a, Book 2, Dutch Civil Code, a shareholder who for his own account contributes at least 95% of Royal BAM Group's issued capital may institute proceedings against Royal BAM Group's minority shareholders jointly for the transfer of their shares to the claimant. The proceedings are held before the Enterprise Chamber of the Court of Appeal in Amsterdam *(Ondernemingskamer van het Gerechtshof te Amsterdam*) and can be instituted by means of a writ of summons served upon each of the minority shareholders in accordance with the provisions of the Dutch Code of Civil Procedure (*Wetboek van Burgerlijke Rechtsvordering*). The Enterprise Chamber may grant the claim for squeeze out in relation to all minority shareholders and will determine the price to be paid for the shares, if necessary after appointment of one or three experts who will offer an opinion to the Enterprise Chamber on the value to be paid for the shares of the minority shareholders. Once the order to transfer becomes final before the Enterprise Chamber, the person acquiring the shares shall give written notice of the date and place of payment and the price to the holders of the shares to be acquired whose addresses are known to him. Unless the addresses of all of them are known to him, he shall also publish the same in a daily newspaper with a national circulation.

The offeror under a public offer is also entitled to start a squeeze out procedure if, following the public offer, the offeror holds at least 95% of the share capital and represents at least 95% of the total voting rights. The claim of a takeover squeeze out must be filed with the Enterprise Chamber within three months following the expiry of the acceptance period of the offer. The Enterprise Chamber may grant the claim for a takeover squeeze out in relation to all minority shareholders and will determine the price to be paid for the shares, if necessary after appointment of one or three experts who will offer an opinion to the Enterprise Chamber on the value to be paid for the shares of the minority shareholders. In principle, the offer price is considered reasonable as long as 90% or more of the shares have been acquired.

The Dutch Takeover Act also entitles those minority shareholders that have not previously tendered their shares under an offer to transfer their shares to the offeror, provided that the offeror has acquired at least 95% of the share capital and represents at least 95% of the total voting rights. In regard to price, the same procedure as for takeover squeeze out proceedings initiated by an offeror applies. This claim must also be filed with the Enterprise Chamber within three months following the expiry of the acceptance period of the offer.

Obligations to disclose holdings and transactions

Shareholders may be subject to notification obligations under the FMSA. Shareholders are advised to seek professional advice on these obligations.

Shareholders

Pursuant to the FMSA, any person who, directly or indirectly, acquires or disposes of an interest in the capital or voting rights of Royal BAM Group must immediately notify the AFM by means of a standard form, if, as a result of such acquisition or disposal, the percentage of capital interest or voting rights held by such person in Royal BAM Group reaches, exceeds or falls below any of the following thresholds: 5% (a bill is being prepared to add another threshold of 3%), 10%, 15%, 20%, 25%, 30%, 40%, 50%, 60%, 75% and 95% of the voting rights or capital interests in the issued share capital of Royal BAM Group.

A notification requirement also applies if a person's capital interest or voting rights reaches, exceeds or falls below the abovementioned thresholds as a result of a change in Royal BAM Group's total share capital or voting rights. This notification has to be made no later than the fourth trading day after the AFM has published Royal BAM Group's notification as described below. Royal BAM Group is required to notify the AFM immediately of the changes to its total share capital or voting rights if its share capital or voting rights changes by 1% or more since Royal BAM Group's previous notification. Royal BAM Group must in addition every quarter notify the AFM within eight days after the relevant quarter, in the event its share capital or voting rights changed by less than 1% in that relevant quarter since Royal BAM Group's previous notification.

Furthermore, every holder of 5% or more of Royal BAM Group's share capital or voting rights whose interest at 31 December at 12 midnight CET differs from a previous notification to the AFM, as a result of certain acts (including but not limited to the exchange of shares for depository receipts and the exercise of a right to acquire shares) must notify the AFM within four weeks.

For the purpose of calculating the percentage of capital interest or voting rights, among other metrics, the following interests must be taken into account: (i) Company Shares or voting rights on Company Shares directly held (or acquired or disposed of) by a person, (ii) Company Shares or voting rights on Company Shares held (or acquired or disposed of) by such person's subsidiaries or by a third party for such person's account or by a third party with whom such person has concluded an oral or written voting agreement (including a discretionary power of attorney), and (iii) Company Shares or voting rights on Company Shares which such person, or any subsidiary or third party referred to above, may acquire pursuant to any option or other right held by such person (or acquired or disposed of, including, but not limited to, on the basis of convertible bonds).

Subsidiaries, within the meaning of the relevant regulation under the FMSA, do not have notification obligations under the FMSA, as their, direct and indirect, interests are attributed to their (ultimate) parent. Any person may qualify as a parent for purposes of the FMSA, including an individual. A person who holds 5% or more of Royal BAM Group's share capital or voting rights and who ceases to be a subsidiary for these purposes must immediately notify the AFM. As of that moment, all notification obligations under the FMSA will become applicable to the former subsidiary.

Special rules apply with respect to the attribution of Company Shares or voting rights on Company Shares which are part of the property of a partnership or other community of property. A holder of a pledge or right of usufruct (*vruchtgebruik*) in respect of Company Shares can also be subject to the notification obligations of the FMSA, if such person has, or can acquire, the right to vote on the shares or, in the case of depository receipts, the underlying shares. The acquisition of (conditional) voting rights by a pledgee or usufructuary may also trigger the notification obligations as if the pledgee or beneficial owner were the legal holder of Company Shares or voting rights on Company Shares.

The FMSA and the rules promulgated pursuant thereto contain detailed rules that set out how its requirements apply to certain categories of holders, including but not limited to (managers of) investment funds, investment managers, custodians, market makers, clearing and settlement institutions, brokers and credit institutions.

Management

Pursuant to the FMSA, any member of the Management Board or Supervisory Board must give immediate written notice to the AFM by means of a standard form of any change in Company Shares or voting rights on Company Shares or in securities or voting rights in any affiliated issuer within the meaning of the relevant regulation under the FMSA which it has at its disposal.

Any other person who has (co)managerial responsibilities in respect of Royal BAM Group or who has the authority to make decisions affecting Royal BAM Group's future developments and business prospects and who may have regularly access to inside information relating, directly or indirectly, to Royal BAM Group, must give written notice to the AFM by means of a standard form of any transactions conducted for his own account relating to Company Shares or in financial instruments the value of which is also based on the value of Company Shares. Furthermore, in accordance with the FMSA and the regulations promulgated thereunder certain persons who are closely associated with members of the Management Board, Supervisory Board or any of the other persons as described above, are required to notify the AFM of any transactions conducted for their own account relating to Company Shares or in financial instruments the value of which is also based on the value of Company Shares. The FMSA and the regulations promulgated thereunder determine the following categories of persons: (i) the spouse or any partner considered by national law as equivalent to the spouse, (ii) dependent children, (iii) other relatives who have shared the same household for at least one year at the relevant transaction date, (iv) any legal person, trust or partnership whose, among other things, managerial responsibilities are discharged by a person referred to under (i), (ii) or (iii) above or by the relevant member of the Management Board, Supervisory Board or other person with any authority in respect of Royal BAM Group as described above. The AFM must generally be notified within five days following the relevant transaction date. Under certain circumstances, notification may be postponed until the date the value of the transactions amounts to EUR 5,000 or more per calendar year.

Non-compliance

Non-compliance with the notification obligations under the FMSA could lead to criminal fines, administrative fines, imprisonment or other sanctions. In addition, non-compliance with some of the notification obligations under the FMSA may lead to civil sanctions, including suspension of the voting rights relating to Company Shares held by the offender for a period of not more than three years and a prohibition to own Company Shares or voting rights on Company Shares for a period of not more than five years.

Public registry

The AFM does not issue separate public announcements of notifications received by it. It does, however, keep a public register of all notifications under the FMSA on its website http://www.afm.nl. Third parties can request to be notified automatically by e-mail of changes to the public register in relation to a particular company's shares or a particular notifying party.

Market Abuse Regime

The FMSA contains rules intended to prevent market abuse, such as insider trading, tipping and market manipulation.

Pursuant to the rules intended to prevent market abuse, Royal BAM Group has adopted rules governing the holding and carrying out of transactions in Company Shares or in financial instruments the value of which is determined by the value of the Company Shares by members of its Management Board and Supervisory Board as well as rules on compliance and suspected abuse for its employees.

TAXATION IN THE NETHERLANDS

The following is intended as general information only and it does not purport to present any comprehensive or complete description of all aspects of Dutch tax law which could be of relevance to a holder of Ordinary Shares and/or Offer Shares (a "**Shareholder**"). For Dutch tax purposes, a Shareholder may include an individual or entity who does not have the legal title of the Ordinary Shares, Offer Shares and/or Rights, but to whom nevertheless Ordinary Shares, Offer Shares and/or Rights are attributed based either on such individual or entity holding a beneficial interest in Ordinary Shares, Offer Shares and/or Rights or based on specific statutory provisions, including statutory provisions pursuant to which Ordinary Shares, Offer Shares and/or Rights are attributed to an individual who is, or who has directly or indirectly inherited from a person who was, the settlor, grantor or similar originator of a trust, foundation or similar entity that holds Ordinary Shares, Offer Shares and/or Rights. Prospective Shareholders should therefore consult their tax adviser regarding the tax consequences of any purchase, ownership or disposal of Ordinary Shares, Offer Shares and/or Rights.

The following summary is based on the Dutch tax law as applied and interpreted by Dutch tax courts and as published and in effect on the date hereof, without prejudice to any amendments introduced at a later date and implemented with or without retroactive effect.

For the purpose of this paragraph, "**Dutch Taxes**" shall mean taxes of whatever nature levied by or on behalf of the Netherlands or any of its subdivisions or taxing authorities.

Any reference hereafter made to a treaty for the avoidance of double taxation concluded by the Netherlands includes a reference to the Tax Regulation for the Kingdom of the Netherlands (*Belastingregeling voor het Koninkrijk*).

Dividend withholding tax

A Shareholder is generally subject to Dutch dividend withholding tax at a rate of 15% on dividends distributed by Royal BAM Group. Generally, Royal BAM Group is responsible for the withholding of such dividend withholding tax at source; the dividend withholding tax is for the account of the Shareholder.

Dividends distributed by Royal BAM Group include, but are not limited to:

- distributions of profits in cash or in kind, whatever they be named or in whatever form
- proceeds from the liquidation of Royal BAM Group, or proceeds from the repurchase of Ordinary Shares and/or Offer Shares by Royal BAM Group, in excess of the average paid-in capital recognised for Dutch dividend withholding tax purposes
- the nominal value of shares issued to a Shareholder or an increase in the nominal value of Ordinary Shares and/or Offer Shares, to the extent that no contribution, recognised for Dutch dividend withholding tax purposes, has been made or will be made, and
- partial repayment of paid-in capital, that is
    - not recognised for Dutch dividend withholding tax purposes, or
    - recognised for Dutch dividend withholding tax purposes, to the extent that Royal BAM Group has net profits *(zuivere winst)*, unless
        (a) the General Meeting has resolved in advance to make such repayment, and
        (b) the nominal value of Ordinary Shares and/or Offer Shares concerned has been reduced with an equal amount by way of an amendment to the Articles of Association.

Notwithstanding the above, no withholding is required in the event of a repurchase of Ordinary Shares and/or Offer Shares, if certain conditions are fulfilled.

If a Shareholder is resident or deemed to be resident in the Netherlands or, in case of an individual, has opted to be treated as if resident in Netherlands, such Shareholder is generally entitled to an exemption or a full credit for any Dutch dividend withholding tax against his Dutch (corporate) income tax liability and to a refund of any residual Dutch dividend withholding tax.

If a Shareholder is resident in a country other than the Netherlands under the provisions of a treaty for the avoidance of double taxation between the Netherlands and such country, such Shareholder may, depending on the terms of such treaty, be entitled to an exemption from, reduction in or refund of, Dutch dividend withholding tax on dividends distributed by Royal BAM Group.

If a Shareholder is subject to Dutch corporate income tax and is entitled to the participation exemption in relation to the benefits derived from its Ordinary Shares and/or Offer Shares and such Ordinary Shares and/or Offer Shares are attributable to an enterprise carried out in the Netherlands, such Shareholder will generally be entitled to an exemption from or a full refund of Dutch dividend withholding tax on dividends distributed by Royal BAM Group.

If a Shareholder:

- is resident in another member state of the European Union or an appointed state of the European Economic Area, i.e. Iceland and Norway, according to the tax laws of that state and, under the terms of a double taxation agreement concluded by that state with a third state, is not considered to be resident for tax purposes outside the European Union, Norway or Iceland, and
- owns an interest in Royal BAM Group to which the participation exemption is applicable if the Shareholder were resident in the Netherlands

such Shareholder will generally be eligible for an exemption from or full refund of Dutch dividend withholding tax on dividends distributed by Royal BAM Group.

Furthermore, if a Shareholder:

- is an entity which is resident for Dutch tax purposes in a member state of the European Union, Norway or Iceland;
- is not subject to a tax levied by reference to profits by that member state; and
- would not have been subject to Dutch corporate income tax had the Shareholder been resident in the Netherlands for corporate income tax purposes,

such Shareholder will generally be eligible for a full refund of Dutch dividend withholding tax on dividends distributed by Royal BAM Group, unless such Shareholder carries out duties or activities similar to an exempt investment institution (*vrijgestelde beleggingsinstelling*) or fiscal investment institution (*fiscale beleggingsinstelling*) as defined in Section 6a and 28 Dutch Corporate Income Tax Act (*Wet op de Vennootschapsbelasting 1969*) ("**CITA**") respectively.

According to Dutch domestic anti-dividend stripping rules, no credit against Dutch (corporate) income tax, exemption from, reduction in or refund of, Dutch dividend withholding tax will be granted if the recipient of the dividend paid by Royal BAM Group is not considered to be the beneficial owner (*uiteindelijk gerechtigde*) of such dividends as meant in these rules.

No Dutch dividend withholding tax will be due upon the issue of the Rights.

Taxes on income and capital gains

This section does not purport to describe the possible Dutch tax considerations or consequences that may be relevant to a holder of Ordinary Shares, Offer Shares and/or Rights:

- who is an individual and receives Ordinary Shares, Offer Shares and/or Rights or has received Ordinary Shares, Offer Shares and/or Rights or benefits from Ordinary Shares, Offer Shares and/or Rights as income from employment or deemed employment or otherwise as compensation;
- that is an entity that is not subject to Dutch corporate income tax or is in full or in part exempt from Dutch corporate income tax (such as pension funds); or
- that is a fiscal investment institution (*fiscale beleggingsinstelling*) as defined in Section 28 of the CITA.

Residents in the Netherlands

The description of certain Dutch tax consequences in this paragraph is only intended for the following holders of Ordinary Shares, Offer Shares and/or Rights:

- individuals who are resident or deemed to be resident in the Netherlands for purposes of Dutch income tax;
- individuals who opt to be treated as if resident in the Netherlands for purposes of Dutch income tax (first and second bullet point jointly "**Dutch Individuals**"); and
- entities that are resident or deemed to be resident in the Netherlands for the purposes of the CITA ("**Dutch Corporate Entities**").

Dutch Individuals engaged or deemed to be engaged in an enterprise or in miscellaneous activities

Dutch Individuals are generally subject to income tax at statutory progressive rates with a maximum of 52% with respect to any benefits derived or deemed to be derived from Dutch Enterprise Shares (as defined below), including any capital gains realised on the disposal thereof.

"**Dutch Enterprise Shares**" are Ordinary Shares, Offer Shares and/or Rights or any right to derive benefits there from:

- which are attributable to an enterprise from which a Dutch Individual derives profits, whether as an entrepreneur or pursuant to a co-entitlement to the net worth of such enterprise (other than as an entrepreneur or a shareholder); or
- of which the benefits are taxable in the hands of a Dutch Individual as benefits from miscellaneous activities (*resultaat uit overige werkzaamheden*) including, without limitation, activities which are beyond the scope of active portfolio investment activities.

Dutch Individuals having a (fictitious) substantial interest

Dutch Individuals are generally subject to income tax at statutory rate of 25% with respect to any benefits derived or deemed to be derived from Ordinary Shares, Offer Shares and/or Rights, excluding Dutch Enterprise Shares, (including any capital gains realised on the disposal thereof) that are attributable to a (fictitious) substantial interest (such shares being "**Substantial Interest Shares**").

Generally, a Shareholder has a substantial interest (*aanmerkelijk belang*) in Royal BAM Group if such Shareholder, alone or together with his partner, directly or indirectly:

- owns, or holds certain rights to, Ordinary Shares and/or Offer Shares representing 5% or more of the total issued and outstanding capital of Royal BAM Group, or of the issued and outstanding capital of any class of shares of Royal BAM Group;
- holds rights to acquire Ordinary Shares and/or Offer Shares, whether or not already issued, representing 5% or more of the total issued and outstanding capital of Royal BAM Group, or of the issued and outstanding capital of any class of shares of Royal BAM Group; or
- owns, or holds certain rights to, profit participating certificates that relate to 5% or more of the annual profit of Royal BAM Group or to 5% or more of the liquidation proceeds of Royal BAM Group.

A Shareholder will also have a substantial interest if his partner or one of certain relatives of the Shareholder or of his partner has a substantial interest.

Generally, a Shareholder has a fictitious substantial interest (*fictief aanmerkelijk belang*) in Royal BAM Group if, without having an actual substantial interest in Royal BAM Group:

- an enterprise has been contributed to Royal BAM Group in exchange for Ordinary Shares and/or Offer Shares on an elective non-recognition basis;
- Ordinary Shares and/or Offer Shares have been obtained under gift law, inheritance law or matrimonial law, on a non-recognition basis, while the disposing Shareholder had a substantial interest in Royal BAM Group;
- Ordinary Shares and/or Offer Shares have been acquired pursuant to a share merger, legal merger or legal demerger, on an elective non-recognition basis, while the Shareholder prior to this transaction had a substantial interest in an entity that was party thereto; or
- Ordinary Shares and/or Offer Shares held by the Shareholder, prior to dilution, qualified as a substantial interest and, by election, no gain was recognised upon disqualification of these Ordinary Shares and/or Offer Shares.

Dutch Individuals not engaged or deemed to be engaged in an enterprise or in miscellaneous activities or having a (fictitious) substantial interest

Generally, a Dutch Individual who owns Ordinary Shares, Offer Shares and/or Rights, excluding Dutch Enterprise Shares and Substantial Interest Shares, will be subject annually to an income tax imposed on a fictitious yield on such Ordinary Shares, Offer Shares and/or Rights under the regime for savings and investments (*inkomen uit sparen en beleggen*). Irrespective of the actual income or capital gains realised, the annual taxable benefit of all the assets and liabilities of a Dutch Individual that are taxed under this regime, including the Ordinary Shares, Offer Shares and/or Rights, is set at a fixed amount. The fixed amount equals 4% of the average fair market value of the assets reduced by the liabilities measured, in general, at the beginning and end of every calendar year. The tax rate under the regime for savings and investments is a flat rate of 30%.

Dutch Corporate Entities

Dutch Corporate Entities are generally subject to corporate income tax at statutory rates up to 25.5% with respect to any benefits derived or deemed to be derived (including any capital gains realised on the disposal) of Ordinary Shares, Offer Shares and/or Rights.

However, a Dutch Corporate Entity is generally entitled to the participation exemption in relation to benefits derived from Ordinary Shares, Offer Shares and/or Rights, if:

- it or a related entity owns 5% or more of the total issued and outstanding share capital of Royal BAM Group; or
- it has owned 5% or more of the total issued and outstanding capital of Royal BAM Group for an uninterrupted period of one year and the benefit from the Ordinary Shares and/or Offer Shares is enjoyed within three years after the end of this period.

Non-residents in the Netherlands

A Shareholder that is not resident or deemed to be resident in the Netherlands and, in case of an individual, has not opted to be treated as if resident in the Netherlands, will not be subject to any Dutch taxes on income or capital gains with respect to the ownership and disposal of Ordinary Shares, Offer Shares and/or Rights, other than dividend withholding tax as described above, except if:

- the Shareholder derives profits from an enterprise, whether as entrepreneur or pursuant to a co-entitlement to the net worth of such enterprise other than as an entrepreneur or a Shareholder, which enterprise is, in whole or in part, carried on through a permanent establishment (*vaste inrichting*) or a permanent representative (*vaste vertegenwoordiger*) in the Netherlands, to which such Ordinary Shares, Offer Shares and/or Rights are attributable;
- the Shareholder is an individual and derives benefits from miscellaneous activities *(resultaat uit overige werkzaamheden)* carried out in the Netherlands in respect of Ordinary Shares, Offer Shares and/or Rights, including, without limitation, activities which are beyond the scope of active portfolio investment activities;
- the Shareholder is entitled other than by way of the holding of securities to a share in the profits of an enterprise effectively managed in the Netherlands to which the Ordinary Shares, Offer Shares and/or Rights are attributable; or
- the Shareholder has a (fictitious) substantial interest in Royal BAM Group and the Substantial Interest Shares are not attributable to the assets of an enterprise.

However, a Shareholder referred to under the first and third bullet point above, other than an individual, may under certain circumstances be entitled to the participation exemption in relation to benefits derived from the Ordinary Shares, Offer Shares and/or Rights, if:

- it or a related entity party owns 5% or more of the total issued and outstanding capital of Royal BAM Group; or
- it has owned 5% or more of the total issued and outstanding capital of Royal BAM Group for an uninterrupted period of one year and the benefit from the Ordinary Shares and/or Offer Shares is enjoyed within three years after the end of this period.

Gift tax and inheritance tax

No Dutch gift or inheritance tax is due in respect of any gift of Ordinary Shares, Offer Shares and/or Rights by, or inheritance of Ordinary Shares, Offer Shares and/or Rights on the death of, a Shareholder, except if:

- at the time of the gift or death of the Shareholder, the Shareholder is resident, or is deemed to be resident, in the Netherlands;
- the Shareholder passes away within 180 days after the date of the gift of the Ordinary Shares, Offer Shares and/or Rights and is not, or not deemed to be, at the time of the gift, but is, or deemed to be, at the time of his death, resident in the Netherlands;
- the gift of the Ordinary Shares, Offer Shares and/or Rights is made under a condition precedent and the Shareholder is resident, or is deemed to be resident, in the Netherlands at the time the condition is fulfilled.

For purposes of Dutch gift or inheritance tax, an individual who is of Dutch nationality will be deemed to be resident in the Netherlands if he has been resident in the Netherlands at any time during the ten years preceding the date of the gift or his death. For purposes of Dutch gift tax, any individual, irrespective of his nationality, will be deemed to be resident in the Netherlands if he has been resident in the Netherlands at any time during the 12 months preceding the date of the gift.

Other Taxes and Duties

No other Dutch Taxes, including turnover tax and taxes of a documentary nature, such as capital tax, stamp or registration tax or duty, are payable by or on behalf of a Shareholder by reason only of the purchase, ownership and disposal of Ordinary Shares, Offer Shares and/or Rights.

Residency

Subject to the exceptions mentioned above, a Shareholder will not become resident, or a deemed resident, in the Netherlands for tax purposes, or become subject to Dutch Taxes, by reason only of Royal BAM Group's performance, or the Shareholder's acquisition (by way of issue or transfer to it), ownership or disposal of the Ordinary Shares, Offer Shares and/or Rights.

THE OFFERING

General

Royal BAM Group is offering 96,569,057 Offer Shares with a nominal value of EUR 0.10 each at an Issue Price of EUR 2.58 per Offer Share. Subject to applicable securities laws, existing holders of Ordinary Shares as at the Record Date are being granted Rights that will entitle Eligible Persons (as defined in "Selling and transfer restrictions") to subscribe for the Offer Shares in accordance with the terms and conditions set forth herein. This section of the Prospectus contains the terms and conditions of the Rights.

Following expiry of the Exercise Period for the Rights, the Joint Bookrunners will, subject to the terms and conditions of the Underwriting Agreement, offer for sale by way of private placements in the Netherlands and certain other jurisdictions the number of Offer Shares, if any, that were issuable upon the exercise of the Rights but that have not validly been subscribed for during the Exercise Period. See "The Offering—Rump Offering". The Offering will be subject to the terms and conditions of the Underwriting Agreement.

Any Rump Shares not sold by the Joint Bookrunners under the Rump Offering (as defined in "The Offering—Rump Offering"), will be subscribed and paid for by the Joint Bookrunners in accordance with the Underwriting Agreement. See "Plan of distribution".

For information on applicable selling and transfer restrictions in respect of the Offer Shares and the Rights, see "Selling and transfer restrictions".

Timetable

The timetable below lists certain expected key dates for the Offering.

Record Date	Immediately after the close of trading on Euronext Amsterdam at 17:40 hours CET, on 31 May
Ex-Rights trading in Ordinary Shares commences on Euronext Amsterdam	9:00 hours CET on 1 June 2010
Exercise Period commences	9:00 hours CET on 1 June 2010
Trading in Rights commences on Euronext Amsterdam	9:00 hours CET on 1 June 2010
Trading in Rights ceases on Euronext Amsterdam	13:15 hours CET on 14 June 2010
End of Exercise Period	15:00 hours CET on 14 June 2010(1)
Rump Offering expected to commence on	8:00 hours CET on 15 June 2010
Rump Offering expected to end no later than	17:30 hours CET on 15 June 2010
Allotment of Offer Shares	Expected 15 June 2010
Listing of and start of trading in the Offer Shares on Euronext Amsterdam	Expected 18 June 2010
Payment for and delivery of Offer Shares (the "**Closing Date**")	Expected 18 June 2010(2)

(1) The time until which notification of exercise instructions may be validly given may be earlier, depending on the financial intermediary through which a person holds his Rights.
(2) Financial intermediaries may require payment to be provided by holders of Rights exercising such Rights, prior to the Closing Date.

The number of Offer Shares subscribed for in the Rights Offering and the announcement of the start of the Rump Offering, if any, will be made public through a press release published in the Netherlands, which will be placed on Royal BAM Group's website, at the latest in the morning of the day following the end of the Exercise Period.

The results of the Rump Offering will be made public through a press release published in the Netherlands, which will be placed on Royal BAM Group's website, as soon as possible after allotment of the Offer Shares.

Royal BAM Group may adjust the dates, times and periods given in the timetable and throughout this Prospectus in consultation with the Joint Bookrunners. If Royal BAM Group should decide to adjust dates, periods or times, Royal BAM Group will notify Euronext Amsterdam, holders of Ordinary Shares and holders of Rights, as well as the public through a press release published in the Netherlands, which will be placed on its website**.**

Rights

Subject to applicable securities laws, existing holders of Ordinary Shares as at the Record Date are being granted Rights in registered form to subscribe for the Offer Shares at the Issue Price. Each Ordinary Share held immediately after the close of trading in the Ordinary Shares on Euronext Amsterdam at 17:40 hours CET on the Record Date will entitle its holder to one Right (see also "The Offering—Record Date"). Eligible Persons (as defined in "Selling and transfer restrictions") will be entitled to subscribe for 5 Offer Shares for every 7 Rights held until the end of the Exercise Period. Rights can only be exercised in multiples of 7. No fractional Offer Shares will be issued. No Rights will be granted to Royal BAM Group. For trading in the Rights, see "The Offering—Trading in Rights".

A holder of Ordinary Shares as at the Record Date will customarily receive details of the aggregate number of Rights to which he will be entitled from the financial intermediary through which he holds the Ordinary Shares. The financial intermediary will provide the relevant shareholders with this information in accordance with its usual client relationship procedures. Shareholders should contact the financial intermediary through which they hold Ordinary Shares if they are entitled to receive Rights but have received no information from their financial intermediary with respect to the Rights Offering.

A holder of Ordinary Shares in registered form will be sent a letter, to the address in the share register, with details of the aggregate number of Rights to which he is entitled and of the procedures that should be followed to exercise or trade these Rights. If a holder of Ordinary Shares in registered form has not received any instructions by 3 June 2010, he should immediately contact Mr. P.F. Jaeger of Royal BAM Group, Runnenburg 9, 3981 AZ Bunnik, the Netherlands, telephone number +31 (0)30 659 8988.

Royal BAM Group urges holders of Rights to carefully study the restrictions described in "Selling and transfer restrictions".

Statutory pre-emptive rights

The statutory pre-emptive rights (*wettelijke voorkeursrechten*) of holders of Ordinary Shares in respect of the Offering have been excluded for the purpose of the Offering. See also "Description of share capital—Statutory pre-emptive rights".

Record Date

The Record Date for determining the holders of Ordinary Shares who will receive Rights (subject to applicable securities laws) is immediately after the closing of trading in the Ordinary Shares on Euronext Amsterdam at 17:40 hours CET on 31 May 2010.

Until the close of trading in Ordinary Shares on Euronext Amsterdam on the Record Date, Ordinary Shares will trade with Rights (*cum*-Rights). As from 9:00 hours CET on 1 June 2010, Ordinary Shares will trade without the Rights (*ex*-Rights).

Exercise Period

Subject to the restrictions set out below, an Eligible Person (as defined in "Selling and transfer restrictions"), whether a holder of Ordinary Shares as at the Record Date or a subsequent transferee of Rights, can only validly subscribe for Offer Shares by exercising his Rights from 9:00 hours CET 1 June 2010 up to 15:00 hours CET on 14 June 2010, which is the end of the Exercise Period. **The time until which notification of exercise instructions may be validly given may be earlier, depending on the financial intermediary through which the Rights are held**. The written exercise notice of Eligible Persons who received the Rights on Ordinary Shares in registered form (or their trustees) must have reached Royal BAM Group at Runnenburg 9, 3981 AZ Bunnik, the Netherlands, attn. Mr P.F. Jaeger, facsimile number +31(0)30 659 5569, prior to 15:00 hours CET on 14 June 2010; only a letter delivered by regular mail or by courier or by fax being permitted.

If an Eligible Person has not exercised his Rights by the end of the Exercise Period, these can no longer be exercised. Once an Eligible Person has validly exercised his Rights, he cannot revoke or modify that exercise unless Royal BAM Group changes a material term of the Offering or amends this Prospectus in any material respect leading to a supplement to this Prospectus within the meaning of Section 5:23 FMSA being published, in which event the holder will have the right, exercisable within two business days after publication of the supplement, to revoke the exercise. Accordingly, once a holder of Rights has validly exercised his Rights, he must pay the Issue Price, even if the market price of the Ordinary Shares fluctuates below the Issue Price. For trading of the Rights, see "The Offering—Trading in Rights".

Royal BAM Group and the Joint Bookrunners are not taking any action outside the Netherlands to permit the exercise and transfer of Rights by the general public. **Royal BAM Group urges holders of Rights to carefully study the restrictions described under "Selling and transfer restrictions"**. Royal BAM Group reserves the right, with sole and absolute discretion, to treat as invalid any subscription or purported subscription which appears to Royal BAM Group to have been executed, effected or dispatched in a manner that may involve a breach or violation of the laws of any jurisdiction or if Royal BAM Group believes that the same may violate applicable legal or regulatory requirements or may be inconsistent with the procedures and terms set out in this Prospectus or in breach of the representations and warranties to be made by an accepting holder, as described in "Selling and transfer restrictions".

Payment, delivery, clearing and settlement

An Eligible Person (as defined in "Selling and transfer restrictions"), whether a holder of Ordinary Shares as at the Record Date or a subsequent transferee of Rights, who wishes to exercise his Rights, should instruct the financial intermediary through which he holds the Rights in accordance with the instructions received from that financial intermediary. The financial intermediary will be responsible for collecting exercise instructions from Eligible Persons holding Rights and for informing the Subscription, Listing and Paying Agent. See "The Offering—Subscription, Listing and Paying Agent".

A holder of Rights that exercises his Rights should pay the Issue Price for the Offer Shares subscribed for in accordance with the instructions he receives from the financial intermediary through which he holds the Rights. The financial intermediary will pay the Issue Price to the Subscription, Listing and Paying Agent, who will in turn pay it to Royal BAM Group after deduction of applicable fees and expenses. Payment for the Offer Shares must be made at the office of the Subscription, Listing and Paying Agent no later than the Closing Date, which is expected to be on 18 June 2010. Accordingly, financial intermediaries may require payment to be provided by holders of Rights exercising such Rights prior to the Closing Date.

All requirements concerning deadlines, validity and form of instructions to a financial intermediary in relation to the exercise, sale or purchase of Rights will be determined by the relevant financial intermediary in accordance with its usual client relations procedures or as it otherwise notifies to the holders of Rights.

Neither Royal BAM Group nor the Joint Bookrunners are liable for any action or failure to act by a financial intermediary through which Ordinary Shares or Rights are held, or by the Subscription, Listing and Paying Agent in connection with any subscriptions or purported subscriptions.

Payment for and delivery of the Offer Shares is expected to take place on 18 June 2010. Delivery of the Offer Shares will take place through the book-entry system of Euroclear Nederland.

Application has been made to admit the Offer Shares to listing and trading on Euronext Amsterdam. Barring unforeseen circumstances, it is expected that the Offer Shares will be admitted to listing and trading, and that trading in the Offer Shares will commence on Euronext Amsterdam on 18 June 2010.

The Ordinary Shares are listed on Euronext Amsterdam under the symbol "BAMNB", ISIN code NL0000337319 and common code 025410653.

Subscription and payment holders of registered shares (*aandelen op naam*)

An Eligible Person (as defined in "Selling and transfer restrictions"), whether a holder of Ordinary Shares in registered form (*aandelen op naam*) as at the Record Date or a subsequent transferee of Rights granted to a holder of Ordinary Shares in registered form (*aandelen op naam*), who wishes to exercise his Rights should pay the Issue Price for the Offer Shares in accordance with the instructions he receives from Royal BAM Group. Payment for the Offer Shares must have been received by Royal BAM Group prior to the end of the Exercise Period.

Holders of Ordinary Shares in registered form (and their transferees) will receive the Offer Shares in registered form. Delivery of these Offer Shares is expected to take place on 18 June 2010.

Subscription, Listing and Paying Agent

ING is the Subscription, Listing and Paying Agent and will accept subscriptions for the Offer Shares. The financial intermediary through which Eligible Persons hold their Rights will be responsible (except for subscriptions on Rights held by holder of Ordinary Shares in registered form or their transferees which should be addressed to Royal BAM Group) for collecting instructions from them and for informing the Subscription, Listing and Paying Agent of their exercise instructions.

Trading in Rights

Trading in the Rights on Euronext Amsterdam is expected to commence at 9:00 CET hours on 1 June 2010 and will continue until 13:15 hours CET on 14 June 2010. The Rights will be traded on Euronext Amsterdam under the symbol "BAMRI", ISIN code NL0009486554 and common code 051413768.

The transfer of the Rights will take place through the book-entry form system of Euroclear Nederland.

Rights can be traded or purchased by Eligible Persons (as defined in "Selling and transfer restrictions") only. An Eligible Person who wishes to sell one or more Rights should instruct the financial intermediary through which he holds the Rights in accordance with the instructions received from that financial intermediary. An Eligible Person may also instruct a financial intermediary to purchase Rights on his behalf.

All transactions in Rights prior to the Closing Date are at the sole risk of the parties concerned. The Joint Bookrunners, Royal BAM Group, the Subscription, Listing and Paying Agent and Euronext Amsterdam do not accept any responsibility or liability with respect to the withdrawal of the Offering or the related annulment of any transactions in Rights or Offer Shares on Euronext Amsterdam.

Unexercised Rights

After the Exercise Period has ended, any unexercised Rights will continue to be reflected in the securities account of the relevant holder of such Rights solely for the purpose of the distribution of the Excess Amount (as defined in "The Offering—Excess Amount"), if any.

Rump Offering

After the Exercise Period has ended, the Joint Bookrunners will, subject to the terms and conditions of the Underwriting Agreement (see "Plan of distribution—Conditions to the Offering"), commence the Rump Offering, if any, in which they will offer for sale by way of private placements in the Netherlands and certain other jurisdictions the Rump Shares, all in accordance with the terms and conditions of the Underwriting Agreement.

The Rump Offering, if any, is expected to commence at 8:00 hours CET on 15 June 2010 and to end no later than 17:30 hours CET on 15 June 2010.

Any Offer Shares not subscribed for through the exercise of the Rights in the Rights Offering or sold by the Joint Bookrunners in the Rump Offering will be subscribed and paid for by the Joint Bookrunners at the Issue Price in accordance with the Underwriting Agreement. See "Plan of distribution".

Excess Amount

If, upon completion of the Rump Offering, the aggregate proceeds for the Rump Shares offered and sold in the Rump Offering, minus the selling expenses and any applicable taxes, exceed the aggregate Issue Price for such Rump Shares, such amount will constitute the Excess Amount (the "**Excess Amount**"). Each holder of a Right that was not exercised at the end of the Exercise Period will be entitled to receive, except as noted below, a part of the Excess Amount in cash *pro rata* to the number of unexercised Rights reflected in each such holder's securities account (the "**Unexercised Rights Payment**"). If the Excess Amount divided by the total number of unexercised Rights is less than EUR 0.01, no Unexercised Rights Payment will be made to the holders of any unexercised Rights, and instead, any such Excess Amount will be retained by the Joint Bookrunners for their own benefit**.** Royal BAM Group will not be entitled to receive any Excess Amount. Royal BAM Group will announce whether any Unexercised Rights Payment is available for distribution to holders of unexercised Rights by means of a press release published in the Netherlands and which is placed on Royal BAM Group's website.

The Unexercised Rights Payment, if any, will be distributed to holders of unexercised Rights as soon as practicable after the Closing Date and will be credited to those holders through the facilities of Euroclear Nederland. Unexercised Rights Payments will be made in euro only without interest and after withholding of any applicable taxes.

A holder of shares in bearer form (*aandelen aan toonder*) with unexercised Rights who has not received any payments within a reasonable time following completion of the Offering, should contact the financial intermediary through which he hold such rights.

A holder of shares in registered form (*aandelen op naam*) with unexercised Rights who has not received any payments within a reasonable time following completion of the Offering, should contact Royal BAM Group.

Royal BAM Group cannot guarantee that the Rump Offering will take place

Pursuant to the Underwriting Agreement, the Joint Bookrunners will use their best efforts to place the Rump Shares in, and to realise an Excess Amount from, the Rump Offering. Royal BAM Group and the Joint Bookrunners cannot guarantee that the Rump Offering, if any, will be successfully completed. If the Rump

Offering takes place, neither Royal BAM Group nor the Joint Bookrunners, nor the Subscription, Listing and Paying Agent, nor any other person procuring purchases for the Rump Shares, will be responsible for any lack of Excess Amount arising from any placement of the Rump Shares.

Conditions to the Offering

Each of the Rights Offering and the Rump Offering is subject to certain conditions. See "Plan of distribution—Conditions to the Offering".

Allotment of Offer Shares

Allotment of Offer Shares issued pursuant to the Offering is expected to take place on 15 June 2010.

Ranking and dividends

The Offer Shares will, upon issue, rank *pari passu* in all respects with the then outstanding Ordinary Shares. The Offer Shares will be eligible for any dividend payment which Royal BAM Group may declare on Ordinary Shares after the Closing Date. See "Dividends and dividend policy".

Dilution

If a holder of Ordinary Shares does not participate in the Offering, his proportionate capital and voting interest in Royal BAM Group will be diluted by up to 42% by the issue of the Offer Shares.

Governing law and competent courts

The Rights, their terms and conditions and the Offering shall be governed by and construed in accordance with the laws of the Netherlands. Any dispute arising out of or relating to the Rights or the Offering shall be finally and exclusively settled by the competent courts in Amsterdam, the Netherlands.

PLAN OF DISTRIBUTION

Underwriting arrangement

The Joint Bookrunners, subject to the terms and conditions of the Underwriting Agreement (dated 31 May 2010), have agreed to procure subscribers for any Rump Shares through private placements to institutional investors in the Netherlands and certain other jurisdictions. The Joint Bookrunners, severally and not jointly, will subscribe and pay for any Rump Shares not sold in the Rump Offering pro rata to the following underwriting commitments, in accordance with the terms and subject to the conditions of the Underwriting Agreement:

Joint Bookrunners	Percentage
ING	35%
Rabobank	35%
RBS	30%
Total	**100%**

In the Underwriting Agreement, Royal BAM Group has given certain representations and warranties and undertakings to the Joint Bookrunners. In addition, Royal BAM Group has agreed to indemnify the Joint Bookrunners against certain liabilities in connection with the Offering. According to the Underwriting Agreement, the Company has agreed to pay to the Joint Bookrunners total commissions of approximately EUR 9 million.

Conditions to the Offering

The Underwriting Agreement provides that the several obligations of the Joint Bookrunners are subject to the fulfilment, or discretionary waiver by the Joint Bookrunners, of certain conditions, including but not limited to (i) a material adverse change in the business, financial condition, earnings, or shareholders' equity of the Group, (ii) receipt of customary documentation, and (iii) the making of necessary filings with or obtaining confirmations from regulatory authorities, Euronext Amsterdam and Euroclear Nederland.

The Joint Bookrunners may at their discretion terminate the Offering at any time prior to the payment for and delivery of the Offer Shares if, *inter alia*, (i) any or all of the conditions are not met in time or have become incapable of being met, or have not been waived by the Joint Bookrunners, or (ii) a material adverse change occurs in the financial markets, hostilities break out, an act of terrorism is committed, or suspension of trading of the Ordinary Shares occurs, or material disruptions in trading occur more generally, or a banking moratorium is declared.

In such event, the Offering will be withdrawn. Consequently, (i) both the exercised and unexercised Rights granted will lapse without compensation to their holders, (ii) subscriptions for, and allotments of Offer Shares that have been made will be disregarded, and (iii) any subscription payments made and received by the Company, the Subscription, Listing and Paying Agent or the Joint Bookrunners will be returned without interest or compensation. The lapsing of Rights will be without prejudice to the validity of any trades in Rights that have been settled. Any non-settled trades in Rights that have occurred on Euronext Amsterdam will be deemed null and void. There will be no refund or compensation in respect of Rights purchased in the market or in any other manner.

Lock-up arrangements

Royal BAM Group has agreed with the Joint Bookrunners that, for the period after the execution of the Underwriting Agreement and until 180 days following the Closing Date, it will not, without the prior written consent of the Joint Bookrunners (except pursuant to the Offering and subject to an exception for the issue of and granting of rights to subscribe for and purchase Cumulative Preference Shares B to the Foundation):

(a) issue, offer, sell, lend, deposit, mortgage, create liens over, charge, assign, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell or issue, grant (whether by way of warrant, convertible or exchangeable security or otherwise) any option to subscribe for or purchase any security in the share capital of Royal BAM Group, lend or otherwise transfer or dispose of, directly or indirectly, any securities in the share capital of Royal BAM Group or any rights in respect of any securities convertible into or exercisable or exchangeable for, or substantially similar to, securities in the share capital of Royal BAM Group; or

(b) enter into any swap or any other transaction, of whatever kind, which directly or indirectly leads to a total or partial transfer to one or more third parties of any interest in Royal BAM Group's share capital, legal or economic, or which in any way whatsoever fixes, limits or transfers any risk arising from the possibility of price movement, up or down, in respect of such an interest, whether any such swap or transaction described above is to be settled by delivery of shares or other securities, in cash or otherwise; or

(c) or agree to do, or publicly announce any intention to enter into, any transaction described in (a) or (b) above, whether any such transaction described in (a) or (b) above is to be settled by delivery of securities, in cash or otherwise.

SELLING AND TRANSFER RESTRICTIONS

General

Royal BAM Group is not taking any action to register the Rights and the Offer Shares or otherwise to permit a public offering of the Offer Shares (pursuant to the exercise of Rights or otherwise), or an offer of Rights in any jurisdiction outside the Netherlands. The Offering is only made in those jurisdictions in which, and only to those persons to whom, the Offering may be lawfully made.

Receipt of this Prospectus will not constitute an offer in those jurisdictions in which it would be illegal to make an offer and, in those circumstances, this Prospectus will be sent for information only and should not be copied nor redistributed. If the investor receives a copy of this Prospectus in any territory other than the Netherlands, the investor may not treat this Prospectus as constituting an invitation or offer to the investor, nor should the investor in any event deal in Rights or Offer Shares unless, in the relevant territory, such an invitation or offer could lawfully be made to the investor and Rights or Offer Shares can lawfully be dealt in without contravention of any unfulfilled registration or other legal requirements.

Accordingly, if an investor receives a copy of this Prospectus or any other offering materials or advertisements, he should not, in connection with the Offering, distribute or send the same, or transfer Rights or Offer Shares to any person or in or into any jurisdiction where to do so would or might contravene local securities laws or regulations. If the investor forwards this Prospectus or any other offering materials or advertisements into any such territory (whether under a contractual or legal obligation or otherwise) the investor should draw the recipient's attention to the contents of this "Selling and transfer restrictions" section.

The Offering will be made in reliance on Regulation S under the Securities Act. The Offer Securities have not been, and will not be, registered under the Securities Act and may not be exercised, offered, sold or otherwise transferred in or into the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act) unless the Offer Securities are registered under the Securities Act, or an exemption from the registration requirements of the Securities Act is available. For a description of the restrictions on resale and transfer of the Offer Securities, see "Selling and transfer restrictions".

Subject to the specific restrictions described below, if investors (including, without limitation, any investor's nominees, custodians and trustees) are outside the Netherlands and wish to sell or exercise Rights or purchase Rights or Offer Shares, must satisfy themselves as to full observance of the applicable laws of any relevant territory including obtaining any requisite governmental or other consents, observing any other requisite formalities and paying any issue, transfer or other taxes due in such territories.

Subject to certain exceptions, financial intermediaries, including brokers, custodians and nominees, are not permitted to send or otherwise distribute this Prospectus or any other information regarding the Offering to any person that does not qualify as an Eligible Person (as defined below). The comments set out in this section are intended as a general guide only. If an investor is in any doubt as to the investor's position the investor should consult the investor's professional adviser.

Exercise of Rights

Rights will be granted to shareholders as at the Record Date. Rights credited to the account of a person that is not an Eligible Person (as defined below), shall not constitute an offer of Offer Shares to such person.

Royal BAM Group reserves the right, with sole and absolute discretion, to treat as invalid the exercise, purported exercise or transfer of any Rights, which appears to Royal BAM Group or Royal BAM Group's agents:

- to have been executed, effected or dispatched from outside the Netherlands, unless Royal BAM Group is satisfied that such action would not result in the contravention of any registration or other legal requirement in any jurisdiction;
- to involve a (potential) breach or violation of the laws or regulations of any jurisdiction;
- to involve an acceptance, or purported acceptance, that may violate applicable legal or regulatory requirements or may be inconsistent with the procedures and terms set out in this Prospectus; or
- to purport to exclude or modify any of the representations and warranties required or deemed to be made by an exercising Right holder, as set out in "Selling and transfer restrictions—Representations and warranties by investors in the Offering".

Royal BAM Group will not be bound to allot or issue any Offer Shares to any person with an address outside, or who is otherwise located outside, the Netherlands.

Notwithstanding any other provision of this Prospectus, Royal BAM Group reserves the right to permit the investor to exercise Rights if Royal BAM Group, in Royal BAM Group's sole and absolute discretion, is satisfied that the transaction in question is exempt from or not subject to the legislation or regulations giving rise to the restrictions in question. In any such case, neither Royal BAM Group nor the Joint Bookrunners accept any liability for any actions that the investor takes or for any consequences that the investor may suffer by Royal BAM Group accepting the investor's exercise of Rights.

Representations and warranties by investors in the Offering

Subject to certain exceptions, each person who (i) accepts, takes up, delivers or otherwise transfers Rights, (ii) exercises Rights, or (iii) purchases, subscribes for, trades or otherwise deals in Rights or Offer Shares being granted or offered, respectively, in the Offering, will be deemed to have made, and in some cases be required to make, each of the following representations and warranties to Royal BAM Group, to the Subscription, Listing and Paying Agent, to the Joint Bookrunners and to any person acting on their behalf, unless, in Royal BAM Group's sole discretion, Royal BAM Group waives such requirement:

In relation to the Rights Offering:

- The investor was a shareholder of Royal BAM Group as at the Record Date, or the investor lawfully acquired or may lawfully acquire Rights, directly or indirectly, from such a person;
- Subject to certain exceptions, the investor is not resident or located outside the Netherlands, or a citizen of any other jurisdiction than the Netherlands;
- The investor is not accepting an offer to acquire, take up or exercise Rights or Offer Shares on a nondiscretionary basis for a person who is resident or located outside the Netherlands, or a citizen of any other jurisdiction than the Netherlands at the time the instruction to accept was given;

In relation to the Rights Offering and the Rump Offering:

- The investor may lawfully be granted or offered, accept, take up, obtain, purchase, exercise, subscribe for, receive, trade or otherwise deal in Rights or Offer Shares in the jurisdiction in which the investors resides or is currently located;
- In relation to Offer Securities purchased pursuant to Regulation S:
  - o The investor is, or at the time the Offer Securities are purchased pursuant to Regulation S, will be, the beneficial owner of such Offer Securities and (i) it is acquiring the Offer Securities in an offshore transaction in accordance with Regulation S and (ii) it is not an affiliate of Royal BAM Group or a person acting on behalf of Royal BAM Group or such an affiliate.
  - o The Investor understands that the Offer Securities have not been and will not be registered under the Securities Act and that the investor will not offer, sell, pledge or otherwise transfer such Offer Securities unless such Offer Securities are registered under the Securities Act or an exemption from the registration requirements of the Securities Act is available, in each case in accordance with any applicable laws of any state or territory of the United States and any foreign jurisdiction.
  - o Any offer, sale, pledge or other transfer made other than in compliance with the above-stated restrictions shall not be recognised by Royal BAM Group in respect of the Offer Securities.
  - o The investor has not been offered the Offer Securities by means of any directed selling efforts.
  - o Terms defined in Regulation S under the Securities Act are used herein as defined therein;
- The investor is either located outside the United Kingdom, or the investor is a person who is a "qualified investor" (as defined in Section 86(7) of the Financial Services and Markets Act 2000 of the United Kingdom, as amended (the "FSMA")); and
- The investor is not acquiring Rights or Offer Shares with a view to the offer, sale, transfer, delivery or distribution, directly or indirectly, of such Rights or Offer Shares into a jurisdiction where such cannot be lawfully done.

A person who can make the representations and warranties described above shall be deemed an "**Eligible Person**" for the purposes of the Offering.

Royal BAM Group, the Joint Bookrunners, and any persons acting on their behalf will rely upon the truth and accuracy of the investor's representations and warranties. Any provision of false information or subsequent breach of these representations and warranties may subject the investor to liability.

If the investor is a person acting on behalf of another person exercising or purchasing Rights or Offer Shares (including, without limitation, as a nominee, custodian or trustee), the investor will be required to provide the foregoing representations and warranties to Royal BAM Group and the Subscription, Listing and Paying Agent with respect to the exercise or purchase of Rights or Offer Shares on behalf of such person. If the investor does not provide the foregoing representations and warranties, neither Royal BAM Group, nor the Subscription, Listing and Paying Agent, nor any persons acting on behalf of either of Royal BAM Group or the Subscription, Listing and Paying Agent, will be bound to authorise the allocation of any Offer Shares to the investor or the person whose behalf the investor is acting.

United States

The Rights and the Offer Shares have not been and will not be registered under the Securities Act or with the regulatory authority of any state or jurisdiction in the United States, and may not be offered, exercised, sold, pledged, taken up, delivered, renounced, or otherwise transferred in or into the United States. There will be no public offering of the Rights or the Offer Shares in the United States.

The Rights and Offer Shares have not been approved or disapproved by the SEC, any state securities commission in the United States or any other regulatory authority of or in the United States, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the Rights and Offer Shares or the accuracy or adequacy of this Prospectus. Any representation to the contrary is a criminal offence in the United States.

The Rights and Offer Shares offered outside the United States are being offered in reliance on Regulation S. Accordingly, Royal BAM Group is not extending the Offering in to the United States and this Prospectus does not constitute and will not constitute an offer or an invitation to apply for, or an offer of an invitation to acquire, any Rights or Offer Shares in the United States. It is intended that this Prospectus will not be sent to any shareholder with a registered address, or who is resident or located, in the United States.

In addition, until 40 days after the date of the Prospectus, an offer, sale or transfer of the Rights and Offer Shares within the United States by a broker/dealer (whether or not participating in the Offering) may violate the registration requirements of the Securities Act.

United Kingdom

Neither this Prospectus nor any other offering material has been submitted to the clearance procedures of the Financial Services Authority in the United Kingdom. Neither the Rights nor the Offer Shares are being or have been offered or sold in the United Kingdom except to qualified investors. In the immediately preceding sentence, “qualified investors” has the meaning given to it in Section 86 of the FSMA.

Each Joint Bookrunner represents, warrants and agrees that:

- it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business;
- it has not offered or sold and will not offer or sell either the Rights or the Offer Shares in the United Kingdom other to qualified investors as defined in Section 86 of FSMA;
- it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of FSMA) received by it in connection with the issue or sale of the Rights and Offer Shares in circumstances in which Section 21(1) of the FSMA does not apply in respect of which an exemption (as set out in the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005) applies; and
- it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Rights or Offer Shares in, from or otherwise involving the United Kingdom.

European Economic Area

In relation to each EEA State which has implemented the Prospectus Directive (each, a “**Relevant Member State**”), an offer of the Offer Securities which are the subject of the Offering contemplated by this Prospectus may not be made in that Relevant Member State prior to the publication of a prospectus in relation to the Offer Shares which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive, except that an offer of any Offer Securities to the public in that Relevant Member State may be made at any time under the following exemptions under the Prospectus Directive, if they have been implemented in that Relevant Member State:

(a) to legal entities that are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;

(b) to any legal entity that has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than EUR 43,000,000 and (3) an annual net turnover of more than EUR 50,000,000, as shown in its last annual or consolidated accounts;

(c) in any other circumstances falling within Section 3(2) of the Prospectus Directive,

provided that no such offer of Offer Securities shall result in a requirement for the publication by Royal BAM Group or the Joint Bookrunners of a prospectus pursuant to Section 3 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer to the public" in relation to any Offer Securities in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the Offering and any Offer Securities to be offered so as to enable an investor to decide to purchase or subscribe for any Offer 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" includes any relevant implementing measure in each Relevant Member State.

INDEPENDENT AUDITORS

PricewaterhouseCoopers Accountants N.V. has audited the Group's consolidated financial statements for the years ended 31 December 2009, 2008 and 2007, and have issued unqualified auditors' reports thereon, which are incorporated by reference in this Prospectus. The independent auditors of Royal BAM Group have no interest in Royal BAM Group.

PricewaterhouseCoopers Accountants N.V. is an independent registered accounting firm. The address of PricewaterhouseCoopers Accountants N.V. is Thomas R. Malthusstraat 5, 1066 JR Amsterdam, the Netherlands. The auditors who sign on behalf of PricewaterhouseCoopers Accountants N.V. are members of the Royal Dutch Institute of Chartered Accountants (*Koninklijk Nederlands Instituut voor Registeraccountants*).

The Group's consolidated interim financial statements for the three month period ended 31 March 2010 and for the three month period ended 31 March 2009 have not been audited. Royal BAM Group's consolidated interim financial statements for the three month period ended 31 March 2010 have been reviewed. This review report is included in this Prospectus by reference.

PricewaterhouseCoopers Accountants N.V. has given, and has not withdrawn, its consent to the inclusion or incorporation by reference of its reports in this Prospectus in the form and context in which they are included.

GENERAL INFORMATION

Corporate resolutions

On 21 April 2010, the General Meeting authorised the Management Board, subject to the approval of the Supervisory Board, to grant the Rights and to issue the Offer Shares and to validly exclude the statutory pre-emptive rights (*wettelijke voorkeursrechten*) of holders of Ordinary Shares in relation to the Offering.

On 25 May 2010, the Management Board resolved, subject to the approval of the Supervisory Board, to grant the Rights and to issue the Offer Shares and to validly exclude the statutory pre-emptive rights (*wettelijke voorkeursrechten*) of holders of Ordinary Shares in relation to the Offering. The Supervisory Board approved, ratified and confirmed the aforementioned resolution of the Management Board on 25 May 2010.

Legal and arbitration proceedings

Except as set out in "Business—Legal and arbitration proceedings", neither Royal BAM Group, nor any of its Group Companies, are, or during the 12 months preceding the date of this Prospectus have been, involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which Royal BAM Group is aware), which may have, or have had in the recent past significant effects on Royal BAM Group's financial position or profitability.

No significant change in the Group's financial or trading position

Since 31 March 2010, two important events have occurred. First, on 21 April 2010 the General Meeting resolved to amend the Articles of Association to introduce a so-called "mitigated large company regime" (*gemitigeerd structuurregime*). See "Management, employees and corporate governance—Management Board—Powers, composition and function" and "Description of share capital—General". Second, in April 2010, Royal BAM Group's banking syndicates consented to amend the Existing Facilities, which amendment will take effect upon execution of an amendment agreement and subject to certain market customary conditions and the condition of completion of the Offering being met. See "Operating and financial review—Liquidity and capital resources—Description of borrowings". Except for these two important events, there has been no significant change in the financial or trading position of the Group since 31 March 2010.

Publication of the results of the Offering

The number of Offer Shares subscribed for in the Rights Offering, the announcement of the start of the Rump Offering (if any), the results of such Rump Offering, as well as whether any amount of the Unexercised Rights Payment is available for distribution to holders of unexercised Rights, will be published through a press release published in the Netherlands, which will be placed on Royal BAM Group's website as soon as possible after allocation of the Offer Shares.

Availability of documents

Subject to applicable laws, the following documents (or copies thereof), where applicable, may be obtained free of charge from Royal BAM Group's website (http://www.bam.nl):

- this Prospectus and any supplement to the Prospectus (if any);
- the audited consolidated financial statements of the Group, including the notes thereto, for the financial years ended 31 December 2009, 2008 and 2007;
- the unaudited consolidated interim financial statements of the Group for the three month periods ended 31 March 2010 and 2009;
- the Articles of Association; and
- the Conversion Terms and Conditions.

In addition, copies in Dutch and in English of the Group's audited consolidated financial statements including the notes thereto, for the financial years ended 31 December 2009, 2008 and 2007, the unaudited consolidated interim financial statements for the three month periods ended 31 March 2010 and 2009, and the Articles of Association, and copies in English of this Prospectus, any supplement to the Prospectus, and the Conversion Terms and Conditions will be available free of charge at Royal BAM Group's offices in Bunnik during normal business hours for the life of this Prospectus.

In addition, a copy of this Prospectus and any supplement to the Prospectus (if any) may be obtained free of charge by sending a request in writing or by e-mail to the Subscription, Listing and Paying Agent at:

ING Bank N.V.
Van Heenvlietlaan 220
1083 CN Amsterdam
The Netherlands
E-mail: iss.pas@ing.nl

Up-to-date investment information and press releases are freely available for download from Royal BAM Group's website: http://www.bam.nl.

Liquidity provider

Rabobank and RBS act as liquidity providers for the trade in Ordinary Shares. The liquidity providers facilitate an orderly market in the Ordinary Shares by quoting two-way bid and offer prices.

DEFINITIONS AND GLOSSARY OF SELECTED TERMS

The following explanations are not intended as technical definitions, but to assist the general reader to understand certain terms as used in this Prospectus.

AFM	The Netherlands Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten*)
AM	AM B.V.
Articles of Association	The articles of association of Royal BAM Group as they read on the date of this Prospectus
BAMNB	Symbol under which the shares are listed on Euronext Amsterdam
CET	Central European Time
CITA	Dutch Corporate Income Tax Act 1969 (*Wet op de vennootschaps-belasting 1969*)
Closing Date	18 June 2010
Code	The Dutch corporate governance code published on 9 December 2003 and amended in December 2008 and applicable as of 1 January 2009
Company	Koninklijke BAM Groep N.V., also Royal BAM Group
Company Shares	The Ordinary Shares, the Cumulative Preference Shares B and the Cumulative Preference Shares F
Conversion Terms and Conditions	The Conversion Terms and Conditions for the Cumulative Preference Shares F, series FP4, sub-series 1
Cumulative Preference Shares B	The Company's cumulative preference shares B
Cumulative Preference Shares F	The Company's cumulative preference shares F
DBFMO contract	Design Build Finance Maintain Operate contract
DNB	The Dutch Central Bank N.V. (De Nederlandsche Bank N.V.)
Dutch Corporate Entities	Entities that are resident or deemed to be resident in the Netherlands for the purposes of the CITA
Dutch Enterprise Shares	Ordinary Shares, Offer Shares and/or Rights or any right to derive benefits from Ordinary Shares
Dutch Individuals	Individuals who are resident or deemed to be resident in the Netherlands for purposes of Dutch income tax and individuals who opt to be treated as if resident in the Netherlands for purposes of Dutch income tax
Dutch Taxes	Taxes of whatever nature levied by or on behalf of the Netherlands or any of its subdivisions or tax authorities
EEA State	A state which is party to the agreement relating to the European Economic Area
EIB	Dutch Economic Institute for the Building Industry
Eligible Person	A person as defined in "Selling and transfer restrictions"
EUR, euro or €	The lawful currency of the European Monetary Union
Euroclear Nederland	Nederlands Centraal Instituut voor Giraal Effectenverkeer B.V., the Dutch depository and settlement institute
Euroconstruct Report	Country Report of the Euroconstruct Organisation, published in connection with the 68th Euroconstruct Conference held on 26 and 27 November 2009

Euronext Amsterdam	Euronext Amsterdam by NYSE Euronext
Excess Amount	The amount by which the aggregate proceeds for the Rump Shares offered and sold in the Rump Offering, after deduction of selling expenses and any applicable taxes, exceeds the aggregate Issue Price for such Rump Shares
Exercise Period	From 9:00 hours CET on 1 June 2010 until 15:00 hours CET on 14 June 2010
Existing Facilities	The Term Loan Facility, Revolving Credit Facility and the Subordinated Term Loan Facility
Foundation	Stichting Aandelenbeheer BAM Groep
FMSA	Dutch Financial Markets Supervision Act (*Wet op het financieel toezicht*)
FSMA	Financial Services and Markets Act 2000 of the United Kingdom, as amended
GBP	The lawful currency of the United Kingdom
General Meeting	The general meeting of holders of Company Shares
Group	Koninklijke BAM Groep N.V. and its Group Companies
Group Company	A legal entity as referred to in Section 24b, Book 2, Dutch Civil Code
IFRS	International Financial Reporting Standards as adopted in the European Union
ING	ING Bank N.V.
Issue Price	EUR 2.58 per Offer Share
Joint Bookrunners	ING, Rabobank and RBS
Joint Global Coordinators	ING and Rabobank
Management Board	The management board (*raad van bestuur*) of Royal BAM Group
Management Board Rules	The rules adopted by the Management Board regarding its functioning and internal organisation
Offering	Rights Offering and Rump Offering
Offer Securities	Offer Shares and Rights
Offer Shares	96,569,057 new ordinary shares that will be offered in the Offering
Official Daily List	The Official Daily List of Euronext Amsterdam (*Officiële Prijscourant*)
Ordinary Shares	The issued ordinary shares in the capital of Royal BAM Group with a nominal value of EUR 0.10 each
PPP	Public-private partnerships
Prospectus	This prospectus dated 31 May 2010
Prospectus Directive	European Directive 2003/71/EC of 4 November 2003 on the prospectus to be published when securities are offered to the public or admitted to trading, as amended
Rabobank	Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A.
RBS	The Royal Bank of Scotland N.V.
Record Date	17:40 hours CET on 31 May 2010
Regulation S	Regulation S under the Securities Act

Relevant Member State	An EEA State which has implemented the Prospectus Directive
Revolving Credit Facility	The EUR 550 million revolving credit facility dated 31 July 2007
Rights	The transferable subscription rights granted to existing shareholders under the Rights Offering for each Ordinary Share held on the Record Date, which will entitle Eligible Persons to subscribe for 5 Offer Shares for every 7 Rights held
Rights Offering	The offer to subscribe for Offer Shares through the exercise of the Rights
Royal BAM Group	Koninklijke BAM Groep N.V., also the Company
Rump Offering	The offer and sale of the Rump Shares
Rump Shares	The Offer Shares that were issuable upon the exercise of Rights but that have not been validly subscribed for during the Exercise Period
Securities Act	The U.S. Securities Act of 1933, as amended
Shareholder(s)	Holder(s) of Ordinary Shares and/or Offer Shares
Subordinated Term Loan Facility	The EUR 150 million subordinated term loan facility, originally dated 7 June 2005, as amended and restated and increased to EUR 200 million on 31 July, 2007
Subscription, Listing and Paying Agent	ING Bank N.V.
Substantial Interest Shares	Dutch Enterprise Shares, (including any capital gains realised on the disposal thereof) that are attributable to a (fictitious) substantial interest
Supervisory Board	The supervisory board (*raad van commissarissen*) of Royal BAM Group
Supervisory Board Rules	The rules adopted by the Supervisory Board regarding its functioning and internal organisation
Takeover Directive	European Directive 2004/25/EC of 21 April 2004 relating to public takeover bids
Term Loan Facility	The EUR 360 million term loan facility dated 27 May 2009
Trade Register	Commercial Register of the Chamber of Commerce for the Central Netherlands *(handelsregister van de Kamer van Koophandel en Fabrieken voor Midden-Nederland)*
Underwriting Agreement	The agreement dated 31 May 2010 between Royal BAM Group and the Joint Bookrunners
Unexercised Rights Payment	A part of the Excess Amount paid in cash proportional to the number of unexercised Rights
Van Oord	Van Oord N.V.
Works Council	The works council (*ondernemingsraad*) of Royal BAM Group

DOCUMENTS INCORPORATED BY REFERENCE

The following documents which have previously been published are incorporated in this Prospectus by reference and, as such, form part of this Prospectus. The incorporation by reference extends only to the pages indicated below and the English language versions of the documents. Non-incorporated parts of the documents listed below are either not relevant for the investor or covered elsewhere in the Prospectus.

- Royal BAM Group's consolidated financial statements prepared in accordance with IFRS for the fiscal year ended 31 December 2007, and the Auditor's Report dated 20 March 2008, relating thereto, attached as pages 81 up to and including 155, respectively page 159, to Royal BAM Group's annual report 2007 as filed with the AFM;
- Royal BAM Group's consolidated financial statements prepared in accordance with IFRS for the fiscal year ended 31 December 2008, and the Auditor's Report dated 4 March 2009 relating thereto, attached as pages 85 up to and including 167, respectively page 171, to Royal BAM Group's annual report 2008 as filed with the AFM;
- Royal BAM Group's consolidated financial statements prepared in accordance with IFRS for the fiscal year ended 31 December 2009, and the Auditor's Report dated 3 March 2010 relating thereto, attached as pages 96 up to and including 178, respectively page 183, to Royal BAM Group's annual report 2009 as filed with the AFM;
- Royal BAM Group's unaudited consolidated interim financial statements for the three month period ended 31 March 2009, attached to Royal BAM Group's first quarter report for the three month period ended 31 March 2009, as filed with the AFM;
- Royal BAM Group's unaudited consolidated interim financial statements prepared in accordance with IAS 34 for the three month period ended 31 March 2010, and the review report dated 19 May 2010 relating thereto, attached to Royal BAM Group's first quarter report for the three month period ended 31 March 2010, as filed with the AFM;
- The Articles of Association as at the date of this Prospectus; and
- The Conversion Terms and Conditions.

COMPANY

Koninklijke BAM Groep N.V.
Runnenburg 9
3981 AZ Bunnik
The Netherlands

LEGAL ADVISERS TO THE COMPANY

De Brauw Blackstone Westbroek N.V.
Claude Debussylaan 80
1082 MD Amsterdam
The Netherlands

JOINT GLOBAL COORDINATORS

ING
Bijlmerplein 888
1102 MG Amsterdam
The Netherlands

Rabobank
Amstelplein 1
1096 HA Amsterdam
The Netherlands

JOINT BOOKRUNNERS

ING
Bijlmerplein 888
1102 MG Amsterdam
The Netherlands

Rabobank
Amstelplein 1
1096 HA Amsterdam
The Netherlands

RBS
Gustav Mahlerlaan 10
1082 PP Amsterdam
The Netherlands

LEGAL ADVISERS TO THE JOINT BOOKRUNNERS

Allen & Overy LLP
Apollolaan 15
1077 AB Amsterdam
The Netherlands

INDEPENDENT AUDITOR

PricewaterhouseCoopers Accountants N.V.
Thomas R. Malthusstraat 5
1066 JR Amsterdam
The Netherlands

SUBSCRIPTION, LISTING AND PAYING AGENT

ING
Van Heenvlietlaan 220
1083 CN Amsterdam
The Netherlands

161296 Imprima (Nederland) BV