

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

1 for 1 rights offering of 9,667,500 new depositary receipts of ordinary shares to existing holders of depositary receipts of ordinary shares other than Ballast Nedam N.V. in respect of the depositary receipts of ordinary shares it holds in treasury and holders of ordinary shares other than the Ballast Nedam Administration Office (Stichting Administratiekantoor van Aandelen Ballast Nedam) at an issue price of € 3.10 per depositary receipt

This document (the "**Prospectus**") relates to the issuance of 9,667,500 new depositary receipts of ordinary shares in the share capital of Ballast Nedam N.V. ("**Ballast Nedam**" or the "**Company**") with a nominal value of € 1.00 each (the "**Offer DRs**") at an issue price of € 3.10 (the "**Issue Price**") per Offer DR. Subject to applicable securities laws and the terms set out in this Prospectus, holders of depositary receipts (the "**DRs**") of ordinary shares in the capital of Ballast Nedam (the "**Ordinary Shares**") and holders of Ordinary Shares other than (i) Ballast Nedam in respect of DRs it holds in treasury and (ii) the Ballast Nedam Administration Office (Stichting Administratiekantoor van Aandelen Ballast Nedam) (the "**Ballast Nedam Administration Office**") as at the Record Date (as defined below) are being granted transferable subscription rights to subscribe for the Offer DRs (the "**Rights**" and together with the Offer DRs, the "**Offer Securities**") pro rata to their shareholding in the DRs and the Ordinary Shares. The offer to subscribe for Offer DRs through the exercise of Rights is referred to as the "**Rights Offering**".

Each person holding DRs or Ordinary Shares, other than Ballast Nedam in respect of the DRs it holds in treasury and the Ballast Nedam Administration Office (for the purpose of this Prospectus each such person shall be referred to as a "**DR Holder**") immediately following the close of trading in DRs on Euronext in Amsterdam ("**Euronext Amsterdam**") at 17:40 hours, Central European Summer Time ("**CEST**"), on 9 July 2014 (the "**Record Date**") will be granted one (1) Right for each DR or for each Ordinary Share held. Eligible Persons (as defined in § 16.1 ("Selling and Transfer Restrictions - General")) will be entitled and will have the right to subscribe at the Issue Price for one (1) Offer DRs for every one (1) Right held on the Record Date. Eligible Persons may, subject to applicable securities laws, subscribe for Offer DRs by exercising Rights from 9:00 hours CEST on 10 July 2014 until 14:00 hours CEST on 23 July 2014 (the "**Exercise Period**"). Any Rights not exercised by the end of the Exercise Period, may no longer be exercised by any Eligible Person. Once an Eligible Person has validly exercised his Rights, that exercise cannot be revoked or modified, except for certain circumstances as set out in § 14.3 ("The Offering - Rights Offering - Exercise Period"). The statutory pre-emptive rights (*wettelijke voorkeursrechten*) in respect of the Offering (as defined below) have been validly excluded for the purpose of the Offering.

Ballast Nedam has applied for admission to trading of the Rights on Euronext Amsterdam. Trading of the Rights is expected to commence under the symbol "BALCR" at 9:00 hours CEST on 10 July 2014 and will continue until 17:40 hours CEST on 22 July 2014. All transactions in the Rights prior to the settlement date on 29 July 2014 (the "**Settlement Date**") are at the sole risk of the parties involved.

Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. ("**Rabobank**"), acting through its GFM-Equity Capital Markets department and ING Bank N.V. ("**ING**"), acting through its corporate finance division are acting as joint global coordinators and joint bookrunners (the "**Joint Global Coordinators**" or "**Joint Bookrunners**") for the Offering. Certain DR Holders have committed to participate in the Offering by timely and duly exercising all of the Rights that they receive in the Offering and thereby subscribe for approximately 69% of the total number of Offer DRs (the "**Pre-Committed DR Holders**") which commitments shall lapse on 15 August 2014 (see § 15.1 ("Plan of Distribution - Commitment of major DR Holders")). After the Exercise Period has ended, the Offer DRs that were issuable upon the exercise of Rights but that have not been subscribed for during the Exercise Period (the "**Rump DRs**") may be offered for sale in the Netherlands and certain other jurisdictions by way of private placements by the Joint Global Coordinators (the "**Rump Offering**"), subject to the terms and conditions of the underwriting agreement between Ballast Nedam and the Joint Global Coordinators dated 9 July 2014 (the "**Underwriting Agreement**") and subject to applicable securities laws. The Rump Offering and the Rights Offering are collectively referred to as the "**Offering**".

The Rump Offering, if any, is expected to commence at 17:40 hours CEST on 23 July 2014 and to end no later than 17:40 hours CEST on 24 July 2014. The Joint Global Coordinators, subject to the terms and conditions of the Underwriting Agreement, have agreed to then use their reasonable efforts to procure subscribers for any Rump DRs through private placements to institutional investors in the Netherlands and certain other jurisdictions. The price per Rump DR must be at least equal to the Issue Price, plus any expenses related to procuring such subscribers (including any non-recoverable value added tax). The Joint Global Coordinators, severally and not jointly, will subscribe for Offer DRs not subscribed for through the exercise of Rights and not placed in the subsequent Rump Offering, if any, pro rata to their respective underwriting commitments at the Issue Price and excluding all Offer DRs which the Pre-Committed DR Holders agreed to subscribe for, in accordance with the terms and subject to the conditions of the Underwriting Agreement. See § 14.4 ("The Offering - Rump Offering - Rump DRs").

DR Holders who transfer, or who do not, not timely or not validly, or are not permitted to, exercise, any of their Rights granted under the Rights Offering will suffer a substantial dilution of their proportionate ownership and voting rights of approximately 50% as a result of the issue of the Offer DRs. **The latest date for acceptance under the Rights Offering is expected to be 14:00 hours CEST on 23 July 2014.**

No action has been or will be taken to permit a public offer of the Rights or Offer DRs in any jurisdiction outside the Netherlands. Ballast Nedam is only offering the Rights and the Offer DRs to those persons to whom, and in those jurisdictions where, the offering of the Rights and the Offer DRs may lawfully be made. The Rights and the Offer DRs have not been and will not be registered under the US Securities Act of 1933, as amended (the "**Securities Act**"), and may not be offered, issued, sold, taken up, delivered, renounced or transferred in or into the United States absent registration or an exemption from registration under the Securities Act. There will be no public offering of the Rights or the Offer DRs in the

United States. The Rights and the Offer DRs offered outside the United States are being offered in reliance on Regulation S under the Securities Act ("**Regulation S**"). Potential investors in the Rights or the Offer DRs should carefully read § 16 ("**Selling and Transfer Restrictions**").

Ballast Nedam may adjust the dates, times and periods of the Offering set out in this Prospectus in consultation with the Joint Global Coordinators. If Ballast Nedam should decide to do so, Ballast Nedam will make this public through a press release which will, amongst others, be placed on the Company's website.

The Offering is subject to a number of conditions. See § 14.4 ("**The Offering - Rump Offering - Conditions to the Offering**") and § 15.3 ("**Plan of Distribution - Conditions to the Offering**"). If any or all of the conditions are not met or waived by the Joint Global Coordinators prior to payment for and delivery of the Offer DRs, the Joint Global Coordinators may, at their full discretion, terminate the Offering and their obligation to subscribe for any Rump DRs. 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 DRs that have been made, will be disregarded and (iii) any subscription payments made and received by Ballast Nedam, Rabobank in its capacity as subscription, listing and paying agent (the "**Subscription, Listing and Paying Agent**") or any of the Joint Global Coordinators will be returned without interest or compensation. Any dealings in the Rights or the Offer DRs prior to settlement and delivery are at the sole risk of the parties concerned. 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. Ballast Nedam, the Joint Global Coordinators, the Subscription, Listing and Paying Agent and Euronext Amsterdam N.V. 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 DRs on Euronext Amsterdam.

Neither the Company nor the Joint Global Coordinators, nor the Subscription, Listing and Paying Agent has taken, is taking or will take any action to register the Offer Securities or otherwise to permit a public offering of the Offer DRs (pursuant to the exercise of Rights or otherwise), or an offer of the Rights, in any jurisdiction other than 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.

Distribution of this Prospectus, and the transfer of the Rights and the Offer DRs, into jurisdictions other than the Netherlands may be subject to specific regulations or restrictions. Persons in possession of this Prospectus must therefore inform themselves about and observe such restrictions. Any failure to comply with any such restrictions may constitute a violation of the securities laws or regulations of any such jurisdiction. Ballast Nedam, the Joint Global Coordinators and the Subscription, Listing and Paying Agent disclaim all responsibility for any violation of such restrictions by any person. Potential investors in the Offer Securities and Shareholders and DR Holders (as defined below) who have a registered address in, who are citizens of, or who are resident or located in, jurisdictions other than the Netherlands and any person (including, without limitation, agents, custodians, nominees and trustees) who has a contractual or other legal obligation to forward this Prospectus to a jurisdiction outside the Netherlands, should carefully read § 16 ("Selling and Transfer Restrictions**").**

INVESTING IN OFFER DRS AND TRADING IN RIGHTS INVOLVE RISKS. SEE "RISK FACTORS" FOR A DESCRIPTION OF THE MATERIAL RISKS THAT SHOULD BE CONSIDERED BEFORE INVESTING IN THE OFFER SHARES OR TRADING IN THE RIGHTS.

Ballast Nedam has applied for admission to listing and trading of the Offer DRs on Euronext Amsterdam. Trading in the Offer DRs is expected to commence on 29 July 2014. The DRs are listed on Euronext Amsterdam under the symbol "BALNE". On 8 July 2014, the closing price of the DRs on Euronext Amsterdam was € 7.356. The Offer Securities will be delivered in book-entry form through the facilities of the Nederlands Centraal Instituut voor Giraal Effectenverkeer B.V. ("**Euroclear Nederland**").

This Prospectus is dated 9 July 2014 and constitutes a prospectus for the purposes of article 3 of Directive 2003/71/EC of the European Parliament and of the Council, and amendments thereto (including those resulting from Directive 2010/73/EU) (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 "**Financial Supervision Act**") and the rules promulgated thereunder. It contains the information required under the proportionate disclosure regime referenced in article 7 paragraph (2) subparagraph (g) of the Prospectus Directive and article 21 paragraph (3) of Regulation (EU) No. 809/2004, as amended from time to time (the "**Prospectus Regulation**"). The level of disclosure of this Prospectus is proportionate to this type of offer. See § 3.1 ("**Important Information - General**") and § 3.2 ("**Important Information - Responsibility statement**"). This Prospectus has been approved by and filed with the Netherlands Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten*, the "**AFM**").

Joint Global Coordinators and Joint Bookrunners

ING

RABOBANK

Date of this Prospectus: 9 July 2014 (the "**Publication Date**")

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1. SUMMARY

Summaries are made up of disclosure requirements known as "**Elements**". These Elements are numbered in Sections A – E (A.1 – E.7).

This summary contains all the Elements required to be included in a summary for this type of security and issuer. As some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements.

Even though an Element may be required to be inserted in the summary because of the type of security and issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary alongside an indication that such Element is "not applicable". Certain capitalised terms used in this summary are defined in § 19 ("Defined Terms").

Section A - Introduction and Warnings		
A.1	Introduction and warnings	<p>This summary should be read as an introduction to this Prospectus relating to the issuance of 9,667,500 new depositary receipts of ordinary shares in the share capital of Ballast Nedam N.V. ("Ballast Nedam" or the "Company") with a nominal value of € 1.00 each (the "Offer DRs") at an issue price of € 3.10 (the "Issue Price") per Offer DR. Subject to applicable securities laws and the terms set out in this Prospectus, holders of depositary receipts (the "DRs") of ordinary shares in the capital of Ballast Nedam (the "Ordinary Shares") and holders of Ordinary Shares other than Ballast Nedam in respect of the DRs it holds in treasury and the Ballast Nedam Administration Office (<i>Stichting Administratiekantoor van Aandelen Ballast Nedam</i>) (the "Ballast Nedam Administration Office") as at the Record Date (as defined in Section E4) are being granted transferable subscription rights to subscribe for the Offer DRs (the "Rights" and together with the Offer DRs, the "Offer Securities") pro rata to their shareholding in the DRs and the Ordinary Shares. The offer to subscribe for Offer DRs through the exercise of Rights is referred to as the "Rights Offering").</p> <p>Any decision to invest in the Offer Securities should be based on a consideration of the Prospectus as a whole by the investor. Where a claim relating to the information contained in this Prospectus is being brought before a court, the plaintiff investor might, under the national legislation of the member states of the European Economic Area ("EEA"), have to bear the costs of translating this Prospectus before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus, or if it does not provide, when read together with other parts of the Prospectus, key information in order to aid investors when considering whether to invest in the Offer Securities.</p>
A.2	Consent, indication, conditions and notice	Not applicable
Section B - Issuer		
B.1	Legal and commercial name	Ballast Nedam N.V. and Ballast Nedam
B.2	Domicile, legal form, legislation and country of incorporation	The Company is a public limited liability company (<i>naamloze vennootschap</i>) incorporated under the laws of the Netherlands, with its corporate seat (<i>statutaire zetel</i>) in Nieuwegein, the Netherlands.
B.3	Key factors relating to the nature of the Group's operations and its principal activities	Ballast Nedam is one of the Netherlands' top six construction companies ¹ , operating mainly in the Netherlands. The Company together with its group companies within the meaning of Section 2:24b of the Dutch Civil Code (Burgerlijk Wetboek; the " DCC ") (the " Group Companies " and together the " Group ") offers integrated construction solutions. Currently, the Group operates with four different operating segments: Infrastructure, Building & Development, Specialised Companies and Supplies Companies. With the sharper strategic focus, the operational control will be further integrated and the Specialised Companies and Supplies segments will be merged into a single Specialised Companies & Supplies segment. It is envisaged that as of 1 January 2015, the merged

¹ This has been compiled by the Company based on a comparison of revenues of the top 10 Dutch construction companies as included in the 2012 annual report of these companies.

		<p>Specialised Companies & Supplies segments will operate and financially report as a single segment within the Group. Following this merger, the Group will offer its integrated construction solutions in three divisions: Infrastructure, Building & Development and Specialised Companies & Supplies (see § 8.6 ("Business Description - Overview of operations")). Ballast Nedam's customers' needs are concentrated around four different areas of work: housing, mobility, energy and nature. Within these areas, the Group's three operating segments focus on integrated projects. In addition, the Group focusses on related activities in the niche markets industrial construction, offshore wind turbines, secondary raw materials and alternative fuels.</p> <p>The Group serves a large amount of customers across various segments, thereby limiting client concentration. The Company's customers include: public clients, semi-public clients, private clients and consumers.</p> <p>The Group's approach is based on life-cycle thinking and acting: the Group develops, constructs, manages and recycles. The Group is involved in long-term management, maintenance and operation of projects and organises the projects' financial feasibility.</p> <p>The Company believes that the following are its key competitive strengths:</p> <ul style="list-style-type: none">• Strong position and track record in key markets• Relationship with Dutch public and semi-public organisations• Ballast Nedam's position and experience in the market for integrated projects offers opportunities for growth• The Company's position in several niche markets contributes to diversification and stability, and represent further development potential• Strategy and organisation are further aligned through the operational and financial restructuring measures										
B.4a	Significant recent trends	<p>The Company has identified the following trends that are expected to influence the Group's business and the markets in which it operates:</p> <ul style="list-style-type: none">• Sharing and reusing of products instead of possessing and discarding them (also known as the 'circular economy')• Increasing building complexity• Innovative, more industrial building methods under controlled conditions as a response to market demands• The market for integrated public-private-partnerships ("PPPs") projects continues to grow• Regarding industrial construction, the market for small-scale smart plants and biomass plants is growing and the same goes for nuclear power stations, sustainable energy and the maintenance and renewal of existing power plants outside the European Union										
B.5	Description of the Group and the Company's position therein	<p>Ballast Nedam is the ultimate holding company of the Group, with no material direct business operations. The Group mainly operates through a number of operating subsidiaries. The principle assets of Ballast Nedam are the equity interests it directly or indirectly holds in its operating subsidiaries.</p>										
B.6	Major DR Holders	<p>On the date of this Prospectus, as far as the Company is aware of, the following DR Holders have a significant direct or indirect interest in the Company's share capital:</p> <table><tr><th>DR Holder</th><th>Percentage</th></tr><tr><td>Hurks Groep B.V.</td><td>20.03</td></tr><tr><td>Navitas B.V.</td><td>15.40</td></tr><tr><td>Delta Lloyd Levensverzekeringen N.V.</td><td>7.21</td></tr><tr><td>Delta Lloyd Deelnemingen Fonds N.V.</td><td>5.79</td></tr></table>	DR Holder	Percentage	Hurks Groep B.V.	20.03	Navitas B.V.	15.40	Delta Lloyd Levensverzekeringen N.V.	7.21	Delta Lloyd Deelnemingen Fonds N.V.	5.79
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		<div>Menor Investments B.V. 5.11</div> <div>Bibiana Beheer B.V. 5.00</div> <div>Via Finis Invest B.V. 5.00</div> <div>The percentages are as shown in the register of the AFM. The Company's major DR Holders as set out above do not have any other voting rights than other shareholders, except for Ballast Nedam which cannot vote on its own DRs.</div> <div>The Company is not directly or indirectly owned or controlled by another corporation or by any foreign government. The Company is not aware of any arrangement, that may, at a subsequent date, result in a change of control.</div>																																																																																
B.7	Selected key historical financial information	<div>The following selected historical consolidated financial information for the years ended 31 December 2013 and 2012 is derived from Ballast Nedam's audited 2013 Financial Statements. The unaudited condensed consolidated interim financial information for each of the first half years 2014 and 2013 (periods ended 15 June 2014 and 16 June 2013), respectively, is derived from Ballast Nedam's unaudited consolidated interim financial statements for the first half year 2014. 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 § 4 ("Reasons for the Offering and Use of Proceeds"), § 6 ("Capitalisation and Indebtedness") and § 9 ("Operating and Financial Review").</div> <div>The audited consolidated financial statements for the financial years ended on 31 December 2013 and 2012 have been prepared in accordance with IFRS and comply with Title 9 of Book 2 of the Dutch Civil Code. The unaudited condensed consolidated interim financial statements for the first half year 2014 have been prepared in accordance with IAS 34.</div> <div>Consolidated income statement (EUR million)</div> <table><tr><th></th><th>First half year 2014²</th><th>First half year 2013³⁴</th><th>Year ended 31 December 2013</th><th>Year ended 31 December 2012</th></tr><tr><td>Revenue.....</td><td>515</td><td>486</td><td>1,268</td><td>1,296</td></tr><tr><td>Other operating income</td><td>22</td><td>–</td><td>–</td><td>4</td></tr><tr><td>Costs of raw materials and subcontractors.....</td><td>(450)</td><td>(326)</td><td>(949)</td><td>(956)</td></tr><tr><td>Personnel expenses.....</td><td>(119)</td><td>(137)</td><td>(268)</td><td>(285)</td></tr><tr><td>Other operating expenses</td><td>(3)</td><td>(12)</td><td>(57)</td><td>(57)</td></tr><tr><td>Share in profits of associates</td><td>-</td><td>-</td><td>-</td><td>-</td></tr><tr><td>Earnings before interest, taxes, depreciation and amortisation (EBITDA)⁵</td><td>(35)</td><td>11</td><td>(6)</td><td>2</td></tr><tr><td>Depreciation and amortisation of property, plant and equipment and intangible assets.....</td><td>(7)</td><td>(10)</td><td>(21)</td><td>(23)</td></tr><tr><td>Impairment of tangible and intangible assets.....</td><td>(3)</td><td>-</td><td>(3)</td><td>(10)</td></tr><tr><td>Earnings before interest and taxes (EBIT)⁶.....</td><td>(45)</td><td>1</td><td>(30)</td><td>(31)</td></tr><tr><td>Finance income</td><td>-</td><td>-</td><td>-</td><td>3</td></tr><tr><td>Finance expense</td><td>(5)</td><td>(4)</td><td>(7)</td><td>(10)</td></tr><tr><td>Net finance income and expense</td><td>(5)</td><td>(4)</td><td>(7)</td><td>(7)</td></tr><tr><td>Profit before income tax.....</td><td>(50)</td><td>(3)</td><td>(37)</td><td>(38)</td></tr><tr><td>Income tax expense</td><td>(1)</td><td>-</td><td>(4)</td><td>(3)</td></tr></table>		First half year 2014²	First half year 2013³⁴	Year ended 31 December 2013	Year ended 31 December 2012	Revenue.....	515	486	1,268	1,296	Other operating income	22	–	–	4	Costs of raw materials and subcontractors.....	(450)	(326)	(949)	(956)	Personnel expenses.....	(119)	(137)	(268)	(285)	Other operating expenses	(3)	(12)	(57)	(57)	Share in profits of associates	-	-	-	-	Earnings before interest, taxes, depreciation and amortisation (EBITDA)⁵	(35)	11	(6)	2	Depreciation and amortisation of property, plant and equipment and intangible assets.....	(7)	(10)	(21)	(23)	Impairment of tangible and intangible assets.....	(3)	-	(3)	(10)	Earnings before interest and taxes (EBIT)⁶.....	(45)	1	(30)	(31)	Finance income	-	-	-	3	Finance expense	(5)	(4)	(7)	(10)	Net finance income and expense	(5)	(4)	(7)	(7)	Profit before income tax.....	(50)	(3)	(37)	(38)	Income tax expense	(1)	-	(4)	(3)
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² This information has been reviewed but not audited.

³ The comparative 2013 figures have been adjusted as a result of a system change regarding IFRS 11 (see § 3.5 ("Important Information – Presentation of Financial Information")).

⁴ These comparative 2013 figures have not been reviewed or audited.

⁵ See § 3.5 ("Important Information - Presentation of Financial Information - Non-IFRS information") for a definition of EBITDA.

⁶ See 3.5 ("Important Information - Presentation of Financial Information - Non-IFRS information") for a definition of EBIT.

		Profit for the period	(51)	(3)	(41)	(41)
		Attributable to owners of the company:.....				
		Basic earnings per share (€).....	(5.22)	(0.31)	(4.22)	(4.24)
		Diluted earnings per share (€)	(5.22)	(0.31)	(4.22)	(4.24)
		Consolidated statement of comprehensive income (EUR million)				
		Profit for the period	(51)	(3)	(41)	(41)
		Other comprehensive income:				
		Foreign currency translation differences	-	-	-	-
		Net changes in hedging reserve	(3)	-	1	5
		Total comprehensive income for the period	(54)	(3)	(40)	(36)
		Attributable to:				
		Owners of the Company	(54)	(3)	(40)	(36)
		Non-controlling interest.....	-	-	-	-
		Total comprehensive income for the period	(54)	(3)	(40)	(36)
		Consolidated statement of financial position (EUR million)				
			15 June 2014	16 June 2013⁷⁸	31 December 2013	31 December 2012
		Intangible assets	20	30	21	31
		Property, plant and equipment.....	88	145	137	169
		Financial assets.....	28	12	17	11
		Investments in associates ⁹			4	2
		Deferred tax assets.....	33	32	32	32
		Non-current assets	169	219	211	245
		Inventories	157	188	175	202
		Work in progress	106	109	135	112
		Receivables.....	300	232	226	239
		Cash and cash equivalents.....	43	36	54	84
		Assets held for sale.....	97	35	48	4
		Current Assets	703	600	638	641
		Bank overdrafts	(68)	(53)	(22)	(8)
		Current portion of long-term loans	(2)	(9)	(9)	(17)
		Prepayments on inventories.....	(2)	(2)	(2)	(1)
		Work in progress	(153)	(98)	(106)	(124)
		Trade Payables	(200)	(196)	(237)	(253)
		Income tax expense	1	(1)	(1)	(3)
		Other liabilities.....	(231)	(178)	(207)	(187)

⁷ The comparative 2013 figures have been adjusted as a result of a system change regarding IFRS 11 (see § 3.5 ("Important Information – Presentation of Financial Information")).

⁸ These comparative 2013 figures have not been reviewed or audited.

⁹ These figures are not disclosed in the H1 2014 Interim Financial Statements.

		Provisions.....	(21)	(22)	(28)	(39)
		Liabilities held for sale	(48)	(20)	(27)	(2)
		Current liabilities	(724)	(579)	(639)	(634)
		Current assets minus current liabilities	(21)	21	(1)	7
			148	240	210	252
		Loans.....	103	103	106	108
		Derivatives	1	(0)	1	1
		Deferred tax liabilities.....	0	3	1	4
		Employee benefits	4	3	5	4
		Provisions.....	4	3	7	4
		Current assets minus current liabilities	112	112	120	121
		Equity attributable to the owners of the company	36	128	90	131
		Non-controlling interest.....	-	-	-	-
		Total Equity	36	128	90	131
			148	240	210	252
		Consolidated statement of cash flow (EUR million)				
			First half year 2014	First half year 2013¹⁰¹¹	Year ended 31 December 2013	Year ended 31 December 2012
		Cash flow from operating activities ¹²	(77)	(72)	(15)	14
		Interest paid.....	(5)	(4)	(7)	(10)
		Income tax paid	(0)	-	(2)	(3)
		Net cash from operating activities.....	(82)	(76)	(24)	1
		Net cash flow used in investing activities	17	(9)	(16)	(60)
		Net cash from financing activities	10	(8)	(4)	48
		Increase/decrease in net cash position.....	(55)	(93)	(44)	(11)
		Net cash position at beginning of the year	30	76	76	87
		Effect of exchange rate fluctuations on cash held	0	-	-	-
		Net cash position at period-end	(25)	(17)	32	76
B.8	Selected key pro forma financial information	Not applicable				
B.9	Profit forecast	Not applicable				

¹⁰ The comparative 2013 figures have been adjusted as a result of a system change regarding IFRS 11 (see § 3.5 ("Important Information – Presentation of Financial Information")).

¹¹ These comparative 2013 figures have not been reviewed or audited.

¹² This line item does not include interest paid and income tax paid.

B.10	Historical qualifications in the auditor's report	The audit opinion on the 2013 Financial Statements of Ballast Nedam is unqualified but contains an emphasis of matter paragraph.
B.11	Working capital	<p>The Company's current cash resources, together with its existing borrowings, and – for the avoidance of doubt – not taking into account any future proceeds deriving from the Offering and the Disposal Programme in the short- to medium term¹³ - do not provide it with sufficient working capital for its present requirements for the next 12 months following the date of this Prospectus. The Company expects that without the Offering and the Restructuring occurring (as further discussed below) it will have a shortfall of Working Capital of EUR 14 million in May 2015.</p> <p>If the Offering does not complete, the Company has sufficient working capital until 15 August 2014. If the Equity Issue Settlement Date does not occur on 15 August 2014 at the latest, this will constitute an event of default under the Syndicated Facility Agreement, and (subject to applicable cure periods and other limitations on acceleration or enforcement) the relevant lenders could elect to declare the debt, together with accrued and unpaid interest and other fees, if any, immediately due and payable¹⁴. In addition, any such default could lead to an event of default under, and as a consequence acceleration of, other debt instruments that contain cross-default or cross-acceleration provisions. If the debt under the financing agreements or any other future financing arrangement that the Group enters into were to be accelerated, the Group's assets may be insufficient to repay in full the Group's outstanding indebtedness.</p> <p>If the Offering shall have been completed by 15 August 2014 and the Restructuring shall complete in the course of 2014 and yields the results that the Company is expecting it to have in the course of 2014 and 2015, the Company believes that it will have sufficient working capital for the next twelve months following the date of this Prospectus.</p> <p>The Company's expectations of the financial and operational benefit of the Restructuring are based upon certain assumptions and variables. There is a risk that such financial and operational benefit will not fully materialise, due to, for instance, the Disposal Programme not or not timely taking place, deteriorating market conditions, a deterioration of the Company's trading performance, the Operational Measures not being as effective as planned, or otherwise¹⁵. As a result, a breach of the financial covenants¹⁶ in the Syndicated Facility Agreement¹⁷ may occur¹⁸ and (subject to applicable cure periods and other limitations on acceleration or enforcement and unless such financial covenant breach is remedied) the relevant lenders could elect to declare the debt, together with accrued and unpaid interest and other fees, if any, immediately due and payable. In addition, any such default could lead to an event of default under (and acceleration of) other debt instruments that contain cross-default or cross-acceleration provisions. If the debt under the financing agreements or any other future financing arrangement that the Group enters into were to be accelerated, the Group's assets may be insufficient to repay in full the Group's outstanding indebtedness.</p> <p>If the risks set out above were to materialise, the Company has limited options available that, if realised, and realised timely, could mitigate such risks¹⁹. These options include (i) the entering into of debt or equity financing arrangements by means of private or public offerings, (ii) the accelerated execution of the Disposal Programme, (iii) the accelerated disposal of additional assets, business units or even an entire operating segment (see § 8.3 ("Business Description - Strategy & Restructuring")), (iv) the accelerated sale and lease back or disposal of the heavy lift vessel Svanen or (v) the entering into of a strategic transaction with a third party involving the Company as a whole.</p> <p>Some of these options available to the Company may be subject to approval of the lenders under the Syndicated Facility Agreement²⁰ or the Joint Global Coordinators or the General</p>

¹³ See § 8.3 ("Business Description - Strategy & Restructuring").

¹⁴ See § 9.5.7 ("Operating and Financial Review - Liquidity and capital resources - Amendment and restatement of Existing Credit Facilities") and Risk Factor (38) in § 2 ("Risk Factors").

¹⁵ See Risk Factor (1) in § 2 ("Risk Factors").

¹⁶ See Risk Factor (1) and Risk Factor (2) in § 2 ("Risk Factors").

¹⁷ See § 9.5.7 ("Operating and Financial Review - Liquidity and capital resources - Amendment and restatement of Existing Credit Facilities").

¹⁸ See Risk Factor (2) in § 2 ("Risk Factors").

¹⁹ See Risk Factor (1), Risk Factor (2) and Risk Factor (3) in § 2 ("Risk Factors").

²⁰ See § 9.5.7 ("Operating and Financial Review - Liquidity and capital resources - Amendment and restatement of Existing Credit Facilities").

		Meeting.
Section C - Offer Securities		
C.1	Type of security and security codes	<p>Subject to applicable securities laws and the terms set out in this Prospectus, holders of depositary receipts (the "DRs") of ordinary shares in the capital of the Company and holders of Ordinary Shares other than Ballast Nedam in respect of the DRs it holds in treasury and the Ballast Nedam Administration Office (<i>Stichting Administratiekantoor van Aandelen Ballast Nedam</i>) as at the Record Date are being granted transferable subscription rights to subscribe for the Offer DRs (the "Rights" and together with the Offer DRs, the "Offer Securities") pro rata to their shareholding in the DRs and the Ordinary Shares. The offer to subscribe for Offer DRs through the exercise of Rights is referred to as the "Rights Offering".</p> <p>Eligible persons may, subject to the applicable securities laws, subscribe for Offer DRs by exercising Rights from 09:00 CEST on 10 July 2014 until 14:00 hours CEST on 23 July 2014 (the "Exercise Period").</p> <p>Codes for the Rights:</p> <ul style="list-style-type: none"> • Symbol: "BALCR" • International Securities Identification Number ("ISIN") code: NL0010832283 <p>Codes for Offer DRs:</p> <ul style="list-style-type: none"> • "BALNE" <p>ISIN code: NL0000336543</p>
C.2	Currency	The Offering will be carried out and trading in the Rights will be effected in euro. The Offer DRs will be denominated in euro. Distributions, if any, will also be made in euro.
C.3	Number of securities issued, nominal value per security	<p>At the date of this Prospectus, the Company's authorised share capital amounts to € 45,000,000 divided into 45,000,000 Ordinary Shares, each with a nominal value of € 1.00. The Company's issued share capital amounts to € 10,000,000 divided into 10,000,000 Ordinary Shares, each with a nominal value of € 1.00 all of which are outstanding.</p> <p>The Ballast Nedam Administration Office (<i>Stichting Administratiekantoor van Aandelen Ballast Nedam</i>) issues DRs and administers the underlying Ordinary Shares.</p>
C.4	Rights attached to the securities	<p>DR Holders or their proxy holders have the right to personally attend the general meeting of Shareholders (as defined below) (<i>algemene vergadering</i>), being the corporate body, or where the context requires so, the physical meeting (the "General Meeting"), subject to informing the Company thereof in writing.</p> <p>The voting rights attached to the Ordinary Shares – one vote per Ordinary Share – rest with the Ballast Nedam Administration Office (<i>Stichting Administratiekantoor van Aandelen Ballast Nedam</i>), however, the Ballast Nedam Administration Office (<i>Stichting Administratiekantoor van Aandelen Ballast Nedam</i>) will provide DR Holders who intend to vote at the General Meeting an unconditional proxy to exercise their respective votes at their request. DR holders have the option to convert DRs into Ordinary Shares. This option has not been exercised in the past three years. DR holders can reclaim an amount of Ordinary Shares of equal nominal value by cancelling the DRs.</p> <p>DR Holders are entitled to a dividend. The Ballast Nedam Administration Office will collect all dividend and all other distributions made on the Ordinary Shares registered in its name from the Company and, will promptly make available for payment a corresponding dividend or distribution on the DRs.</p> <p>In the event new Ordinary Shares are issued, the Ballast Nedam Administration Office (<i>Stichting Administratiekantoor van Aandelen Ballast Nedam</i>) grants DR Holders a pre-emptive right to the issue of DRs in conformity with the pre-emptive right granted to holders of Ordinary Shares. Each holder of Ordinary Shares (the "Shareholder") has a pre-emptive right to any issue of shares, proportional to the aggregate amount of his shares. No pre-emptive right exists in respect of an issue of shares for a consideration other than in cash. The General Meeting may resolve to limit or exclude the pre-emptive rights. Such resolution requires a majority of at least two thirds of the votes cast if less than half of the issued capital is represented at the meeting. In the event half or more of the issued capital is represented, the resolution is adopted with an absolute majority of the votes cast. The board of management of the Company ("Board of Management") also has the authority to resolve on the limitation or exclusion of the pre-emptive right, provided that the Board of Management (i) is also authorised to resolve on the issue of shares and (ii) has been designated by the General Meeting to resolve on such matter for a specific period of no more than five years. The above also applies to the granting of rights to subscribe for shares, however, Shareholders do not have a pre-emptive right towards shares issued to person exercising a previously acquired right to take shares. On 25 April 2014, the General Meeting authorised the Board of Management, subject to the approval of the supervisory board of the Company ("Supervisory Board"), to limit or exclude pre-emptive rights for a period of six months from 1 June 2014 in connection with the Rights Offering.</p>

C.5	Restrictions on transferability	There are no restrictions on the transferability of the Shares under the articles of association of the Company (the " Articles "). However, the offer of the Rights and the Offer DRs to persons located or resident in, or who are citizens of, or who have a registered address in countries other than the Netherlands, and the transfer of Rights and Offer DRs into jurisdictions other than the Netherlands may be subject to specific regulations or restrictions. The Rights being granted in the Rights Offering may be exercised only by an Eligible Person, subject to securities laws. For a description of the restrictions on resale and transfer of the Offer Securities see "Selling and Transfer Restrictions".
C.6	Listing and admission to trading	<p>Application has been made to admit the Offer DRs to listing and trading on Euronext Amsterdam. The Company expects trading of the Rights on Euronext Amsterdam to commence at 09:00 CEST hours on 10 July 2014 and will continue until 17:40 hours CEST on 22 July 2014. The Rights will be traded on Euronext Amsterdam under the symbol "BALCR" and ISIN code NL0010832283.</p> <p>The Company expects that the Offer DRs will be admitted to listing and trading and that the trading in the Offer DRs will commence on Euronext Amsterdam on 29 July 2014. The DRs are listed on Euronext Amsterdam under the symbol "BALNE" and ISIN code "NL0000336543".</p> <p>The Rump Offering, if any, is expected to commence at 17:40 hours CEST on 23 July 2014 and to end no later than 17:40 hours CEST on 24 July 2014.</p>
C.7	Dividend policy	<p>Barring unforeseen circumstances, the Company's dividend policy is to make 50% of the net income available for distribution of dividend. In view of the substantial loss made in 2013, the deterioration of the solvency, the leverage ratio, being the ratio of total net debt to EBITDA in respect of a relevant period (the "Leverage Ratio") being above 2.0:1 and the current difficult market conditions which are expected to continue, the Company has not declared a dividend on the Ordinary Shares in respect of the financial year 2013.</p> <p>The Company is subject to restrictions on the distribution of cash dividends as a result of the Refinancing (as defined in Section E2). Pursuant to the € 110 million syndicated revolving credit agreement with the banking syndicate consisting of ING Bank N.V. ("ING"), Coöperatieve Centrale Raiffeisen Boerenleenbank B.A. ("Rabobank") and Royal Bank of Scotland comprising of (i) a loan facility of € 80 million that matures on 31 December 2016 and (ii) a loan facility in the amount of € 30 million ("Bridge Loan") that matures on 15 August 2014 (the "Syndicated Facility Agreement"), the Company may not pay an annual dividend to its shareholders except in the event the Leverage Ratio in the third and fourth financial quarter of the financial year over which the dividend is contemplated to be paid is less than 2.0:1.</p>
Section D - Risks		
D.1	Key risks relating to the issuer and the industry in which it operates	<p>Risks relating to the Group's business</p> <ul style="list-style-type: none"> • The Group's restructuring and performance recovery measures may prove insufficiently effective to the Group's future operations and results, may be delayed or not be fully implemented, any of which could have a materially adverse effect on the Group's business, financial condition or results of operations. • The Group's financial and operational flexibility is restricted by its level of indebtedness and its financial covenants. • As the working capital requirements of the Group strongly fluctuate from time to time, the Company may face a lack of sufficient liquidity at times and increased indebtedness, which would adversely affect the Group's operations and financial position. • The Group depends on generating and upstreaming sufficient cash flow to fund the Group's debt obligations, capital expenditures and on-going operations. • Ballast Nedam's dividend may fail to be restored in a timely manner, or at all. • The Group has certain guarantee facilities and certain bilateral credit facilities that are uncommitted. The providers of these facilities have the authority to decide not to grant or reduce such facilities at any time, which could materially adversely affect the Group's operations, financial condition or results of operations. • Any inability to effect required changes in the Group's organisation, management information systems and internal controls may lead to adverse effects to the operating and financial position of the Group. • If calculations or estimates of the overall risks, revenues or costs on any particular project or contract prove inaccurate or circumstances change, then lower than anticipated profits may be achieved or a loss may be incurred on such projects or contracts. • Unsuccessful tender processes may result in significant non-recoupable costs. • Missing deadlines, contract disputes or general litigation may expose the Group to financial liability. • The Company increasingly assumes the risk for completing projects.

		<ul style="list-style-type: none"> • 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. • The Group is dependent on government policies and spending for a substantial portion of its revenues and any change in governmental policies or programmes could adversely affect its revenues and profitability. • The current book value of the Group's strategic land positions may be adversely affected by a lack of changes in local zoning plans (<i>bestemmingsplannen</i>), the inability to further develop land positions in the near future, general macro-economic conditions, environmental issues or the illiquid nature of the land positions. • The Group is exposed to liabilities from projects operated in joint ventures and may be limited in its flexibility by its operating in joint ventures. • A departure of one or more well-performing members of senior management of the Group could have an adverse effect on its business and the Group's success depends on attracting and retaining senior personnel, project managers and other skilled personnel. • The Group's order book is not necessarily indicative of its actual or future revenue or results or cash flow due to possible cancellations, delays or scope adjustments of projects or maintenance assignments in the order book. • The Group may be liable for environmental and health and safety issues relating to its current and former operations and properties. • The Group's operations in the construction industry carry a risk of performance and product liability. • The Group may be insufficiently insured against all losses, damage and limitations of use of its properties. • The Group could be materially adversely affected if its IT and infrastructure fail to support the Group's business. • Labour costs, work stoppages and other labour relations matters may have an adverse effect on the Group. • Failure to comply with laws and regulations, in particular those relating to competition, anti-bribery and health and safety, may have a material adverse effect on the Group's business, results of operations, financial condition and prospects. • Changes in tax laws or challenges to the Group's tax position could adversely affect its business, results of operations, financial condition and cash flow. • 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 Company may incur liabilities from former acquisitions and former and planned disposals. • Risks relating to the sectors in which the Group operates • The Group is likely to continue to be negatively impacted by the current economic downturn in the construction industry and may be increasingly impacted. • Deteriorating markets could result in the impairment of goodwill and other acquired intangibles, which may adversely affect the Group's financial condition or results of operations. • The Group may not be able to obtain products from suppliers or it may have to procure products on less favourable terms and certain credit insurers are in the process of reducing or have reduced their exposure to the Group by lowering credit limits granted to parties, in particular suppliers of the Group. 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 is exposed to a risk of default by and lack of credit facilities for counterparties, in particular its sub-contractors, partners and customers, which could have a material adverse effect on the Group's business, financial condition (including its working capital) or results of operations. • The Group's business may be affected by general risks associated with all companies operating in the same sectors as the Group, which may include, but are not limited to, trends in the construction industry, general economic conditions and legislation. • The Group may lose business to competitors or otherwise be unable to compete favourably in the markets in which it operates and a failure of the Group to maintain its competitive position would have an adverse impact on its business, results of operations, financial condition and prospects. • Fluctuating commodity prices, in particular of lumber, fuel, bitumen, cement, stone and steel,
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		<p>as well as unexpected shortages may adversely affect the Group's business, financial condition or results of operations.</p> <ul style="list-style-type: none"> • Fluctuations in foreign currency exchange rates may affect the Group's results of operations and financial condition. • Interest rate exposure to PPP projects, as well as derivative counterparty risk, may have an adverse effect on the financial position and results of the Group. • Adverse weather conditions may impact the Group's results. • Catastrophic events, terrorist attacks, acts of war or hostilities, riots, civil unrest, pandemic diseases and other unpredictable events may adversely affect the Group.
D.3	Key risks relating to the securities	<p>Risks relating to the Offering</p> <ul style="list-style-type: none"> • If the Offering is not completed, there may be consequences for the Group which could have a material adverse effect on its financial condition, results of operations and prospects. • The market price of the DRs may fluctuate and may decline below the Issue Price. • Ballast Nedam 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 DRs. If the Offering fails or is terminated, Rights will become worthless. • If Eligible Persons do not, not timely or not validly exercise their rights, they may not be able to subscribe for Offer DRs at the Issue Price and they may not receive a compensation for their unexercised Rights. • If a DR Holder does not, not timely or not validly exercise all of his Rights, his percentage ownership of DRs will be significantly diluted. DR Holders 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 Settlement Date and the Offering is withdrawn, whether or not as a result of a termination of the Underwriting Agreement by the Joint Global Coordinators, both the exercised and the unexercised Rights will be forfeited without compensation to their holders and the subscriptions for and allocation of Offer DRs that have been made, will be disregarded. • In case the Rump Offering, if any, is unsuccessful, the Joint Global Coordinators may obtain a significant interest in Ballast Nedam and their interests may conflict with the interests of other DR Holders. • Issuance of additional equity by issuing new ordinary shares could lead to a dilution of DR Holders' stakes. • DR Holders in certain jurisdictions are excluded from the Offering. This may have a negative impact on the market price of the DRs and may negatively influence the development of a trading market. • DR Holders may be subject to exchange rate risk as a result of adverse movements in the value of their local currencies against the euro. • The rights and responsibilities of a DR Holder are governed by Dutch law and will differ in some respects from the rights and obligations of holders of DRs under the laws of other jurisdictions and the rights of holders of Ordinary Shares under Dutch law may not be as clearly established as the rights of a holder of Ordinary Shares established under the laws of some other jurisdictions. • If securities or industry analysts do not publish research or reports about the Group's business, or if they adversely change their recommendations regarding the DRs, the market price and trading volume of the DRs could be affected. • DR Holders may be unable to effect service of process on the Company, members of the Supervisory Board, Board of Management and senior management in the United States or enforce judgments obtained in United States courts for United States securities laws violations.
Section E - the Offering		
E.1	Net proceeds	The aggregate net proceeds of the Offering represents the expected aggregate gross proceeds of approximately € 30 million less expenses, commissions and applicable taxes which are expected to be approximately € 5 million.
E.2a	Reasons for the Offering and use of proceeds	The Offering forms an essential part of the financial and operational restructuring to strengthen the financial position of the Company as essential part of the overall Restructuring which will in turn support the Company in concentrating on accelerating its strategy towards integrated projects. On 14 February 2014, the Company entered in to the € 110 million Syndicated Facility Agreement comprising a loan facility of € 80 million that matures on 31 December 2016, and a loan facility in the amount of € 30 million that matures on 15 August 2014.

		<p>The aggregate net proceeds of the Offering represents the expected aggregate gross proceeds of approximately € 30 million less expenses, commissions and applicable taxes which are expected to be approximately € 5 million. The Company will use the full net proceeds of the Offering to repay any amounts outstanding under the Bridge Loan. The remainder will be used by the Company to repay in part the facilities made available under the Syndicated Facility Agreement thereby improving its solvency and creating possible headroom for business restructuring and general corporate purposes.</p>
E.3	Terms and conditions of the Offering	<p>Issue price</p> <p>€ 3.10</p> <p>Pre-emptive rights</p> <p>The statutory pre-emptive rights (<i>wettelijke voorkeusrechten</i>) of holders of Ordinary Shares in respect of the Offering have been excluded for the purpose of the Offering.</p> <p>Record Date</p> <p>The record date for determining the DR Holders 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 CEST on 9 July 2014 (the "Record Date"). Until the close of trading in DRs on Euronext Amsterdam on the Record Date, DRs will trade with the Rights (cum-Rights). As from 9:00 hours CEST on 10 July 2014, DRs will trade without the Rights (ex-Rights).</p> <p>Rights</p> <p>Subject to applicable securities laws, each DR Holder (excluding the Company in respect of the DRs it holds in treasury and the Ballast Share Administration Office (<i>Stichting Administratiekantoor van Aandelen Ballast Nedam</i>)) ("for the purpose of the Prospectus each such person shall be referred to as a "DR Holder") immediately following the close of trading in DRs on Euronext Amsterdam at 17:40 hours CEST, on 9 July 2014 will be granted one (1) Right for each DR or for each Ordinary Share held. Eligible Persons (as defined in § 16.1 ("Selling and Transfer Restrictions - General")) will be entitled and will have the right to subscribe at the Issue Price for one (1) Offer DR for every one (1) Right held on the Record Date. No Rights allowing it to participate in the Offering will be granted to Ballast Nedam as holder of DRs in treasury and the Ballast Nedam Administration Office. Only DR Holders who qualify as Eligible Persons as of the Record Date will be entitled to take up, exercise, sell or otherwise transfer Rights pursuant to the grant of Rights by Ballast Nedam.</p> <p>Exercise Period</p> <p>Subject to the restrictions set out below, an Eligible Person, whether a DR Holder as at the Record Date or a subsequent transferee of Rights, can only validly subscribe for Offer DRs by exercising his Rights from 9:00 hours CEST 10 July 2014 up to 14:00 hours CEST on 23 July 2014, 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.</p> <p>If an Eligible Person has not exercised his Rights by the end of the Exercise Period, these can no longer be exercised by the Eligible Person. Once an Eligible Person has validly exercised his Rights, he cannot revoke or modify that exercise, except for certain circumstances.</p> <p>Following expiry of the Exercise Period, the Joint Global Coordinators, subject to the terms and conditions of the underwriting agreement between Ballast Nedam and the Joint Global Coordinators dated 9 July 2014 (the "Underwriting Agreement"), have agreed to use their reasonable efforts to procure subscribers for any Offer DRs that were issuable upon the exercise of Rights but that have not been subscribed for during the Exercised Period (the "Rump DRs") through private placements to institutional investors in the Netherlands and certain other jurisdictions, subject to applicable securities laws (the "Rump Offering"). The Rump Offering and the Rights Offering are collectively referred to as the "Offering".</p> <p>Rump Offering</p> <p>After the Exercise Period has ended, the Joint Global Coordinators may, subject to the terms and conditions of the Underwriting Agreement start the Rump Offering. In such Rump Offering, the Joint Global Coordinators will, subject to the terms and conditions of the Underwriting Agreement, use their reasonable efforts to procure subscribers for any Rump DRs through private placements to institutional investors in the Netherlands and certain other jurisdictions. The price per Rump DR must be at least equal to the Issue Price, plus any expenses related to procuring such purchasers (including any non-recoverable value added tax).</p> <p>The Rump Offering, if any, is expected to commence at 17:40 hours CEST on 23 July 2014 and to end no later than 17:40 hours CEST on 24 July 2014.</p> <p>Unexercised Rights Payment</p>

		<p>If, upon completion of the Rump Offering, if any, the aggregate proceeds for the Rump DRs offered and sold in the Rump Offering, minus the selling expenses and any applicable taxes, exceed the aggregate Issue Price for such Rump DRs, 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 proportional to the number of unexercised Rights reflected in each such holders securities account (the "Unexercised Rights Payment"). If the Excess Amount divided by the total number of unexercised Rights is less than € 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 Global Coordinators for their own benefit. Ballast Nedam will not be entitled to receive any Excess Amount.</p> <p>The Unexercised Rights Payment, if any, will be paid by the Joint Global Coordinators to the holders of unexercised Rights as soon as practicable after the Settlement Date and will be credited to those holders through the facilities of Euroclear Nederland.</p> <p>Ballast Nedam cannot guarantee that the Offering will yield Excess Amounts.</p> <p>If the Rump Offering takes place, neither Ballast Nedam, nor the Joint Global Coordinators nor the Subscription, Listing and Paying Agent, nor any other person procuring purchases for the Rump DRs, will be responsible for any lack of Excess Amount arising from any placement of the Rump DRs.</p> <p>Payment and delivery</p> <p>A holder of Rights that exercises his Rights should pay the Issue Price for the Offer DRs 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 Ballast Nedam after deduction of applicable fees and expenses. Payment of the Offer DRs must be made at the office of the Subscription, Listing and Paying Agent no later than the Settlement Date. Accordingly, financial intermediaries may require payment to be provided by holders of Rights exercising such Rights prior to the Settlement Date.</p> <p>Payment for and delivery of the Offer DRs is expected to take place on 29 July 2014. Delivery of the Offer DRs will take place through the book-entry system of Euroclear Nederland.</p> <p>Joint Global Coordinators or Joint Bookrunners</p> <p>ING and Rabobank</p> <p>Subscription, Listing and Paying Agent</p> <p>Rabobank</p> <p>Conditions to the Offering</p> <p>The obligations of the Joint Global Coordinators and the Joint Bookrunners under the Underwriting Agreement are subject to the fulfillment, or discretionary waiver by the Joint Global Coordinators of customary conditions. For a selection of these conditions please see § 15.3 (Plan of Distribution - Conditions to the Offering").</p>
E.4	Interests material to the Offering	<p>The Joint Global Coordinators, and/or their respective affiliates, and the Subscription, Listing and Paying Agent 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 Ballast Nedam, or any parties related to Ballast Nedam, 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 – including so-called 'Chinese walls' – or by rules and regulations, including those issued by the AFM. As a result of these activities, the Subscription, Listing and Paying Agent and the Joint Global Coordinators and/or their respective affiliates may have interests that may not be aligned, or could potentially conflict with, the interests of the (prospective) DR Holders or holders of Rights or with the interests of the Group.</p> <p>The Joint Global Coordinators and/or their respective affiliates, may provide services for the Company and the Company's respective affiliates in the future. Additionally, the Joint Global Coordinators and/or their respective affiliates, may in the ordinary course of business, hold, have held and in the future may hold the Company's securities for investment purposes.</p> <p>ING, acting through its corporate lending division, and Rabobank, acting through its corporate lending department, are currently lenders under bilateral agreements with members of the Group and lenders under the Bridge Loan and the Syndicated Facility Agreement. Rabobank is the Subscription, Listing and Paying Agent. Rabobank, acting through its corporate lending department, also acts as agent and security agent under the Syndicated Facility Agreement. In such capacities, they have received and may continue to receive customary fees related to such services. The Company will use the full net proceeds of the Offering to repay any amounts outstanding under the Bridge Loan. The remainder will be used by the Company to repay in part its facilities made available under the Syndicated Facility Agreement thereby improving its solvency and creating</p>

		<p>possible headroom for business restructuring and general corporate purposes. Accordingly, ING and Rabobank and their respective affiliates are expected to receive a portion of the net proceeds of the Offering.</p> <p>As a result of acting in the capacities described above, the Joint Global Coordinators, the Subscription, Listing and Paying Agent and their respective affiliates may have interests that may not be aligned, or could potentially conflict, with (prospective) investors' and Ballast Nedam's interests.</p>
E.5	Lock up arrangements	<p>The Company will be issuing and offering the Rights and the Offer DRs.</p> <p>The Company has agreed with the Joint Global Coordinators on certain lock-up arrangements for a period of 180 days after the Settlement Date, subject to customary carve-outs, pursuant to which the lock-up arrangements do not apply to the granting of any options under the Company's senior management incentive plans, and any hedging activities for such plans, in accordance with the terms of the Underwriting Agreement. Subject to such carve-outs, the Company has undertaken that it will not, and will procure that its subsidiaries and each of the members of the Board of Management and the Supervisory Board will not without the prior written consent of the Joint Global Coordinators, which prior written consent shall not be withheld without reason:</p> <ul style="list-style-type: none"> (i) issue, offer (in any public offering or private placement other than the Offering), sell, contract to issue or sell, grant any option, right or warrant to purchase or otherwise transfer or dispose of; (ii) enter into any swap or any other agreement or any transaction that transfers in whole or in part, directly or indirectly, any of the economic consequences of ownership of; or (iii) create any charge or security interest over (other than contemplated by the waiver and amendment agreement), <p>any Ordinary Shares or any securities convertible or exchangeable into Ordinary Shares or warrants or other rights to purchase or acquire any such securities or any debt instruments or other instruments with a similar effect to the foregoing.</p>
E.6	Dilution	<p>If a DR Holder does not participate in the Offering, his proportionate capital and voting interest in Ballast Nedam will be diluted by up to 50% by the issue of the Offer DRs.</p>
E.7	Estimated expenses charged to the investors by the Company	<p>Not applicable: no expenses have been or will be charged to investors by Ballast Nedam in relation to the Offering.</p>

2. RISK FACTORS

*Investing in the Offer Securities involves a high degree of risk. In addition to the other information contained in this Prospectus, prospective investors should carefully consider all of the following risk factors and uncertainties, before purchasing the Offer Securities. The risks and uncertainties the Company describes below are not the only ones the Company and its subsidiaries (the "**Group**") face. Additional risks and uncertainties of which Ballast Nedam is not aware or that Ballast Nedam currently believes are immaterial may also adversely affect the Company's or the Group's business, results of operations, financial condition and prospects. If any of the possible events described below were to occur, the Company's or the Group's business, results of operations, financial condition and prospects could be materially and adversely affected and/or such events could adversely affect the price of the Offer Securities. If that happens, investors could lose all or part of their investment. All of these risk factors and events are contingencies which may or may not occur. The Group may face a number of the risks described below simultaneously and one or more of the risks described below may be interdependent. The risks and uncertainties described are not necessarily presented in the order of likelihood that a risk will materialise and/or seriousness of the consequences if a risk should materialise.*

The Prospectus also contains forward-looking statements that involve risks and uncertainties. The Company's or the Group's actual results may differ materially from those anticipated in these forward-looking statements as a result of various factors, including the risks described below and elsewhere in the Prospectus.

2.1. Risks relating to the Group's business

- (1) *The Group's restructuring and performance recovery measures may prove insufficiently effective to the Group's future operations and results, may be delayed or not be fully implemented, any of which could have a materially adverse effect on the Group's business, financial condition or results of operations*

In response to the deterioration of the markets in which the Group operates the Group has engaged in a programme of restructuring and performance recovery measures consisting of:

- A programme of restructuring with the aim of preserving cash, reducing costs of the business and decreasing capital employed (the "**Operational Measures**") - see § 8.3.2 ("Business Description - Strategy & Restructuring – Operational Measures and Disposal Programme").
- The strengthening of the Group's financial position by (i) entering into the Consolidation Agreement which, amongst others, amends and restates the Existing Credit Facilities, by combining such facilities into the Syndicated Facility Agreement (the "**Refinancing**") and (ii) the Offering.
- The controlled disposal in the short- to medium term, being a period of approximately 12 to 18 months, of the following companies, which do not fit within the Group's strategic profile and form part of the Specialised Companies & Supplies segment or the Building & Development segment: CNG Net B.V., LNG24 B.V., CNG Net Realisatie en Onderhoud B.V., Rademakers Gieterij B.V., TBS Soest B.V. and Recycling Mij. "Feniks" B.V. (the "**Disposal Programme**" and together with the Operational Measures and the Refinancing the "**Restructuring**"). On 5 July 2014, the Group entered into a letter of intent with H2 regarding the sale of the following companies: Rademakers Gieterij B.V. and TBS Soest B.V., Recycling Mij. "Feniks" B.V. The Group expects to complete this sale in the fourth quarter of 2014. See § 8.3.2 ("Business Description - Strategy & Restructuring – Operational Measures and Disposal Programme").

In addition, on 4 July 2014, the Group has completed the sale of its 92.5% stake in Ballast Phoenix Ltd. to H2 Equity Partners ("**H2**"). Furthermore, on 4 July 2014, the Group entered into a share

purchase agreement in respect of the sale of its 30% stake in Beheersmaatschappij Fr. Bontrup B.V. ("**Bontrup**") to Bontrup's 70% shareholder, F. Bontrup Holding B.V. The Group expects to complete this sale at the end of July 2014.

As part of these measures, the Group is in the process of implementing a job reduction of approximately 150 positions within the Building & Development segment and intends to fully or partially dispose of or discontinue the operations of certain businesses or assets. In addition, the Company has taken the decision not to pay out dividends on Ordinary Shares over the financial year ended 31 December 2013. In addition, the Group has a strategy to improve financial and operational control and operational excellence, including strengthening of its governance, risk and compliance ("**GRC**") policy. See § 8.3 ("Business Description - Strategy & Restructuring") and § 8.11.6 ("Business Description - Corporate social responsibility - Compliance and integrity").

Ballast Nedam has communicated that it is aiming for a solvency of over 20% and a ratio of total net debt to EBITDA in respect of a relevant period (the "**Leverage Ratio**") of less than 2.0:1 in the medium-term, being a period of approximately two to five years. The Group may not be successful in achieving this target financial structure, including reducing its level of indebtedness, in accordance with its plans and it may also not be successful in its strategy to improve financial and operational control and operational excellence, including strengthening of its GRC policy. The Restructuring may also have a lesser impact than anticipated. See § 9.6 ("Operating and Financial Review - Working capital statement").

Even if the Restructuring is implemented on time and as planned, there is a risk that the measures taken are not adequate to preserve the Group's cash position, retain liquidity and comply with its working capital requirements, reduce its costs and support its business. If any further restructuring would be deemed required, the Group will incur additional costs.

The Group's expectations of the financial benefits of the Restructuring are based upon certain assumptions and variables regarding, amongst others, future market conditions, the proper implementation of the social plan entered into between the Group and the relevant trade unions, the trading performance of the Group and the timely implementation of the Restructuring. There can be no assurance that the Group will reach the targets that it has set for itself in the Restructuring in a timely manner or at all or that the assumptions referred to above will prove correct. Consequently, there can be no assurance that the annualised savings will, as a result of the Restructuring, be as the Group currently expects. Furthermore, the Restructuring may prove to be more costly than anticipated. This will depend on several factors, including the Offering and the Disposal Programme succeeding, operational results which are amongst others driven by general economic conditions and the Restructuring, and the Group's future cash flows and cash management.

Moreover, the Restructuring may have an operational effect. The announced and intended disposals under the Disposal Programme could lead to new orders and projects not being awarded to any of the companies and key personnel of such companies terminating their employment with the Group. In addition, the timing of such disposals may be driven by factors that are not under the control of the Group. The Restructuring could result in book losses and make the Group less competitive in the future, all of which will have an adverse effect on the Company's financial results.

Furthermore, the intended disposals under the Disposal Programme might not close in which case they will not generate any proceeds. Additionally, if the Disposal Programme does not generate sufficient proceeds, the Leverage Ratio may decrease less than anticipated. In that case the disposals contemplated by the Disposal Programme may negatively impact the Group's financial position in light of the financial covenants under the Syndicated Facility Agreement. The Syndicated Facility Agreement provides that the Company may request an adjustment of the financial covenants following such disposal. However, the Company may not be able to come to an agreement with the lenders under the Syndicate Facility Agreement on an adjustment which fully offsets the negative impact on the Group's financial position in light of the financial covenants under the Syndicated Facility Agreement caused by the abovementioned disposals not generating sufficient proceeds.

Furthermore, it should be noted that the financing arrangements have been entered into with several financiers, requiring a number of parties to cooperate in case waivers or amendments are required. The Company cannot ensure that the financiers will cooperate in case waivers or amendments are required or that they will not enforce or accelerate their rights under their financing agreements. If Ballast Nedam is unable to refinance its indebtedness or to dispose of sufficient assets to fund repayment of debt due in the event of maturity, Ballast Nedam risks becoming insolvent or otherwise having to cease (part of) its operations. See § 9.5.7.1 ("Operating and Financial Review - Liquidity and capital resources - Amendment and restatement of Existing Credit Facilities - Syndicated Facility Agreement") and § 9.6 ("Operating and Financial Review - Working capital statement").

(2) *The Group's financial and operational flexibility is restricted by its level of indebtedness and its financial covenants*

Level of indebtedness

The Group has a high level of indebtedness. As of 31 December 2013, the Group had a total consolidated gross indebtedness of € 137 million, total consolidated assets of € 849 million and total cash position of € 54 million. For the year 2013, the average net debt was approximately € 89 million compared to an average net debt of approximately € 83 million for the year 2012. Following completion of the Offering, the Company expects to reduce its total consolidated indebtedness, but the Group will nonetheless continue to have a high level of indebtedness even after settlement of the Offering.

The Group's high levels of indebtedness will require it to dedicate a substantial portion of its cash flow from operations to make interest and principal payments on its indebtedness. This reduces the available liquidity and therefore the availability of the Group's cash to fund working capital or make capital expenditures. It also limits the Group's flexibility in acquisitions and other growth possibilities and its ability to pay dividends. In addition the Group's high levels of indebtedness increases the Group's vulnerability to general adverse economic and industry conditions and limits the Group's ability to obtain future financing.

Furthermore, the Group's low solvency, lack of liquidity and its high leverage may affect the Group's ability to attract business, to enter into partnership agreements, to procure materials, services and products from suppliers and to retain services from subcontractors or credit insurers on favourable (credit) terms. It may also affect the Group's ability to enter into partnership agreements relating to (particularly large-scale and long-term) public-private-partnerships ("PPPs") or infrastructural or other projects with other (construction) companies.

Financial covenants

The Group's financing arrangements, including credit facilities and bank guarantee facility agreements, contain restrictive covenants which impose significant restrictions on the Group's financial and operational flexibility, including restrictions on the Group's ability to, amongst others, incur or guarantee additional debt, grant security, dispose assets, cash collateralise guarantee facilities, repurchase share capital, make certain payments, including dividends or other distributions and make certain investments or acquisitions, including participating in joint ventures and on the Group's capital expenditure. This could have a material adverse effect on its business, growth potential, its financial position (including working capital) or ability to pay dividends. See § 6 ("Capitalisation and Indebtedness") and § 9.5.7.1 ("Operating and Financial Review - Liquidity and capital resources - Amendment and restatement of Existing Credit Facilities - Syndicated Facility Agreement").

In addition, the financing agreements contain, and any future indebtedness may contain, other and more restrictive, affirmative and negative covenants and may also prohibit the Group from prepaying certain other indebtedness prior to the discharge of those other obligations. The financing arrangements also require the Group to maintain specified financial ratios and satisfy specified financial tests. The Group's ability to comply with these covenants and restrictions may be affected by

events or factors beyond its control, including prevailing economic, financial and industry conditions.

If the Group fails to make interest and principal payments on its indebtedness or breaches any of the covenants, ratios, tests or restrictions in its existing financing arrangements (including credit facilities and bank guarantee facility agreements), it could be in default under the terms of the financing agreements or its future indebtedness, and (subject to applicable cure periods and other limitations on acceleration or enforcement) the relevant lenders could elect to declare the debt, together with accrued and unpaid interest and other fees, if any, immediately due and payable. In addition, any default under the financing agreements could lead to an event of default under and acceleration of other debt instruments that contain cross-default or cross-acceleration provisions. If the debt under the financing agreements or any other future financing arrangement that the Group enters into were to be accelerated, the Group's assets may be insufficient to repay in full the Group's outstanding indebtedness. See §9.6 ("Operating and Financial Review - Working capital statement").

(3) As the working capital requirements of the Group strongly fluctuate from time to time, the Company may face a lack of sufficient liquidity at times and increased indebtedness, which would adversely affect the Group's operations and financial position

The working capital requirements available to the Group strongly fluctuate for a number of reasons, including but not limited to:

- downturn in the economy;
- delayed or failed payments by customers;
- delayed or failed receipt of interim payments in PPP projects which are dependent on achieving certain project milestones;
- increasing inventory levels;
- accelerated payments to creditors;
- inability to on-charge to customers the discrepancy between contracted prices with suppliers and market prices;
- seasonality in rewarding orders; and
- seasonality in the payment behaviour of customers, in particular clients in the public sector, and any changes to such payment behaviour.

A significant and/or continuous increase in working capital requirements may seriously hamper the Group's operational abilities and financial position, since an increase in working capital requirements could create liquidity problems which might lead to an increased indebtedness and in the end to a breach of the Group's financial covenants. See § 9.5.2 ("Operating and Financial Review - Liquidity and capital resources - Cash flow from operating activities") and § 9.6 ("Operating and Financial Review - Working capital statement").

(4) The Group depends on generating and upstreaming sufficient cash flow to fund the Group's debt obligations, capital expenditures and on-going operations

Ballast Nedam is a holding company with no material, direct business operations. The principal assets of Ballast Nedam are the equity interests it directly or indirectly holds in its operating subsidiaries. As a result, Ballast Nedam depends on loans, dividends and other payments from its subsidiaries to generate the funds necessary to meet its financial obligations and for the payment of dividends.

Ballast Nedam's and the Group's ability to service its debt and fund the Group's on-going operations

will depend on the Group's ability to continue to generate and grow cash flow and the Group's access to additional liquidity sources. The Group monitors its cash flow forecasts to ensure it has sufficient cash available on demand to meet expected operational expenses, including the servicing of financial obligations. However, these cash flow forecasts are based on assumptions and expectations that may not prove valid. The Group's ability to continue to generate and grow cash flows is dependent on many factors, some of which are beyond the Company's control, including the Group's ability to offer added-value services to the Group's customers and to maintain and expand the Group's customer base, particularly in the face of significant competition and in light of current difficult economic conditions in the countries in which the Group operates.

If the Group is unable to generate and upstream sufficient cash flow or the Group is unable to access additional liquidity sources, the Group may not be able to operate its business. In addition, this would negatively impact the Group's ability to service or repay the Group's debt or fund the Group's other liquidity and capital needs. All this could have a material adverse effect on its business, results of operations, financial condition and prospects.

(5) *Ballast Nedam's dividend may fail to be restored in a timely manner, or at all*

No dividend will be paid out for the financial year 2013. Pursuant to the Syndicated Facility Agreement, the Company may not pay any dividends until the date on which the Company confirms that the Leverage Ratio in the third and fourth financial quarter of the financial year over which the dividend is contemplated to be paid does not exceed 2.0:1 and there being no event of default under the Syndicated Facility Agreement. See § 9.5.7.1 ("Operating and Financial Review - Liquidity and capital resources - Amendment and restatement of Existing Credit Facilities - Syndicated Facility Agreement").

The question whether dividends are restored, as well as the declaration, timing and payment of future cash dividends, if any, will be subject to the Company's operational performance and financial position. These matters will be at the absolute discretion of the board of management of the Company (the "**Board of Management**"), subject to the approval of the supervisory board of the Company (the "**Supervisory Board**"), the terms of the Syndicated Facility Agreement and the relevant Dutch rules and regulations. In considering if it wishes to restore dividends, the Board of Management will consider a number of other factors, including the Company's business prospects and conditions, cash requirements, earnings and cash flow, capital resources, financial performance and conditions and expansion and capital expenditure or investment plans. The Board of Management may resolve not to restore dividends or to suspend payment of dividends at its discretion.

(6) *The Group has certain guarantee facilities and certain bilateral credit facilities that are uncommitted. The providers of these facilities have the authority to decide not to grant or reduce such facilities at any time, which could materially adversely affect the Group's operations, financial condition or results of operations*

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. The Group has three different kinds of guarantees in place:

- Performance Bonds - the contractor is asked to supply a performance bond (usually approximately 10% of the project value) to guarantee the finalisation of the project;
- Bid Bonds - during the tender process, contractors are requested to provide - in addition to their tender - a bid bond to demonstrate that the company has sufficient financial backing to commence the project; and
- Payment Guarantees - if a payment has been made, but the corresponding service has not yet been rendered, a payment guarantee is requested from a third party to guarantee that the service will be supplied (or vice versa).

All bank guarantees referred to above are provided on an uncommitted basis. The non-financial covenants are typically: pari passu, negative pledge and cross default. Further, in case of default, the documentation often stipulates that a cash collateral or similar security should be granted. The facilities under which such bank guarantees are provided are agreed on a bilateral basis with a bank or surety company and can be terminated by such person at any time.

In addition, for various reasons, ranging from perceptions of the Group's future result of operations to the continuing economic downturn in general, certain providers of the bilateral credit and guarantee facilities may decide to not grant these facilities or parts thereof or require to amend the terms and conditions of such facilities and to be provided with (additional) collateral. Certain of these providers of guarantee facilities have recently decided not to grant further guarantee facilities, it being understood that any existing guarantees shall be respected and terminated at the end of the agreed term. Any such facility being terminated, not being available or being amended will most likely result in higher costs and/or will hamper the Group's ability to tender for projects, both of which will have an adverse effect on the Group's business and financial position, including its working capital. Moreover, the withdrawal of such facilities may result in contracting parties requesting bank guarantees instead of parent guarantees at a time when such bank guarantees are not sufficiently available or available at commercially reasonable terms.

(7) Any inability to effect required changes in the Group's organisation, management information systems and internal controls may lead to adverse effects to the operating and financial position of the Group

The Group has a decentralised management structure, and the Group's business strategy emphasises local decision making and responsibility in order to adapt to regional and local conditions and enhance contact with local customers. However, such a decentralised management structure also involves the risks of difficulties in the implementation of, and compliance with, corporate policies, a possible lack of common corporate culture and less effective control over operational and financial risks. This is also relevant for projects outside of the Netherlands, where country-specific circumstances, cultures and regulations are to be observed and managed.

In the recent past, the Group has been involved in a number of projects in which there was an underestimation of required time and materials, a delay in or lack of proper management oversight, inadequate use of reporting lines and a delay in reacting to substantial cost overruns. This has led to out of pocket expenses and (potential) liabilities for the Group.

The factors that contributed to this included:

- a reduced capability to transmit important information through the reporting lines within the Group, in particular to the Board of Management (and, as a consequence, also to the Supervisory Board), due to the decentralised nature of the organisation;
- the management information systems not being sufficiently effective; and
- a lack of project control and operational control and a reduced ability to act upon findings from third parties.

For the purpose of improving control over and insight in operational and financial risks, the Group has taken certain steps and identified certain measures to revise and reinforce its treasury policies, including measures to manage working capital, to overhaul its project and risk management and its control systems and to rationalise and streamline operations, establish shorter reporting lines and where necessary centralise oversight and consolidate activities and sectors. These measures are implemented by the Company to strengthen its GRC policy and increase control over the Group whilst leaving in place an important degree of local autonomy. See § 8.3.2 ("Business Description - Strategy & Restructuring - Operational Measures and Disposal Programme").

There can be no assurance that these measures will be successfully implemented or that, if implemented, they will prevent substantial problems from arising and that such measures will allow Ballast Nedam to identify and address them before they negatively affect the business, results of operations, financial condition and prospects of the Group. The revision and reinforcement of all these measures may take longer than expected or may not have the envisaged effect, which may impact the Group's ability to reach the targeted financial structure.

For further information on the Group's risk management and internal control framework, please refer to § 8.10 ("Business Description - Risk management and internal control").

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

A significant portion of the Group's business depends for its profit 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 lack of control, lower than anticipated profits may be achieved or a loss may be incurred.

Cost overruns can be due to, amongst others, inefficiency, poor design (where the contractor or the Group has design responsibilities), miscalculations, cost escalation, lack of cost control, lack of project control or cost overruns by sub-contractors, limited possibility to pass on price increases to customers or unforeseen changes in the construction.

Contracts are based on cost calculations that are subject to a number of assumptions. Furthermore, contractual revenues and expenses are recognised in the income statement in proportion to the percentage of completion of the project (which is determined on the basis of production measurements) as soon as a reliable profit estimate can be made (Please refer to § 9.8.3 ("Operating and Financial Review - Significant accounting policies - Work in progress")). If estimates on the overall risks or calculations of the revenues or expenses prove inaccurate or circumstances change, lower profits may be achieved from or greater losses may be incurred on such contracts. Alternatively, revenues and expenses that have already been recognised in respect of such contracts may be reversed in such event. All of these factors may have an adverse effect on the financial position of the Group, including its working capital.

In order to ensure that the projects the Group undertakes to perform are executed effectively and in a profitable manner, the Group needs to deploy a high degree of project and site management expertise to maximise efficiency in providing the contracted services throughout the term of the project. It cannot be excluded that due to ineffective contract planning, inefficiencies, lack of control in project execution, lack of cost control, or other reasons, the Group is unable to render its services in an efficient and profitable manner. The Group could then experience increased project execution costs and difficulty in obtaining (timely) payment for its services. It could then also be faced with an adverse effect on its reputation or litigation. A materialisation of each of these risks could materially adversely affect the Group's business, results of operations, financial condition and prospects.

For further information on material litigation and arbitration proceedings in which the Group is currently involved, please refer to § 8.16 ("Business Description - Litigation").

(9) Unsuccessful tender processes may result in significant non-recoupable costs

The Group obtains a large number of its projects by way of successfully completing tender processes initiated by the relevant customer. As with any construction company, the Group also fails to win certain tender processes, while it has invested significant costs and time in preparing detailed project proposals. Although in some cases, the Group has certain costs refunded, the Group may still face significant costs which it cannot recoup if a tender process is not won. Such costs generally increase if the project is more complex. In view of the Group's involvement in integrated projects, the Group will

likely continue to face such costs in the future, which could adversely affect the Group's financial position.

(10) Missing deadlines, contract disputes or general litigation may expose 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. Consequently, 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 its client base. Missing deadlines causes delays, impacting the liquidity position of the Group.

The Group's contracts may require extra or change order work as directed by the customer even if the customer has agreed in advance on the scope or price of the work to be performed. Although such contracts generally contain provisions on ordering and pricing of additional work or changes to the order of the work, this process may result in disputes on whether the work performed is beyond the scope of the work that is included in the original project plans and specifications. Alternatively, if the customer agrees that the work that has been performed qualifies as extra work, a dispute may arise regarding the price the customer is willing to pay for such extra work. In each case, if the Group is not able to receive payment for the additional work, this will impact the Group's results adversely. Such impact would be inherently larger with large projects. Also, even when the customer 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 customer. See § 8.16 ("Business Description - Litigation", most notably "A15 Maasvlakte-Vaanplein (MaVa)").

The Group is involved, from time to time, in projects that may be considered publicly sensitive and therefore could lead to protests of certain interest groups. Should such situation arise, it may adversely affect the ability of the Group to carry out such projects or cause the Group significant reputational harm.

In the course of the Group's operations, the Group is exposed to potentially significant litigation including, but not limited to, litigation regarding alleged regulatory violations, breaches of contract, contractual disputes and also, in the case of homebuilding, defective title or property misdescription. In the experience of the Company, when market conditions are unfavourable, customers and other parties may be more likely to litigate in relation to disputes or losses, for example, in relation to executed projects.

For further information on material litigation and arbitration proceedings in which the Group is currently involved, please refer to § 8.16 ("Business Description - Litigation").

(11) The Company increasingly assumes the risk for completing projects

The Group bids for and executes technically complex projects in various sectors. These projects may require significant expertise, such as design, technical and construction expertise, and are typically performed over a lengthy time period that could last from several months to several years. The contracts for these projects carry the risk of the Group being required, to an increasing extent, by its customers to assume substantially all of the risks associated with completing the project and any ensuing post-completion warranty obligations. Under these contracts, the Group typically assumes the project's technical risk, meaning that it must tailor mechanical and electrical engineering design to satisfy the technical requirements of a project.

(12) 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 Group participates in these PPP projects via equity stakes in special purpose vehicles holding an interest in these PPP projects. See § 8.7.4 ("Business Description - Selected key elements of the Group's business model - PPP projects"). 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.

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

The Group is dependent on national and local government policies in its markets, including government policies regarding 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.

These policies may change over time. Governments or any local governmental agencies in the markets in which the Group operates may decide in the future to change certain of their 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. In addition, the Group's financial position may be affected by (i) political prioritisation towards operational expenditure and (ii) seasonality in payment behaviour of the public sector bodies.

(14) The current book 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 the land positions

The book value of the Group's strategic land positions is based on certain assumptions, such as general macro-economic conditions and the possibility of developing (at least part of) such positions. The development of the strategic land positions requires the relevant public bodies, in particular city councils, to amend the relevant zoning plans (*bestemmingsplannen*). As such the non-occurrence of such amendments in the future may materially affect the value of the land positions concerned. Pollution or soil problems may also have a negative effect on land positions' value.

In addition, it is uncertain if and when the land positions will be developed or sold and when – as a result – cash will be generated from these land positions. The Group may not be able to value, dispose of or liquidate parts of its land positions in a timely manner and at satisfactory prices as a result of changes in economic, real estate, market or other conditions. This could have a material adverse effect on repayment of credit facilities and on the Group's business, financial condition and operating results.

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

(15) The Group is exposed to liabilities from projects operated in joint ventures and may be limited in its flexibility by its operating in joint ventures

As is customary in the construction industry, many projects and services are generally taken on in the form of partnerships (frequently in the form of a '*vennootschap onder firma*') with other companies. In such partnerships each of the partners has joint and several liability for the projects and services

undertaken by the partnership. This may lead to the Group being held jointly liable for (mis)conduct of its partners in such partnership. 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. Moreover, in individual cases, the Group may provide guarantees or financing commitments for the benefit of the joint venture in a proportion exceeding the Group's ownership share in the joint venture.

Keeping such risks at the level of the legal entity that is the partner in such partnerships may not be possible as a result of statements of joint and several liability issued by Ballast Nedam and certain of its subsidiaries (the "**Group Companies**") pursuant to article 2:403 of the Dutch Civil Code (the "**Dutch Civil Code**") or as a consequence of specific requirements from the relevant principal. As a result, the Group may be subject to material liability in connection with its joint ventures, which may have a material adverse effect on the Group's business, results of operations, financial condition and prospects. Please refer to § 8.17 ("Business Description - Group Structure - Statements of joint and several liability pursuant to article 2:403 of the Dutch Civil Code) for an overview of issued statements of joint and several liability pursuant to article 2:403 of the Dutch Civil Code.

Furthermore, strategic land positions are being held, in whole or in part, in joint ventures. The development or disposal of such positions will depend on the relevant joint venture arrangements, but the flexibility will generally be more limited. Such liabilities and limited flexibility from the operation in joint ventures may have an adverse effect on the Company's financial position.

In addition, in project joint ventures or joint ventures used in acquisitions, the Group will typically not have full control over the joint venture's conduct of business, for instance because certain topics are reserved matters for which decision making requires unanimity of the joint venture partners. Such lack of control may mean that the Group cannot implement its strategy in respect of the relevant joint venture.

(16) A departure of one or more well-performing members of senior management of the Group could have an adverse effect on its business and the Group's success depends on attracting and retaining senior personnel, project managers and other skilled personnel

The Group is dependent on its senior personnel, project managers and on a flexible, highly skilled and well-motivated work force particularly in view of the complex nature of certain construction projects. The Group believes its future success will depend in part on its ability to attract, develop and retain highly skilled management and personnel. If the Group does not succeed in attracting, developing and retaining skilled personnel, it may not be able to manage its business as anticipated. Further, the departure from the Group of any of the members of the Board of Management or certain senior employees could have a material adverse effect on the Group's business.

(17) The Group's order book is not necessarily indicative of its actual or future revenue or results or cash flow due to possible cancellations, delays or scope adjustments of projects or maintenance assignments in the order book

The Group's order book is based on signed contracts. The amounts set out in the Group's order book may not be a reliable indication of its actual or future revenue or results. Cancellations, delays and scope adjustments occur from time to time. As a result, there can be no assurance that the Group's order book will result in cash flow in the future and that any cancellations, delays or scope adjustments will not have an adverse effect on the Group's business, results of operations, financial condition and prospects.

(18) The Group may be liable for environmental and health and safety issues relating to its current and former operations and properties

The Group is subject to laws and regulations in the jurisdictions in which it operates relating to the protection of the environment and health and safety. Liabilities, costs, penalties, soil remediation

orders and operational restrictions may be imposed on or suffered by the Group in relation to environmental and health and safety issues.

Under such laws and regulations, the Group may be liable for the investigation and remediation of contamination and other environmental conditions (including asbestos present within buildings) relating to its current and former operations and properties. These laws and regulations may impose strict liability, rendering the Group liable without regard to negligence or fault, and could expose the Group to liability for the conduct of, or conditions caused by, others, or for acts that were in compliance with all applicable laws at the time that such acts were performed. In addition, contaminated properties may experience decreases in value and are likely to be more difficult for the Group to dispose of. Any environmental regulation may be subject to change, which in its turn may increase the requirements under such regulation for the Group, the Group's exposure to risks of non-compliance and the Group's costs and valuation of intangible assets.

The Group may be liable to third parties in respect of any personal injury or property damage resulting from environmental and health and safety issues resulting from its current and former operations, or from any contamination or other hazardous substances (including asbestos) released from its current and former properties. The Group may also be liable to third parties in respect of environmental matters under any covenant, warranty, representation, indemnity or similar provision contained within the agreements by which it has acquired, disposed of or developed properties. Non-compliance with existing or future environmental and health and safety laws and regulations, including a failure to (timely) obtain or maintain requisite permits and authorisations, may result in criminal or administrative fines or other penalties. Such costs and liabilities, if incurred, could have a material adverse effect on the Group's business, operations and financial condition.

(19) 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 customers 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.

Additionally, 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 such third party suppliers, it is exposed to risks relating to the quality of such materials. The Group may use such 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 customers or third parties or requiring the Group to take appropriate corrective action in respect of affected products. Any litigation, moreover, carries an inherent risk of an adverse outcome. Any successful product and performance liability claim could have a material adverse effect on the Group's business, financial condition or result of operations. In addition, even if the Group is successful in defending any claim relating to the products it distributes, claims of this nature could have a negative impact on customer confidence in its performance and products and on the Group itself. Although generally covered by the Group's insurances, 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.

(20) The Group may be insufficiently insured against all losses, damage and limitations of use of its properties

The Group carries insurance of various types, including employment practices, pension-related, general liability and poor design and miscalculation risk-related coverage. While it seeks to maintain appropriate levels of insurance, not all risks are insurable and not all claims are reimbursable and there can be no assurance that the Group will not experience major incidents that are not covered by

its insurance. The Group's insurance policies are subject to exclusions of liability and limitations of liability both in amount and with respect to the insured loss events. Certain types of losses, such as those caused by earthquakes, floods, hurricanes, terrorism or acts of war may be uninsurable or are not economically insurable. In the event such a loss occurs, there can be no assurance that the insurance proceeds, if any, will fully cover the Group's loss with respect to the affected properties. The occurrence of an uninsured loss or a loss in excess of insured limits could result in the loss of the Group's capital invested in the affected property as well as anticipated future revenue from that property. In addition, the Group could be liable to repair damage caused by uninsured risks as well as remain liable for any debt or other financial obligation related to that property. There can be no assurance that the Group is sufficiently and effectively insured against all contingencies. If the Group suffers an uninsured loss or has to pay damages, it may have a material adverse effect on the Group's business, results of operations and financial condition. Furthermore, the occurrence of several events resulting in substantial claims for damages may have a material adverse effect on the Group's business, results of operations, financial condition and prospects. In addition, the Group's insurance costs may increase over time in response to negative developments in its claims history or due to material price increases in the insurance market in general.

There can be no assurance that the Group will be able to obtain insurance on acceptable terms in the future, if at all, or that any such insurance will provide adequate coverage against potential claims.

(21) The Group could be materially adversely affected if its IT and infrastructure fail to support the Group's business

The Group relies on its IT infrastructure and on the IT infrastructure of its outsourcing partners for the successful transaction of its business, including the sales activities, logistics, engineering, project control and management information and maintenance.

If one or more elements of that infrastructure were to fail, for instance as a result of a major attack on the Group's network or the internet, or failure of a key systems component, and any failover capabilities (meaning the ability of a system or component thereof to transfer operations to an alternative or backup component without disruptions) that the Group has invested in were not to operate successfully, it could prevent or hamper the effective operation of one or more of the Group's businesses and materially affect its sales, costs and profitability.

(22) Labour costs, work stoppages and other labour relations matters may have an adverse effect on the Group

Almost all of the Group's employees are covered by collective bargaining or other similar labour agreements. Any inability by the Group to negotiate acceptable new contracts under these collective bargaining arrangements could cause strikes or other work stoppages, and new contracts could result in increased operating costs.

If any of the abovementioned strikes or other work stoppages were to occur, or if the Group has a dispute or experiences other difficulties with a union, the Group could experience a disruption of its operations and higher labour costs. Labour relations' matters affecting the Group's suppliers of products and services could also adversely affect the Group's business from time to time.

The business of the Group is heavily dependent on its skilled labour force. Should labour costs, either by means of a collective labour agreement or otherwise, rise faster than expected, this could, especially in cases where the Group is not in a position to on-charge or allocate such increased costs to any of its projects, have an adverse impact on the Group's business, financial condition and operating results.

(23) Failure to comply with laws and regulations, in particular those relating to competition, anti-bribery and health and safety, may have a material adverse effect on the Group's business, results of operations, financial condition and prospects

The Group is subject to laws and regulations relating to several areas such as competition, anti-bribery, health and safety, construction, procurement, administrative, accounting, corporate governance, market disclosure, tax, employment, data protection, money laundering and economic sanctions laws and regulations. Such laws and regulations are subject to interpretation and to change over time. The construction and technical services industry, in which the Group is active, is in particular exposed to the risk of non-compliance with rules relating to competition, anti-bribery and health and safety. Any failure to comply with applicable laws and regulations (and in particular those relating to competition, anti-bribery and health and safety) by any of the Group's employees, Group Companies or business partners may lead to heavy fines, to damage to the Group's brands and reputation and to exclusion from participation in public tenders and may have a material adverse effect on the Group's business, results of operations, financial condition and prospects. In addition such failures may lead to disciplinary, administrative, civil and criminal enforcement actions and civil liability. 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. The precautions the Group takes to prevent and detect non-compliance with these rules may not always have the desired effect. See § 8.11.6 ("Business Description - Corporate social responsibility - Compliance and integrity").

(24) Changes in tax laws or challenges to the Group's tax position could adversely affect its business, results of operations, financial condition and cash flow

The Group is subject to tax laws and regulations in each of the jurisdictions in which the Group operates, which are complex and are subject to varying interpretations. The Group often relies on generally available interpretations of tax laws and regulations to determine the existence, scope and level of its liability to tax in the jurisdictions in which the Group operates. The Group cannot be certain that the relevant tax authorities are in agreement with the Group's interpretation of these laws and regulations. If tax laws or their interpretations change, or if the Group's tax positions are challenged by relevant tax authorities, the imposition of additional taxes could increase the Group's effective tax rate and its costs of operations and have a negative effect on the Group's business, results of operations, financial condition and cash flows.

(25) 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 International Financial Reporting Standards as adopted by the European Union ("IFRS") require that judgement is applied in determining certain tax liabilities. The Company has made provisions based on its assessment of potential tax liability that could result from the resolution of the uncertain positions. Although the Company believes its assessment of potential tax liability is appropriate, the ultimate tax outcome may differ from the amounts recorded in the Group's consolidated financial statements and may affect its financial results.

As of December 31, 2013, the Company has recorded deferred tax assets in its financial statements, partly consisting of estimated Dutch tax loss carry forwards of € 54 million. Such deferred tax assets can only be utilised if, and to the extent that, the Group generates adequate levels of taxable income in future periods to offset the tax loss carry forwards before they expire. The Group's ability to generate taxable income is subject to general economic, financial, competitive, legislative, regulatory and other factors that are beyond the Group's control. If the Group generates lower taxable income than the amount that has been assumed in determining these deferred tax assets, the carrying amount of such deferred tax asset may be reduced accordingly, which could have an adverse effect on the Group's financial results.

(26) The Company may incur liabilities from former acquisitions and former and planned disposals

In the past, Ballast Nedam has disposed of businesses and subsidiaries. In December 2013, the Group

sold its fully owned subsidiary Gebr. Van Leeuwen Boringen BV. to Kleywegen Groep. In July 2013, the Group sold its fully owned subsidiary Société d'Exploitation des Carrières d'Yvoir SA to Group De Cloedt. On 11 April 2014, the Group announced that it intends to close Omnia Plaatvloer B.V. in Coevorden. The decision to close Omnia Plaatvloer B.V. was prompted by persistent losses and the lack of future prospects of Omnia Plaatvloer B.V. The Group has ceased production at Omnia Plaatvloer B.V. in mid-June 2014, and transferred the portfolio to Betonson, which is part of the Van Nieuwpoort Group. Furthermore, on 4 July 2014, the Group has completed the sale of its 92.5% stake in Ballast Phoenix Ltd. (carrying out Feniks Recycling's operations in the United Kingdom) to H2. Moreover, on 4 July 2014, the Group entered into a share purchase agreement in respect the sale of its 30% stake in Bontrup to Bontrup's 70% shareholder, F. Bontrup Holding B.V. The Group expects to complete this sale at the end of July 2014. In addition, on 5 July 2014, the Group entered into a letter of intent with H2 regarding the sale of the following companies: Rademakers Gieterij B.V., TBS Soest B.V. and Recycling Mij. "Feniks" B.V. Ballast Nedam expects to complete this sale in the fourth quarter of 2014. See § 8.3.1 ("Business Description - Strategy & Restructuring - Strategy") and § 8.3.2 ("Business Description – Strategy & Restructuring - Operational Measures and Disposal Programme") for more information.

While the Group seeks to limit on-going exposure in the case of disposals, for example through liability caps and period limits on warranties and indemnities, some warranties and indemnities may give rise to unexpected and significant liabilities. Any claims arising in the future may materially adversely affect the Group's business, financial condition and operating results.

If disposals of selected operations were to occur in the future, the Group will also seek to limit the Group's contractual exposure, but warranties or indemnities may still give rise to liabilities, affecting its business, financial condition and operating results.

Before making an investment in a company, the Company assesses the value or potential value of such company and the potential return on its investment. In making the assessment and otherwise conducting due diligence, the Company relies on the resources available to it and, in some cases, an investigation by third parties. There can be no assurance, however, that due diligence examinations carried out by the Company or by third parties in connection with any company that the Company has acquired in the past have revealed all of the risks associated with such company, or the full extent of such risks. When the Company has acquired a company in the past, such company may still be subject to hidden material defects or deficiencies in the title to the company or otherwise which were not apparent at the time of acquisition.

Although the Company typically obtains warranties or representations from the seller with respect to certain legal or factual issues, these warranties may not cover all of the problems that may arise following the purchase, and may not fully compensate the Company for any diminution in the value of such company or other loss it may suffer. In addition, it may be difficult or impossible to enforce warranties or representations against a seller for various reasons, including the insolvency of the seller or the expiration of limitation periods or expiry of enforcement periods for such warranties or representations.

2.2. Risks relating to the sectors in which the Group operates

(27) The Group is likely to continue to be negatively impacted by the current economic downturn in the construction industry and may be increasingly impacted

Ballast Nedam believes that demand for the Group's services generally correlates with macro-economic conditions, including the development of the gross domestic product of countries in which the Group operates. The economic downturn has negatively affected the building markets in particular. In the current economic environment, both the number of newly built residential and non-residential buildings and property development have decreased markedly, and may possibly decrease further. The level of activity in the non-residential building sector depends largely on vacancy rates, commercial investment and general economic conditions. Because the property development,

residential building, non-residential building, technical services and infrastructural sectors are sensitive to changes in the economy, downturns (or lack of improvement) in the economy in any of the Group's geographic markets could adversely affect its business, financial condition (including its working capital) or results of operations.

The poor economic conditions in Europe have impacted, and continue to affect, government budgets, which may also threaten the continuation of certain public investments that have historically benefited the Group's business, in particular in the European buildings and infrastructure markets. Continued reductions in government budgets are likely to have an adverse impact on the Group's business, results of operations, financial condition and prospects as the Group generates a significant portion of its revenues from services it provides as a contractor or subcontractor on various projects with governmental entities, including state-owned companies.

The Group expects that its performance will remain under pressure should consumer and business sentiment be further negatively affected as a result of a further downturn in global macro-economic conditions. Since the economic turmoil may affect the Group's customers, this may lead to a delay in or cancellation of orders. As such, the economic downturn may have a delayed and further effect on the Group's future results.

Furthermore, it may be that the Group will be financially impacted by vacancy rates or lack of sales of properties it constructed, including lack of bulk sales to housing associations or financial investors.

The Group may also be financially affected if the number of unsold homes under construction in its accounts increases as a result of the deteriorated housing market due to the financial and economic crisis. The Group's inventory (including inventory outside the Netherlands) of homes under construction that were unsold at year-end 2013 included 69 homes, while mid 2013 the unsold homes under construction amounted to 7. The number of unsold finished homes at year-end 2013 was 27 while mid 2013 the number of unsold finished homes amounted to 46. The aggregate number of unsold homes at year-end 2013 therefore amounted to 96 while mid 2013 the aggregate number of unsold homes amounted to 53.

In the Infrastructure sector, Ballast Nedam is to a large extent dependent on public sector spending as this is of major importance to major infrastructural projects. Although the Dutch government has discussed it may increase such spending, there can be no assurance on the level of public spending. A lack of sufficient spending in the public sector may have an adverse effect on the Company's financial position, including its working capital.

(28) Deteriorating markets could result in the impairment of goodwill and other acquired intangibles, which may adversely affect the Group's financial condition or results of operations

Under IFRS, goodwill and indefinite-lived intangible assets are not amortised but are subject to annual impairment tests or more frequent tests if there are indications of impairment. Other intangible assets deemed separable from goodwill arising on acquisitions are amortised. Over the year ended 31 December 2013, the Group recorded impairment losses related to the carrying value of goodwill and other intangible assets of € 4 million, reflecting current and expected market conditions. If the current economic downturn worsens or the economies in which the Group operates do not recover, the Group may, however, need to start recording additional impairment losses relating to its businesses, and these losses, whilst not directly affecting the cash flows of the Group, could have an adverse effect on the Group's financial condition.

(29) The Group may not be able to obtain products from suppliers or it may have to procure products on less favourable terms and certain credit insurers are in the process of reducing or have reduced their exposure to the Group by lowering credit limits granted to parties, in particular suppliers of the Group. 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 the products and component products 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 economic downturn and the deteriorated economic conditions in the construction industry, many suppliers have been facing difficulties in obtaining credit insurance on their receivables from market parties, such as Ballast Nedam. Credit insurers are in the process of reducing their exposure to the construction industry by lowering credit limits granted to parties, in particular suppliers. Certain credit insurers have recently decided to reduce their exposure vis-à-vis Ballast Nedam to nil. 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. This may adversely affect the Group's operations and financial position and could have adverse consequences for the Group's financing arrangements. Furthermore, the Group's lack of liquidity and its high leverage has affected the Group's ability to obtain credit insurance and credit limits under existing credit insurances are reduced, which may further adversely affect the Group's operations and financial position.

To the extent the Group's available cash is limited, the Group may not be able to obtain products from suppliers or it may have to procure products on less favourable terms. Also, due to the 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.

(30) The Group is exposed to a risk of default by and lack of credit facilities for counterparties, in particular its sub-contractors, partners and customers, which could have a material adverse effect on the Group's business, financial condition (including its working capital) or results of operations

The Group is exposed to a risk of default by and lack of credit facilities for its counterparties, in particular its customers who have agreed to purchase services from the Group, partners with whom the Company works in joint ventures and other partnerships and its sub-contractors 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 economic downturn which has led to an overall lack of availability of credit and funds in the market.

This lack of availability of credit and funds has impaired, and may continue to impair, the ability of counterparties of the Group, such as sub-contractors and customers, to honour their pre-existing arrangements and fulfil their contractual obligations. In the case of sub-contractors, their primary contractual obligation is to finalise a portion of a project. The inability or delay by sub-contractors in finalising their part of a construction project due to a lack of funds is likely to have a trickle-down effect through the entire construction cycle which may adversely affect the Group's operations and financial position.

The lack of availability of credit and funds for customers has impaired, and may continue to impair, the ability of customers, 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 is not achieved. As a consequence, any restriction of the credit terms extended to its customers could further result in loss of customers, business and revenues to the Group, which will have an adverse effect on the financial position of the Group, including its working capital.

The potential bankruptcies or insolvency of the Group's counterparties, which could arise especially in light of the current economic downturn, could also have a material adverse effect on the Group's business, financial condition or results of operations, as well as in the industry in which the Group operates.

(31) The Group's business may be affected by general risks associated with all companies operating in the same sectors as the Group, which may include, but are not limited to, trends in the construction industry, general economic conditions and legislation

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

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.

Given the structure of the Group, the way its business is organised and the complex legal regime to which it is subject, the Group has no certainty that it has at all times all licenses and permits that it requires for carrying out its activities or that it complies with all conditions of such licenses or permits, nor has it certainty that it will be able to obtain such licenses or permits or that it will comply with such conditions in the future. In addition, licenses and permits may be suspended or revoked. Not having the requisite licenses and permits may delay the projects in which the Group is involved and may expose it to civil and regulatory liability.

Furthermore, the markets in which the Group operates may be affected by trends in improvement, remodelling and construction in the property development, residential, non-residential, technical services and infrastructure sectors. 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 in general in each of the markets in which the Group operates.

(32) The Group may lose business to competitors or otherwise be unable to compete favourably in the markets in which it operates and a failure of the Group to maintain its competitive position would have an adverse impact on its business, results of operations, financial condition and prospects

The Group's results of operations depend on its ability to compete in the markets in which it operates. The markets in which the Group operates are highly competitive. The Group competes primarily on the basis of scope and pricing of activities, efficiency, customer service and support (including maintenance), availability of credit and funding, technical knowledge and the development of integrated, full-package business concepts. In addition, if the Group is not able to maintain project sales to existing customers, including important public sector bodies, introduce new products or

concepts, attract new customers, respond to customer trends, improve operating efficiency, reduce operating and overhead expenses, or increase net margins, it may not be able to compete successfully and this may result in material adverse effects on its business, financial condition or results of operations.

Increasing overall competition from national building and constructions companies, as well as competition from international building and construction companies where it concerns PPP projects, in the sectors in which the Group operates or a further consolidation in the markets could add pressure on prices and margins, increase competition for the Group, and adversely affect its business, financial condition or results of operations. 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, all of which will have an adverse effect on the Company's financial position.

(33) Fluctuating commodity prices, in particular of lumber, fuel, bitumen, cement, stone and steel, as well as unexpected shortages may adversely affect the Group's business, financial condition or results of operations

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, may fluctuate, and have fluctuated, quickly and significantly and may adversely affect the Group's results of operations. For example, lumber prices are affected both by changes in the availability of raw logs and by changes in the volume and age profile of production capacity in the industry, as well as by housing demand, whereas panel prices are affected primarily by housing demand and production capacity. Generally speaking, increases in such prices increase the Group's operating costs and reduce its operating profit to the extent that such increases cannot be (fully or in part) passed on to customers. Although Ballast Nedam will generally attempt to contractually pass on all or part of material price increases to its customers or alternatively hedge the price increase risk against a certain premium, there can be no assurance that such attempt will be successful. Even if the Group would ultimately be able to pass on such price increases (albeit generally on a delayed basis), delays or restrictions in doing so may adversely affect the Group's business, financial condition or results of operations.

(34) Fluctuations in foreign currency exchange rates may affect the Group's results of operations and financial condition

The Group's financial statements are presented in euro. Accordingly, when the Group prepares consolidated financial statements, the Group must translate its foreign currency-denominated assets, liabilities, income and expense items into euro at applicable exchange rates. The Group is exposed to foreign currency translation risks by means of investments in and long-term loans to Ballast Phoenix Ltd. denominated in the United Kingdom's pound sterling as well as to Bontrup denominated in Norwegian krone, which risks are not hedged.

In an attempt to reduce the impact of currency fluctuations and the volatility of returns that may result from its currency exposure, the Group attempts to (partially) hedge this foreign currency translation risk with respect to certain projects by loans in corresponding foreign currencies, except with respect to the foreign currency translation risks to which the Group is exposed as set out above in relation to Ballast Phoenix Ltd. and Bontrup. There can be no assurance that such hedging will be fully effective or beneficial in protecting the Group from adverse foreign currency exchange rate movements or that any resets will not result in additional cash outflows before maturity, which could affect the Group's results of operations and financial condition.

(35) Interest rate exposure to PPP projects, 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 borrowing activities undertaken to finance its operations. The Group regularly, in the context of PPP projects, concludes 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 or fixed rate debt to a floating rate. The Group may choose to enter into additional floating rate to fixed rate swaps or fixed rate to floating rate swaps in the future. There can be no assurance that the Group will not be materially adversely affected by interest rate changes in the future, notwithstanding its use of certain interest rate swaps.

In addition, the Group's interest rate swaps expose the Group to the risk of default by the counterparties to such arrangements. Any such default could (temporarily) have an adverse effect on the Group's results of operations.

(36) Adverse weather conditions may impact the Group's results

Weather conditions constitute a specific risk. It affects, amongst others, road construction, groundwork, operations at sea and, to a lesser extent, the other construction activities. Allowances for delays due to adverse weather conditions are automatically built into the initial costing, although there can be no assurance that such has been done sufficiently. The weather is also a contributing factor in the seasonal fluctuations in turnovers and results. Therefore, the weather may adversely affect the Group's business, financial condition and results.

(37) Catastrophic events, terrorist attacks, acts of war or hostilities, riots, civil unrest, pandemic diseases and other unpredictable events may adversely affect the Group

Catastrophic events, terrorist attacks, acts of war or hostilities, riots, civil unrest, pandemic diseases and other similarly unpredictable events, and responses to those events or acts, may reduce the number of workable days and therefore prevent the Group and its employees from being able to provide services to its customers. Those events and acts may also create economic and political uncertainties which may have an adverse effect on the economic conditions in such countries or decrease the demand for or increase the costs of the Group's services. Such events and acts are difficult to predict and may also affect employees, including key employees. Unforeseen events can also lead to lower revenue or additional operating costs, such as fixed employee costs not recovered by revenue due to inability to deliver services, higher insurance premiums and the implementation of redundant back-up systems. Insurance coverage for certain unforeseeable risks may also be unavailable. A materialisation of these risks may have an adverse effect on the Group's business, results of operation or financial condition.

2.3. Risks relating to the Offering

(38) If the Offering is not completed, there may be consequences for the Group which could have a material adverse effect on its financial condition, results of operations and prospects

As of the date of this Prospectus, the Group had approximately € 20 million of outstanding borrowings under the Bridge Loan. The termination date in relation to the Bridge Loan means the date on which the proceeds of the Offering have been applied in prepayment of any amounts outstanding under the Bridge Loan and the Bridge Loan is cancelled in full all in accordance with the terms of the Syndicated Facility Agreement (the "**Equity Issue Settlement Date**"). The Syndicated Facility Agreement contains a condition that the Equity Issue Settlement Date occurs on 15 August 2014 at the latest (unless such period is extended by all lenders, including the original lenders, under the Syndicated Facility Agreement). Non-compliance with that condition, will constitute an event of default under the Syndicated Facility Agreement and (subject to applicable cure periods and other limitations on acceleration or enforcement) the relevant lenders could elect to declare the debt, together with accrued and unpaid interest and other fees, if any, immediately due and payable. In addition, any default under the financing agreements could lead to an event of default under and

acceleration of other debt instruments that contain cross-default or cross-acceleration provisions. See § 9.5.7.1 ("Operating and Financial Review - Liquidity and capital resources - Amendment and restatement of Existing Credit Facilities - Syndicated Facility Agreement").

If the Offering is not completed – e.g. if any of the conditions of the Underwriting Agreement are not fulfilled nor waived – and, as a result, the Group is unable to satisfy this condition of the Syndicated Facility Agreement (including the repayment of borrowings under the Bridge Loan), the Group will be required to raise capital from alternative sources, which may not be available or may not be available on commercially acceptable terms. See § 9.6 ("Operating and Financial Review - Working capital statement").

As a result, the Group may be required to reduce investments in its business, including reductions in its workforce, which may be detrimental to its competitiveness and impair its ability to respond quickly and effectively to any recovery in its markets and/or dispose of assets at less than their book value. The Group could furthermore be required to seek additional debt financing which may increase the debt service obligations of the Company, require the payment of additional fees, or result in the Company being subject to additional or more onerous covenants, or its subsidiaries being required to pledge additional security. Furthermore, the Company may be required to accelerate its Disposal Programme or the disposal of any of its assets. Any of the aforementioned risks could have a material adverse effect on the Group's business, financial condition, results of operations and prospects. See § 9.6 ("Operating and Financial Review - Working capital statement").

(39) *The market price of the DRs may fluctuate and may decline below the Issue Price*

The market price of the DRs may decline or may fluctuate widely in the future. Therefore, the Issue Price of the Offer DRs at the time of the Offering may not be indicative of the market price for the Offer DRs after the Offering shall have been completed. The market price of the DRs may fluctuate widely, depending upon many factors beyond Ballast Nedam's control. The market price of the Offer Securities may be significantly affected by, amongst others, the following factors: (i) Ballast Nedam's actual or anticipated operational results, (ii) the level of the Group's debt, (iii) future issues of depositary receipts for ordinary shares or ordinary shares or rights to acquire depositary receipts for ordinary shares or ordinary shares in the capital of Ballast Nedam, 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. Ballast Nedam 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, that Eligible Person will suffer an immediate unrealised loss as a result. The exercise can under circumstances be revoked or modified. See § 14.3 ("The Offering - Rights Offering - Exercise Period"). Moreover, Ballast Nedam 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.

(40) *Ballast Nedam 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 DRs. If the Offering fails or is terminated, Rights will become worthless.*

Ballast Nedam intends to set a trading period for the Rights on Euronext Amsterdam from 9:00 hours CEST on 10 July 2014 until 17:40 hours CEST on 22 July 2014. Ballast Nedam cannot assure, however, that an active trading market in Rights will develop on Euronext Amsterdam during that period. Ballast Nedam 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 DRs, the existing volatility of the DRs could magnify the volatility of the Rights. If the Offering were to fail or is terminated 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.

(41) *If Eligible Persons do not, not timely or not validly exercise their rights, they may not be able to subscribe for Offer DRs at the Issue Price and they may not receive a compensation*

for their unexercised Rights

The Exercise Period for the Rights commences at 09:00 (CEST) on 10 July 2014 and expires at 14:00 (CEST) on 23 July 2014. Eligible Persons and, if applicable, financial intermediaries acting on their behalf, must act promptly to ensure that all required exercise instructions are actually received by the Subscription, Listing and Paying Agent before the expiration of the Exercise Period. If Eligible Persons or their financial intermediaries fail to timely or correctly follow the procedures that apply to the exercise of their Rights, Ballast Nedam may, depending on the circumstances, reject their exercise of Rights. If Eligible Persons fail to timely or validly exercise their Rights, such Rights will continue to be reflected in their securities account only for the purpose of the payment of the Excess Amount (as defined in § 14.4 ("The Offering - Rump Offering - Excess Amount")), if any. Ballast Nedam cannot assure Eligible Persons, however, that there will be an Excess Amount for distribution to holders of unexercised Rights.

In addition, if an Eligible Person neither exercises his Rights nor sells his unexercised Rights, the Joint Global Coordinators have agreed with Ballast Nedam to use reasonable endeavours to procure subscribers for the DRs underlying the Rights. There is no assurance that the Joint Global Coordinators will be able to procure subscribers at a price per DR that exceeds the sum of the Issue Price per DR and the Offering expenses. The Joint Global Coordinators may also cease their endeavour to procure subscribers at any time. Even if the Joint Global Coordinators are able to procure subscribers for the DRs underlying the Rights, the consideration that will be received by a DR Holder who neither exercises Rights nor sells unexercised Rights, may not be sufficient to compensate him fully for the dilution of his percentage ownership of Ballast Nedam's share capital which will result from the Offering. See § 14.4 ("The Offering - Rump Offering - Dilution").

(42) If a DR Holder does not, not timely or not validly exercise all of his Rights, his percentage ownership of DRs will be significantly diluted. DR Holders in certain jurisdictions are excluded from the Offering and may thus suffer dilution

The Offering is designed to enable Ballast Nedam to raise capital in a manner that gives the opportunity to existing DR Holders to subscribe for the Offer DRs pro rata to their shareholding at the Record Date, subject to applicable securities laws. The Joint Global Coordinators have agreed, subject to certain conditions, to subscribe for, or to use their reasonable efforts to procure subscribers for any Rump DRs through private placements to institutional investors in the Netherlands and certain other jurisdictions. The price per Rump DR must be at least equal to the Issue Price, plus any expenses related to procuring such purchasers (including any non-recoverable value added tax). The Joint Global Coordinators, severally and not jointly, will subscribe for Offer DRs not subscribed for through the exercise of Rights and not placed in the subsequent Rump Offering pro rata to their respective underwriting commitments, at the Issue Price, in accordance with the terms and subject to the conditions of the Underwriting Agreement. To the extent that a DR Holder does not, not timely or not validly exercise his Rights, his proportionate ownership and voting interest in Ballast Nedam will be reduced. If an existing DR Holder 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 DRs that may be caused as a result of the Offering. DR Holders from or in certain jurisdictions are excluded from the Offering. These DR Holders thus risk being diluted.

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

It is expected that the closing of the Offering will take place on or about 29 July 2014. With respect to the Offer Securities, Ballast Nedam has entered into the Underwriting Agreement. The Joint Global Coordinators are entitled to terminate the Underwriting Agreement under certain circumstances. If the

closing of the Offering does not take place on the Settlement Date or at all, whether or not as a result of a termination of the Underwriting Agreement by the Joint Global Coordinators, 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 DRs that have been made, will be disregarded. Any subscription payments received by Ballast Nedam 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, including Rights purchased in the market. All trades in Rights prior to the Settlement Date are at the sole risk of the parties concerned. None of the Group Companies, the Joint Global Coordinators, the Subscription, Listing and Paying Agent and Euronext Amsterdam N.V. 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 DRs.

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

(44) In case the Rump Offering, if any, is unsuccessful, the Joint Global Coordinators may obtain a significant interest in Ballast Nedam and their interests may conflict with the interests of other DR Holders

If any Rights have not been exercised by the end of the Exercise Period, the Rump DRs may be offered through private placements to institutional investors in the Netherlands and certain other jurisdictions by the Joint Global Coordinators, subject to the terms and conditions of the Underwriting Agreement and subject to applicable securities laws. The Joint Global Coordinators, subject to the terms and conditions of the Underwriting Agreement, have agreed to use their reasonable efforts to procure subscribers for any Rump DRs through private placements to institutional investors in the Netherlands and certain other jurisdictions. The price per Rump DR must be at least equal to the Issue Price, plus any expenses related to procuring such purchasers (including any non-recoverable value added tax). If such Rump Offering proves to be unsuccessful, any remaining Rump DRs will be acquired by the Joint Global Coordinators in accordance with and subject to the terms and conditions of the Underwriting Agreement. See § 14.4 ("The Offering - Rump Offering - Rump DRs") and § 15.2 ("Plan of Distribution - Underwriting Agreement").

An unsuccessful Rump Offering combined with a significant number of Rights not being exercised may result in the (indirect) ownership and shareholder influence to be concentrated with the Joint Global Coordinators. These parties may exercise influence over corporate matters requiring shareholders' approval after the closing of the Offering. Each of the Joint Global Coordinators 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 DRs. Any Offer DR acquired by the Joint Global Coordinators may after completion be sold by each of them at a price below the Issue Price.

(45) Issuance of additional equity by issuing new ordinary shares could lead to a dilution of DR Holders' stakes

Ballast Nedam may in the future require additional capital to fund its business operations or its growth. Both the raising of additional equity through the issuance of new depositary receipts for ordinary shares or 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 the future, could lead to a dilution of DR Holders' 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.

(46) DR Holders in certain jurisdictions are excluded from the Offering. This may have a

negative impact on the market price of the DRs and may negatively influence the development of a trading market

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

(47) DR Holders may be subject to exchange rate risk as a result of adverse movements in the value of their local currencies against the euro

The Rights and the Offer DRs are priced in euro, and will be quoted and traded in euro. In addition, any dividends that Ballast Nedam may pay will be declared and paid in euro. Accordingly, DR Holders resident in non-euro jurisdictions may be subject to risks arising from adverse movements in the value of their local currencies against the euro, which may reduce the value of the Rights and Offer DRs, as well as that of any dividends paid.

(48) The rights and responsibilities of a DR Holder are governed by Dutch law and will differ in some respects from the rights and obligations of holders of DRs under the laws of other jurisdictions and the rights of holders of Ordinary Shares under Dutch law may not be as clearly established as the rights of a holder of Ordinary Shares established under the laws of some other jurisdictions

The Company is incorporated and exists under the laws of the Netherlands. Accordingly, the Company's corporate structure as well as the rights and obligations of the holders of DRs may be different from the rights and obligations of shareholders of companies under the laws of other jurisdictions. The exercise of certain shareholders' rights by holders of Ordinary Shares outside the Netherlands may be more difficult and costly than the exercise of rights in a company organised under the laws of other jurisdictions. Resolutions of the general meeting of Shareholders (*algemene vergadering*) (the "**General Meeting**") may be taken with majorities different from the majorities required for adoption of equivalent resolutions in companies organised under the laws of other jurisdictions. Any action to contest any of the Company's corporate actions must be filed with, and will be reviewed by, a Dutch court, in accordance with Dutch law.

(49) If securities or industry analysts do not publish research or reports about the Group's business, or if they adversely change their recommendations regarding the DRs, the market price and trading volume of the DRs could be affected

The market for the Offer Securities will be influenced by the research and reports that industry or securities analysts publish about the Group and its industry. If one or more of the analysts who cover the Group or its industry downgrade the DRs, the market price of the Offer Securities may decline. If one or more of these analysts ceases coverage of the Group or fails to regularly publish reports about the Group, it may lose visibility in the financial markets which may adversely affect the market price and trading volume of the Offer Securities and the DRs.

(50) DR Holders may be unable to effect service of process on the Company, members of the Supervisory Board, Board of Management and senior management in the United States or enforce judgments obtained in United States courts for United States securities laws violations

Ballast Nedam is organised under the laws of the Netherlands. None of the members of the Supervisory Board or the Board of Management are residents of the United States and all or a majority of their assets are located outside the United States. As a result, it may not be possible for investors to effect service of process within the United States upon Ballast Nedam or members of the Supervisory Board or Board of Management, or to enforce any judgments obtained in United States

courts predicated upon civil liability provisions of the United States securities laws. In addition, Ballast Nedam cannot assure DR Holders that civil liabilities predicated upon the federal securities laws of the United States will be enforceable in the Netherlands. See § 3.15 ("Important Information - Enforcement of civil liabilities").

3. IMPORTANT INFORMATION

3.1. General

In this Prospectus, the "Company" refers to Ballast Nedam N.V., a public company with limited liability (*naamloze vennootschap*) incorporated under the laws of the Netherlands and, where appropriate, its subsidiaries. "Ballast Nedam N.V.", "we", "our" or "us" and "Group" refer to the Company and its subsidiaries. The Company's commercial name is "Ballast Nedam" and it has its statutory seat (*statutaire zetel*) in Nieuwegein, the Netherlands, with its head office at Ringwade 71, 3439 LM Nieuwegein, the Netherlands. "Board of Management", "Supervisory Board" and "General Meeting" refer to, respectively, the management board (*bestuur*), the supervisory board (*raad van commissarissen*) and the general meeting of shareholders (*algemene vergadering*) of the Company.

Potential investors should only rely on the information contained in this Prospectus and in any supplement to this Prospectus within the meaning of article 5:23 of the Financial Supervision Act, should such supplement be published.

This Prospectus contains the information required under the proportionate disclosure regime referenced to in article 7 paragraph (2) subparagraph (g) of the Prospectus Directive and article 21 paragraph (3) of the Prospectus Regulation. Under the proportionate disclosure regime, a prospectus does not need to contain all of the items of information that would otherwise need to be disclosed pursuant to the Prospectus Directive and the Prospectus Regulation in a prospectus for a public offering of shares other than through rights to subscribe for shares. For example, this Prospectus does not need to contain (and does not contain) three years of audited historical financial information of the Company.

Ballast Nedam does not undertake to update this Prospectus, unless required pursuant to article 5:23 of the Financial Supervision Act. Therefore, potential investors should not assume that the information in this Prospectus is accurate as of any date other than the date of this Prospectus. 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. If any information or representation not contained in this Prospectus is given or made in connection with the Offering, that information or representation may not be relied upon as having been authorised by or on behalf of Ballast Nedam, the Joint Global Coordinators or any of their respective affiliates. The delivery of this Prospectus at any time after the date of this Prospectus will not, under any circumstances, create any implication that there has been no change in the Group's affairs since the date of this Prospectus or that the information in this Prospectus is correct as of any time since its date.

No representation or warranty, express or implied, is made or given by or on behalf of the Joint Global Coordinators, the Subscription, Listing and Paying Agent or any of their respective affiliates or any of their respective directors, officers or employees or any other person, as to the accuracy, completeness or fairness of the information or opinions contained in this Prospectus, or incorporated by reference herein, and nothing in this Prospectus, or incorporated by reference herein, is, or shall be relied upon as, a promise or representation by the Joint Global Coordinators, the Joint Bookrunners, the Subscription, Listing and Paying Agent or any of their affiliates as to the past or future.

None of the Joint Global Coordinators and the Subscription, Listing and Paying Agent, each in any of their respective capacities in connection with 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 Ballast Nedam, the Offering, the Rights or the Offer DRs (including, for the avoidance of doubt, the Rump DRs). Accordingly, the Joint Global Coordinators and the Subscription, Listing and Paying Agent disclaim all and any liability, whether arising in tort or contract or otherwise in respect of this Prospectus and/or any such statement.

Although the Joint Global Coordinators and the Subscription, Listing and Paying Agent are a party to various agreements pertaining to the Offering and each of the Joint Global Coordinators and the

Subscription, Listing and Paying Agent has or might enter into a financing arrangement with Ballast Nedam, this should not be considered as a recommendation by any of them to invest in the Rights or the Offer Shares.

3.2. Responsibility statement

This Prospectus is made available by Ballast Nedam and Ballast Nedam accepts sole responsibility for the information contained in this Prospectus. Ballast Nedam declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is, to the best of its knowledge and beliefs, in accordance with the facts and contains no omission likely to affect its import.

3.3. References to the Company's issued share capital; treasury DRs

As per the date of this Prospectus, the total number of issued DRs was 9,946,335 and of these issued DRs the Company held 332,500 DRs in treasury. These treasury DRs are held as a hedge for employee stock options, which hedge is to a large extent ineffective now. As a result, the Company may, in the ordinary course and without further notification, sell any treasury DRs, subject to compliance with the lock-up arrangement. See §15.4 ("Plan of Distribution - Lock-up arrangements"). Ballast Nedam, as holder of DRs in treasury, will not be granted any Rights. In this Prospectus, references to relative holdings of Ordinary Shares are to holdings measured against the total number of issued Ordinary Shares (from time to time), without subtraction of DRs held in treasury by the Company.

3.4. Adoption of the Company's consolidated financial statements for the financial year ended 31 December 2013

The Company's consolidated financial statements for the financial year ended 31 December 2013 have been drawn up (*opgemaakt*) by the Board of Management, signed by the members of the Board of Management and the members of the Supervisory Board on 6 March 2014 and have been published on 7 March 2014. These financial statements were adopted (*vastgesteld*) at the annual General Meeting held on 25 April 2014.

The independent auditor's report on the Company's consolidated financial statements for the financial year ended on 31 December 2013, dated 6 March 2014, was unqualified. The report contains an emphasis of matter paragraph "Emphasis of developments regarding continuity and liquidity", drawing attention to the note on continuity and liquidity in the accounting policies.

3.5. Presentation of Financial Information

IFRS information

The historical consolidated financial information contained in, or incorporated by reference into, this Prospectus, including the audited consolidated financial statements for the year ended 31 December 2013 have been prepared in accordance with IFRS and comply with Title 9 of Book 2 of the Dutch Civil Code. The unaudited condensed consolidated interim financial statements for the first half year 2014 (period ended on 15 June 2014) are prepared in accordance with IAS 34 (also referred to as "**H1 2014**").

In the H1 2014 Interim Financial Statements a system reform (*stelselwijziging*) based on IFRS 11 has been implemented. IFRS 11 replaces IAS 31 "Interests in Joint Ventures" and SIC-13 "Jointly Controlled Entities - Non-Monetary Contributions by participants in a joint venture". IFRS 11 distinguishes two types of partnerships, depending on whether the parties actually exposed to the advantages and disadvantages of the individual assets and liabilities (joint operation), or only exposed to the advantages and disadvantages of the net assets (joint venture). The essential distinction of a joint venture in relation to a joint operation is in principle unlimited liability of a participant in a joint

operation for its share of the debt, the liability of a participant in a joint venture is in principle limited to its contributions the entity in which cooperation is included. Joint ventures are no longer proportionally consolidated as from 2014, but must be recognized against the equity method. A "joint operator" must take its share of the assets, liabilities, income and expenses. This standard is effective as of 1 January 2014. The standard has no impact on the result and equity, but does have impact on the composition of the result and leads to balance sheet reduction, as Ballast Nedam used to proportionally consolidate the joint ventures until 2013 in accordance with IAS 31. As from 2014, Ballast Nedam established criteria for the purpose of application of IFRS 11 to which the collective agreements have been tested. On this basis, for which there is a cooperative joint venture with the result that the processing of these joint ventures under IFRS 11 from 2014 takes place by means of the equity method instead of proportional consolidation. The comparative figures have been adjusted in line with this. The impact on the balance sheet and profit and loss account are described in note 4 to the H1 Interim Financial Statements. The impact on cash flow, order book and segmentation is reviewed by management and is limited. The transition has no effect on the income of the Group or of the basic and diluted earnings per share.

Except where stated otherwise, the financial information contained in § 7 ("Selected Historical Financial Information"), § 8 ("Business Description") and § 9 ("Operating and Financial Review") of this Prospectus, have been prepared in accordance with IFRS and comply with Title 9 of Book 2 of the Dutch Civil Code.

Non-IFRS information

This Prospectus uses certain measures that are not measures defined by IFRS.

These measures include EBIT, EBITDA, Margin, Net debt, Order book and Working capital.

"**EBIT**" means earnings before interest and taxes.

"**EBITDA**" means earnings before interest, taxes, depreciation and amortisation.

"**Margin**" means EBIT divided by revenues expressed as a percentage.

"**Order book**" is a non-IFRS financial measure indicating the total expected revenue from contracted work (i) for current and future years as well as (ii) relating to work already performed and services already rendered in respect of current projects or contracts. The order book shows:

- (i) Projects contracts: the order book shows the total estimated revenue value of existing signed contracts in respect of projects on which financing has been obtained and any other contractual conditions have been fulfilled, from inception until the scheduled end of a project; and
- (ii) Maintenance contracts: the order book consists of the total estimated revenue value of the maintenance services already performed as well as services to be performed during the shorter of (i) the remaining duration of the contract or (ii) the next 12 months.

Because other companies may define order book differently from the Group, it may be of limited usefulness as a comparative measure.

"**Net debt**" is a non-IFRS financial measure and represents total interest-bearing loans and borrowings and other interest-bearing liabilities after deduction of cash and short-term deposits and long- and short-term interest-bearing assets. Management believes that it is a good reflection of the Group's net leverage. Because other companies may define net interest-bearing debt differently from the Group, it may be of limited usefulness as a comparative measure.

"Working capital" is a non-IFRS financial measure and is defined by the Group as current assets (excluding cash and cash equivalents) minus current liabilities (excluding bank overdrafts and current loans and borrowings). Because other companies may define working capital differently from the Group, it may be of limited usefulness as a comparative measure.

These non-IFRS financial measures, which have not been audited or reviewed, are not recognised measures of financial performance or liquidity under IFRS, but are measures used by management to monitor the underlying performance of our business and operations. These non-IFRS financial measures may not be indicative of our historical operating results, nor are such measures meant to be predictive of our future results. We have presented these non-IFRS measures in this Prospectus because we consider them an important supplemental measure of our performance and believe that they and similar measures are widely used in the industry in which we operate as a means of evaluating a company's operating performance and liquidity. However, not all companies calculate non-IFRS financial measures in the same manner or on a consistent basis. As a result, these measures may not be comparable to measures used by other companies under the same or similar names. Accordingly, undue reliance should not be placed on the non-IFRS financial measures contained in this Prospectus and they should not be considered as a substitute for operating profit, profit for the year, cash flow, expenses or other financial measures computed in accordance with IFRS. Each of the non-IFRS measures is described below.

Audited/unaudited financial information

The financial information in this Prospectus for the first half year of 2013 and 2014 is unaudited and has been extracted from the unaudited condensed consolidated interim financial statements for such period incorporated by reference into this Prospectus and which also contain comparative financial information for the first half year 2013 (also referred to as "**H1 2013**").

The financial information in this Prospectus for the financial 2013 year has been extracted from the audited consolidated financial statements for the financial 2013 year incorporated by reference into this Prospectus.

Where other financial information in this Prospectus (other than in § 9 ("Operating and Financial Review")) is audited, this is indicated by a footnote. Where there is no such footnote, financial information is unaudited.

3.6. Documents incorporated by reference

The following documents, which have previously been published and have been filed with the AFM, are incorporated by reference into, and form part of, this Prospectus and are available for inspection and can be obtained free of charge on our website at <http://www.ballast-nedam.com>: under section "Corporate" and subsequently "Investor Relations":

- (i) the audited consolidated financial statements for the financial year ended 31 December 2013 (the "**2013 Financial Statements**") and the independent auditor's report, including the information set out on the following pages:

Consolidated statement of financial position	Page 172
Consolidated income statement	Page 173
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- (ii) the pages 16 up to and including 30 of the unaudited condensed consolidated interim financial statements for the first half year 2014 (the "**H1 2014 Interim Financial Statements**") and the independent auditor's review report, including the information set out on the following pages:

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- (iii) our articles of association as they shall read as of the Record Date (the "**Articles**").

Please note that the references direct to the pages of the translated English language version of the Annual Accounts for the financial year 2013 and the half-year interim financial report for H1 2014, in which the 2013 Financial Statements and the H1 2014 Interim Financial Statements, respectively, have been included. The independent auditor's report incorporated by reference into this Prospectus is the independent auditor's report that was issued on 6 March 2014 for the 2013 Financial Statements. The independent auditor's review report incorporated by reference into this Prospectus is the independent auditor's review report that was issued on 4 July 2014 for the H1 2014 Interim Financial Statements.

Potential investors should only rely on the information that is provided in this Prospectus or incorporated by reference into this Prospectus. No other documents or information, including the content of our website (www.ballast-nedam.com) or of websites accessible from hyperlinks on our website, form part of, or are incorporated by reference into, this Prospectus.

3.7. Rounding and negative amounts

Certain figures in this Prospectus, including financial data, have been rounded. Accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an exact arithmetic aggregation of the figures which precede them.

In tables, negative amounts are shown between brackets. Otherwise, negative amounts are shown by "-" or "negative" before the relevant amount.

3.8. Currency

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.

3.9. Market and Industry Data

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 our own knowledge of our sales and markets. The reports used include publicly available and third party data. Third-party sources are: the Economic Institute for the Building Industry (*Economisch Instituut voor de Bouwnijverheid* (www.eib.nl)) ("**EIB**"), the Netherlands Bureau for Economic Policy Analysis (*Centraal Planbureau*) (CPB), the Netherlands Association for developers and construction entrepreneurs (*Nederlandse Vereniging voor Ontwikkelaars en Bouwondernemers*) (www.nvb-

bouw.nl) (NVB), the Dutch Construction and Infrastructure Federation (*Bouwend Nederland*) and the Netherlands Association of Property Developers and Investors (*Vereniging van Nederlandse Projectontwikkeling Maatschappijen*) (NEPROM).

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 we believe these sources are reliable, as we do not have access to the information, methodology and other bases for such information, we have not independently verified the information and therefore cannot guarantee its accuracy and completeness. Where third-party information has been used in this Prospectus, the source of such information has been identified.

In this Prospectus, Ballast Nedam makes certain statements regarding its competitive and market position. Ballast Nedam believes these statements to be true, based on market data, industry statistics and publicly available information. All assumptions, estimates and expectations of Ballast Nedam underlying its statements have been based on careful analysis and are honestly held. Ballast Nedam 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 third parties has been accurately reproduced and, as far as we are aware and able to ascertain from the information published by that third party, no facts have been omitted that would render the reproduced information inaccurate or misleading.

3.10. Definitions

Certain terms used in the Prospectus are defined in § 19 ("Defined Terms").

3.11. Information Regarding Forward-Looking Statements

Certain statements in this Prospectus other than statements of historical fact, are forward-looking statements. This Prospectus contains forward-looking statements which are based on our current beliefs and projections and on information currently available to us. These forward-looking statements are subject to a number of risks and uncertainties, many of which are beyond our control and all of which are based on our current beliefs and expectations about future events. Forward-looking statements are typically identified by the use of forward-looking terminology such as "believes", "expects", "may", "will", "could", "should", "intends", "estimates", "plans", "assumes", "anticipates", "annualised", "goal", "target" or "aim" or the negative thereof or other variations thereof or comparable terminology, or by discussions of our strategy and future plans that involve risks and uncertainties.

Forward-looking statements involve inherent risks and uncertainties and speak only as of the date they are made. Except as required by applicable law, we do not undertake and we expressly disclaim any duty to update or revise publicly any forward-looking statement in this Prospectus, whether as a result of new information, future events or otherwise. Such forward-looking statements are based on current beliefs, assumptions, expectations, estimates and projections of the directors and management of the Company, public statements by the Company, present and future business strategies and the environment in which we will operate in the future. By their nature, these forward-looking statements are subject to known and unknown risks and uncertainties, which could cause our actual results and future events to differ materially from those implied or expressed by forward-looking statements. Risks and uncertainties that could cause actual results to vary materially from those anticipated in the forward-looking statements included in this Prospectus include those described under "*Risk Factors*".

The following include some but not all of the factors that could cause actual results or events to differ materially from those anticipated results or events: general economic trends and trends in industry, the loss of one or more of our key customers, the competitive environment in which we operate,

fluctuations in interest rates, the outcome of any pending or threatened litigation, changes to, or failure or inability to comply with, environmental laws and regulations and the loss of key employees and the availability of qualified personnel. Should one or more of these risks or uncertainties materialise, or should any of the assumptions underlying the above or other factors prove to be incorrect, our actual future financial condition or results of operations could differ materially from those described herein as currently anticipated, believed, estimated or expected. In light of the risks, uncertainties and assumptions underlying the above factors, the forward-looking events described in this Prospectus may not occur or be realised. Additional risks unknown to us or that we do not currently consider material could also cause the forward-looking events discussed in this Prospectus not to occur. Prospective investors are advised to read § 2 ("Risk Factors"), § 7 ("Selected Historical Financial Information"), § 8 ("Business Description") and § 9.1 ("Operating and Financial Review" - "Overview") of this Prospectus for a more complete discussion of the factors that could affect our future performance and the industry in which we operate.

3.12. Potential conflicts of interest

The Joint Global Coordinators and the Subscription, Listing and Paying Agent, which are regulated in the Netherlands by the Dutch Central Bank (*De Nederlandsche Bank N.V.*, "**DNB**") and the AFM, are acting exclusively for Ballast Nedam and for no one else in relation to the Offering and the listing and trading of the Offer DRs and the trading of Rights and will not be responsible to anyone other than to Ballast Nedam for giving advice in relation to, respectively, the Offering and the listing and trading of the Offer DRs and the trading of Rights.

The Joint Global Coordinators, and/or their respective affiliates, and the Subscription, Listing and Paying Agent 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 Ballast Nedam, or any parties related to Ballast Nedam, 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 – including so-called 'Chinese walls' – or by rules and regulations, including those issued by the AFM. As a result of these activities, the Subscription, Listing and Paying Agent and the Joint Global Coordinators and/or their respective affiliates may have interests that may not be aligned, or could potentially conflict with, the interests of the (prospective) DR Holders or holders of Rights or with the interests of the Group.

The Joint Global Coordinators and/or their respective affiliates, may provide services for the Company and the Company's respective affiliates in the future. Additionally, the Joint Global Coordinators and/or their respective affiliates, may in the ordinary course of business, hold, have held and in the future may hold the Company's securities for investment purposes.

ING, acting through its corporate lending division, and Rabobank, acting through its corporate lending department, are currently lenders under bilateral agreements with members of the Group and lenders under the Bridge Loan and the Syndicated Facility Agreement. Rabobank is the Subscription, Listing and Paying Agent. Rabobank, acting through its corporate lending department, also acts as agent and security agent under the Syndicated Facility Agreement. In such capacities, they have received and may continue to receive customary fees related to such services. The net proceeds of the Offering will be used to repay the Group's indebtedness under the Bridge Loan. Accordingly, ING and Rabobank and their respective affiliates are expected to receive a portion of the net proceeds of the Offering.

As a result of acting in the capacities described above, the Joint Global Coordinators, the Subscription, Listing and Paying Agent and their respective affiliates may have interests that may not be aligned, or could potentially conflict, with (prospective) investors' and Ballast Nedam's interests.

3.13. Notice to investors

EXCEPT AS OTHERWISE SET OUT IN THIS PROSPECTUS, THE OFFERING

DESCRIBED IN THIS PROSPECTUS IS NOT BEING MADE TO INVESTORS IN THE UNITED STATES, AUSTRALIA, CANADA OR JAPAN.

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

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 contents of this Prospectus are not to be considered or interpreted as legal, commercial, investment, 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 Ballast Nedam, the Joint Global Coordinators and the Subscription, Listing and Paying Agent. Ballast Nedam and the Joint Global Coordinators reserve the right, in their sole discretion, to reject any purchase or subscription of Offer Securities that Ballast Nedam or the Joint Global Coordinators 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 § 16 ("Selling and Transfer Restrictions") of this Prospectus.

Investors who have a registered address in, or who are resident or located in, jurisdictions other than the Netherlands and any person (including, without limitation, agents, custodians, nominees and trustees) who has a contractual or other legal obligation to forward this Prospectus to a jurisdiction outside the Netherlands should read § 16 ("Selling and Transfer Restrictions") in this Prospectus.

3.14. Notice to investors in the United States

No action has been or will be taken to permit a public offer of the Rights or Offer DRs in any jurisdiction outside the Netherlands. Ballast Nedam is only offering the Rights and the Offer DRs to those persons to whom, and in those jurisdictions where, the offering of the Rights and the Offer DRs may lawfully be made. The Rights and the Offer DRs have not been and will not be registered under the Securities Act, and may not be offered, issued, sold, taken up, delivered, renounced or transferred

in or into the United States absent registration or an exemption from registration under the Securities Act. There will be no public offering of the Rights or the Offer DRs in the United States. The Rights and the Offer DRs offered outside the United States are being offered in reliance on Regulation S under the Securities Act. Potential investors in the Rights or the Offer DRs should carefully read § 16 ("Selling and Transfer Restrictions").

3.15. Enforcement of civil liabilities

The ability of DR Holders in certain countries other than the Netherlands to bring an action against the Company may be limited by law. The Company is a public limited liability company (*naamloze vennootschap*) incorporated in the Netherlands and has its statutory seat (*statutaire zetel*) in Nieuwegein, the Netherlands. All of the members of the Board of Management and Supervisory Board named herein are non-residents of the United States. All or a substantial portion of the assets of these non-resident persons and of the Company are located outside the United States. As a result, it may not be possible for investors to effect service of process upon such persons or the Company or to enforce against them in United States courts a judgment obtained in such courts.

The United States and the Netherlands are currently not party to a treaty providing for reciprocal recognition and enforcement of judgments – other than arbitration awards – in civil and commercial matters. Accordingly, a judgment rendered by a court in the United States will not be recognised and enforced by the Dutch courts (or vice versa). However, if a person has obtained a final and conclusive judgment for the payment of money rendered by a court in the United States which is enforceable in the United States and files his claim with the competent Dutch court, the Dutch court will generally give binding effect to the foreign judgement insofar as it finds that the jurisdiction of the foreign court has been based on grounds which are internationally acceptable and that proper legal procedures have been observed and except to the extent that the foreign judgment contravenes Dutch public policy.

4. REASONS FOR THE OFFERING AND USE OF PROCEEDS

The Company has considered a range of alternatives to the Offering to strengthen its financial position. Having assessed these alternatives, the Company has concluded that it is in the best interests of the Group and its DR Holders to strengthen its financial position through the Offering. Subsequently, on 5 February 2014, Ballast Nedam announced by means of a press release, amongst others, the Refinancing and the Offering. As announced in such press release, the Offering forms an essential part of the overall Restructuring to strengthen the financial position of the Company, which will in turn support the Company in concentrating fully on accelerating its strategy towards integrated projects. See § 8.3.1 ("Business Description - Strategy & Restructuring - Strategy").

On 14 February 2014, Ballast Nedam and certain of its subsidiaries entered into the € 110 million Syndicated Facility Agreement with the banking syndicate consisting of Rabobank, ING and Royal Bank of Scotland (the "**Syndicated Facility Agreement**"). The € 110 million Syndicated Facility Agreement comprises a loan facility of € 80 million that matures on 31 December 2016, and a loan facility in the amount of € 30 million that matures on 15 August 2014 (the "**Bridge Loan**").

The aggregate net proceeds of the Offering represents the expected aggregate gross proceeds of approximately € 30 million less expenses, commissions and applicable taxes which are expected to be approximately € 5 million. The Company will use the full net proceeds of the Offering to repay any amounts outstanding under the Bridge Loan. The remainder will be used by the Company to repay in part its facilities made available under the Syndicated Facility Agreement thereby improving its solvency and creating possible headroom for business restructuring and general corporate purposes.

5. DIVIDENDS AND DIVIDEND POLICY

5.1. General

The Company may only make distributions to Shareholders to the extent that the shareholders' equity exceeds the sum of the paid and called-up part of the share capital (*gestorte en opgevraagde deel van het kapitaal*) plus the reserves that must be maintained by Dutch law or by the Articles.

Pursuant to the current Articles, profits may be distributed after adoption of the annual accounts of the Company (the "**Annual Accounts**") from which it appears that such distribution is permitted. Subject to the approval of the Supervisory Board, the Board of Management may determine which portion of the profits as presented in the adopted Annual Accounts shall be added to the reserves. The remaining portion of the profits shall be at the free disposal of the General Meeting in accordance with the Articles.

Subject to the approval of the Supervisory Board, the Board of Management may resolve upon the distribution of interim dividends to the extent permitted by law and the Articles and as evidenced by an interim statement of assets and liabilities.

The Ballast Nedam Administration Office issues and administers the underlying Ordinary Shares. However, DR Holders have the option to convert DRs into Ordinary Shares. DR Holders are entitled to a dividend. The Ballast Nedam Administration Office will collect all dividends and all other distributions made on the Ordinary Shares registered in its name from the Company and, will promptly make available for payment a corresponding dividend or distribution on the DRs. See § 12.4 ("Description of Share Capital - The Ballast Nedam Administration Office - Rights of DR Holders").

5.2. Dividend policy

Barring unforeseen circumstances, the Company's dividend policy is to make 50% of the net income available for distribution of dividends.

The Company is subject to restrictions on the distribution of cash dividends as a result of the Refinancing. Pursuant to the Syndicated Facility Agreement the Company may not pay an annual dividend to its shareholders except in the event the Leverage Ratio in the third and fourth financial quarter of the financial year over which the dividend is contemplated to be paid is less than 2.0:1.

In view of the substantial loss made in 2013, the deterioration of the solvency, the Leverage Ratio being above 2.0:1 and the current difficult market conditions which are expected to continue, the Company has not declared a dividend on the Ordinary Shares in respect of the financial year 2013.

5.3. Manner and time of dividend payments

Payment of any dividend on Ordinary Shares in cash will be made in euro. Any dividends will be paid to Shareholders through Euroclear Nederland, the Dutch centralised securities custody and administration system, and will be credited automatically to the Shareholders' accounts without the need for Shareholders to present documentation proving their ownership of Ordinary Shares.

A resolution to distribute dividends or interim-dividends may give Shareholders the choice of a distribution made in full or in part in the form of cash or in shares in the Company. Generally, shareholders will need to record their choice by the date announced in the dividend payment advertisement. Dividends and interim dividends are made payable on a date set by the Board of Management within fourteen days of the determination of the dividend.

5.4. Dividend history

The table below provides information on the dividends paid out per Ordinary Share (excluding

treasury shares) in respect of the years indicated:

Dividend paid over the financial year ended 31 December	Cash dividend per Ordinary Share
2013	-
2012	-
2011	€ 0.47
2010	€ 0.36
2009	€ 0.31
2008	€ 1.24
2007	€ 1.38
2006	€ 1.34
2005	€ 1.02
2004	-

5.5. Uncollected Dividends

A shareholder's claim for dividend lapses five years after such claim becomes payable. Any dividend that is not collected within this period reverts to the Company.

6. CAPITALISATION AND INDEBTEDNESS

The table below sets forth the Group's unaudited consolidated capitalisation and indebtedness as of 15 June 2014 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 € 30 million from this Offering, and the application of the net proceeds from this Offering as described in § 4 ("Reasons for the Offering and Use of Proceeds"). These tables should be read in conjunction with § 9 ("Operating and Financial Review"), the 2013 Financial Statements incorporated by reference into this Prospectus and the H1 2014 Interim Financial Statements incorporated by reference into this Prospectus.

The capitalisation and indebtedness table below is unaudited and has been prepared for illustrative purposes only and, because of its nature, may not provide an accurate representation of Ballast Nedam's capitalisation and indebtedness following completion of the Offering.

Capitalisation

	Actual	As adjusted for the Offering
	As at 15 June 2014 (unaudited) (in millions of €)	As at 15 June 2014 (unaudited) (in millions of €)
Total current debt	68	38
Guaranteed	68	38
Secured.....	-	-
Unguaranteed/Unsecured	-	-
Total Non-Current debt (excluding current portion of long-term debt)	103	103
Guaranteed	89	89
Secured.....	14	14
Unguaranteed/Unsecured	-	-
Shareholders' equity	36	36
Share capital.....	60	90
Legal reserve.....	52	52
Other reserves	(76)	(76)
Total capitalisation	207	207

Indebtedness

	Actual	As adjusted
	As at	As at
	15 June 2014	15 June 2014
	(unaudited)	(unaudited)
	(in millions of €)	(in millions of €)
.....		
Cash	43	43
Cash equivalents.....	-	-
Trading securities	-	-
Liquidity.....	43	43
Current financial receivables	43	43
Current bank debt.....	68	38
Current portion of non-current debt .	2	2
Other current financial debt.....	-	-
Current financial debt	70	40
Net current financial indebtedness	27	(3)
Non-current bank loans	103	103
Bonds issued	-	-
Other non-current loans.....	-	-
Non-current financial indebtedness	103	103
Net financial indebtedness.....	130	130

For more information on indebtedness, please refer to § 9.5.6 ("Operating and Financial Review - Liquidity and capital resources - Description of borrowings").

7. SELECTED HISTORICAL FINANCIAL INFORMATION

The following selected historical consolidated financial information for the years ended 31 December 2013 and 2012 is derived from Ballast Nedam's audited 2013 Financial Statements. The unaudited condensed consolidated interim financial information for each of the six month periods ended 15 June 2014 and 16 June 2013, respectively, is derived from Ballast Nedam's H1 2014 Interim Financial Statements. The financial information should be read in conjunction with § 4 ("Reasons for the Offering and Use of Proceeds"), § 6 ("Capitalisation and Indebtedness"), § 9 ("Operating and Financial Review"), and the consolidated financial statements and the related notes that have been incorporated by reference into this Prospectus.

The audited consolidated financial statements for the financial years ended 31 December 2013 and 2012 have been prepared in accordance with IFRS and comply with Title 9 of Book 2 of the Dutch Civil Code. The unaudited condensed consolidated interim financial statements for the first six months period ended on 15 June 2014 and 16 June 2013 have been prepared in accordance with IAS 34.

In the H1 2014 Interim Financial Statements a system reform (*stelselwijziging*) based on IFRS 11 has been implemented. IFRS 11 replaces IAS 31 "Interests in Joint Ventures" and SIC-13 "Jointly Controlled Entities - Non-Monetary Contributions by participants in a joint venture". IFRS 11 distinguishes two types of partnerships, depending on whether the parties actually exposed to the advantages and disadvantages of the individual assets and liabilities (joint operation), or only exposed to the advantages and disadvantages of the net assets (joint venture). The essential distinction of a joint venture in relation to a joint operation is in principle unlimited liability of a participant in a joint operation for its share of the debt, the liability of a participant in a joint venture is in principle limited to its contributions the entity in which cooperation is included. Joint ventures are no longer proportionally consolidated as from 2014, but must be recognized against the equity method. A "joint operator" must take its share of the assets, liabilities, income and expenses. This standard is effective as of 1 January 2014. The standard has no impact on the result and equity, but does have impact on the composition of the result and leads to balance sheet reduction, as Ballast Nedam used to proportionally consolidate the joint ventures until 2013 in accordance with IAS 31. As from 2014, Ballast Nedam established criteria for the purpose of application of IFRS 11 to which the collective agreements have been tested. On this basis, for which there is a cooperative joint venture with the result that the processing of these joint ventures under IFRS 11 from 2014 takes place by means of the equity method instead of proportional consolidation. The comparative figures have been adjusted in line with this. The impact on the balance sheet and profit and loss account are described in note 4 to the H1 Interim Financial Statements. The impact on cash flow, order book and segmentation is reviewed by management and is limited. The transition has no effect on the income of the Group or of the basic and diluted earnings per share.

See § 9.8 ("Operating and Financial Review - Significant accounting policies") and § 8.3 ("Business Description - Strategy & Restructuring").

Consolidated income statement (EUR million)

	First half year 2014 ²¹	First half year 2013 ^{22,23}	Year ended 31 December 2013	Year ended 31 December 2012
Revenue.....	515	486	1,268	1,296
Other operating income.....	22	—	—	4
Costs of raw materials and subcontractors	(450)	(326)	(949)	(956)

²¹ This information has been reviewed but not audited.

²² The comparative 2013 figures have been adjusted as a result of a system change regarding IFRS 11 (see § 3.5 ("Important Information – Presentation of Financial Information")).

²³ These comparative 2013 figures have not been reviewed or audited.

Personnel expenses.....	(119)	(137)	(268)	(285)
Other operating expenses	(3)	(12)	(57)	(57)
Share in profits of associates	-	-	-	-
Earnings before interest, taxes, depreciation and amortisation (EBITDA)²⁴	(35)	11	(6)	2
Depreciation and amortisation of property, plant and equipment and intangible assets	(7)	(10)	(21)	(23)
Impairment of tangible and intangible assets	(3)	-	(3)	(10)
Earnings before interest and taxes (EBIT)²⁵	(45)	1	(30)	(31)
Finance income	-	-	-	3
Finance expense	(5)	(4)	(7)	(10)
Net finance income and expense	(5)	(4)	(7)	(7)
Profit before income tax	(50)	(3)	(37)	(38)
Income tax expense	(1)	-	(4)	(3)
Profit for the period	(51)	(3)	(41)	(41)

Attributable to owners of the company:....

Basic earnings per share (€)	(5.22)	(0.31)	(4.22)	(4.24)
Diluted earnings per share (€)	(5.22)	(0.31)	(4.22)	(4.24)

**Consolidated statement of
comprehensive income
(EUR million)**

Profit for the period	(51)	(3)	(41)	(41)
Other comprehensive income:.....				
Foreign currency translation differences	-	-	-	-
Net changes in hedging reserve.....	(3)	-	1	5
Total comprehensive income for the period	(54)	(3)	(40)	(36)
Attributable to:				
Owners of the Company.....	(54)	(3)	(40)	(36)
Non-controlling interest	-	-	-	-
Total comprehensive income for the period	(54)	(3)	(40)	(36)

**Consolidated statement of financial position
(EUR million)**

	15 June 2014	16 June 2013^{26,27}	31 December 2013	31 December 2012
Intangible assets	20	30	21	31
Property, plant and equipment.....	88	145	137	169

²⁴ See § 3.5 ("Important Information - Presentation of Financial Information - Non-IFRS information") for a definition of EBITDA.

²⁵ See § 3.5 ("Important Information - Presentation of Financial Information - Non-IFRS information") for a definition of EBIT.

²⁶ The comparative 2013 figures have been adjusted as a result of a system change regarding IFRS 11 (see § 3.5 ("Important Information - Presentation of Financial Information")).

²⁷ These comparative 2013 figures have not been reviewed or audited.

Financial assets	28	12	17	11
Investments in associates ²⁸			4	2
Deferred tax assets	33	32	32	32
Non-current assets	169	219	211	245
Inventories	157	188	175	202
Work in progress	106	109	135	112
Receivables	300	232	226	239
Cash and cash equivalents	43	36	54	84
Assets held for sale	97	35	48	4
Current Assets	703	600	638	641
Bank overdrafts	(68)	(53)	(22)	(8)
Current portion of long-term loans	(2)	(9)	(9)	(17)
Prepayments on inventories	(2)	(2)	(2)	(1)
Work in progress	(153)	(98)	(106)	(124)
Trade Payables	(200)	(196)	(237)	(253)
Income tax expense	1	(1)	(1)	(3)
Other liabilities	(231)	(178)	(207)	(187)
Provisions	(21)	(22)	(28)	(39)
Liabilities held for sale	(48)	(20)	(27)	(2)
Current liabilities	(724)	(579)	(639)	(634)
Current assets minus current liabilities.....	(21)	21	(1)	7
	148	240	210	252
Loans	103	103	106	108
Derivatives	1	(0)	1	1
Deferred tax liabilities	0	3	1	4
Employee benefits	4	3	5	4
Provisions	4	3	7	4
Current assets minus current liabilities.....	112	112	120	121
Equity attributable to the owners of the company	36	128	90	131
Non-controlling interest	-	-	-	-
Total Equity	36	128	90	131
	148	240	210	252

²⁸ These figures are not disclosed in the H1 2014 Interim Financial Statements.

Consolidated statement of cash flow
(EUR million)

	First half year 2014	First half year 2013 ²⁹³⁰	Year ended 31 December 2013	Year ended 31 December 2012
Cash flow from operating activities ³¹	(77)	(72)	(15)	14
Interest paid.....	(5)	(4)	(7)	(10)
Income tax paid.....	(0)	-	(2)	(3)
Net cash from operating activities.....	(82)	(76)	(24)	1
Net cash used in investing activities.....	17	(9)	(16)	(60)
Net cash flow from financing activities.....	10	(8)	(4)	48
Increase/decrease in net cash position.....	(55)	(93)	(44)	(11)
Net cash position at beginning of the year.....	30	76	76	87
Effect of exchange rate fluctuations on cash held	0	-	-	-
Net cash position at period-end.....	(25)	(17)	32	76

²⁹ The comparative 2013 figures have been adjusted as a result of a system change regarding IFRS 11 (see § 3.5 ("Important Information – Presentation of Financial Information")).

³⁰ These comparative 2013 figures have not been reviewed or audited.

³¹ This line item does not include interest paid and income tax paid.

8. BUSINESS DESCRIPTION

8.1. Introduction

The following section describes the Group's business and operations. It starts with highlighting the Group's core activities, its strategy and the on-going Operational Measures as well as its key competitive strengths and industry trends. Subsequently, the section provides an in-depth overview and description of the Group's three operating segments, including for each segment the relevant market developments, results, major projects, order book and the specific strategic focus and action plans for 2014. The section then continues with an elaboration on certain key elements of the Group's business model, such as project acquisition, contracts, project execution and PPP projects. The section furthermore includes a description of the Group's property, plant and equipment, material contracts, risk management systems, corporate social responsibility ("CSR") policies, intellectual property, information technology, research & development, governmental regulations and a litigation overview. Finally, an overview of the Group's corporate structure is included.

8.2. Core activities and clients & customers

Ballast Nedam is one of the Netherlands' top six construction companies³², operating mainly in the Netherlands. The Group offers integrated construction solutions in three operating segments: Building & Development, Infrastructure and Specialised Companies & Supplies (see § 8.6 ("Business Description - Overview of operations")). Ballast Nedam's customers' needs are concentrated around four different areas of work: housing, mobility, energy and nature. Within these areas, the Group's three operating segments focus on integrated projects: these projects involve development, construction, maintenance and operation and recycling activities. In addition, the Group focuses on related activities in the following niche markets:

- (i) industrial construction: this niche market falls within the scope of the Infrastructure segment and the energy and housing areas of work;
- (ii) offshore wind turbines: this niche market is part of the Infrastructure segment and the energy area of work;
- (iii) alternative fuels: this niche market forms part of the Building & Development segment and the energy area of work; and
- (iv) secondary raw materials; this niche market forms part of the Supplies segment and the nature area of work.

The Group's approach is based on life-cycle thinking and acting: the Group develops, constructs, manages and recycles. The Group is involved in long-term management, maintenance and operation of projects and organises the projects' financial feasibility.

The Group serves a large amount of customers across various segments, limiting client concentration.

Public clients

Ballast Nedam's public clients include most of the Dutch state organisations, ranging from small municipal authorities to the major implementing agencies of the Ministry of Infrastructure and the Environment, the Directorate-General for Public Works and Water Management and Prorail, and the Ministry of the Interior, the Government Buildings Agency. Public and semi-public (see below) clients represent approximately 75% of the Group's client base.

³² This has been compiled by the Company based on a comparison of revenues of the top 10 Dutch construction companies as included in the 2012 annual report of these companies.

Semi-public clients

Ballast Nedam's semi-public clients are organisations such as health care institutions, school boards, utility companies and housing associations that operate in a dynamic environment in which government influence has declined. New property development and the management of existing buildings have a strategic position in these organisations' operations, but they often lack the relevant knowledge, skill and experience. By bringing together disciplines such as development, construction, management and maintenance, Ballast Nedam is a long-term partner for this client group.

Private clients

Private clients include property developers, private companies mostly in the energy, oil & gas and transport sectors, and fuel filling station owners. Private clients represent approximately 25% of the Group's client base.

Consumers

The consumer market for Ballast Nedam is restricted to the buyers of new and redeveloped homes, drivers whose vehicles run on alternative fuels, and buyers of photovoltaic systems (solar panels).

8.3. Strategy & Restructuring

8.3.1. Strategy

Ballast Nedam is one of the major players in the Dutch market for integrated projects, in which it has built strong capabilities, evidenced by its operational track-record, and which has been a successful area of operation throughout the economic cycle. The Group has a clear strategy based on four pillars to guide its future growth and development:

- (i) Further strategic focus on successfully acquiring and executing integrated projects, the development of related activities in niche markets and projects in which the Group's specialist knowledge and expertise generates added value for its customers, both in the Netherlands and abroad.

Within this strategic focus, the Group pursues a differentiated market approach for each of its three operating segments: (A) the Building & Development segment focuses on complex integrated projects, (B) the Infrastructure segment focuses on large integrated projects and (C) the Specialised Companies & Supplies segment offers a competitive advantage by contributing specialised products and services to integrated projects in general.

- (ii) Expansion of its position in and development of industrialised construction processes by using innovative modular concepts and a more standardised approach.
- (iii) Increased use of life-cycle management approach by expanding activities in the field of long-term management, renovation and maintenance.
- (iv) Further improvement of operational excellence and operational and financial control on the back of several operational and financial action plans.

Challenging market conditions in the traditional segments of the construction industry continue to put pressure on the operational results of Ballast Nedam. This led to reorganisations in 2013 and compels the Group to accelerate the execution of its strategy in the period ahead by (i) reducing exposure to loss-making traditional markets to further align the Group's key activities with its strategic focus on integrated projects and (ii) adapting the organisation accordingly.

On 5 February 2014, the Group announced several financial and operational measures aimed at providing the Group with sufficient financial scope to concentrate fully on the accelerated execution of all four pillars of its strategy and alignment of the organisation. These financial and operational measures include:

- (i) the Operational Measures (including the further restructuring of the Building & Development segment resulting in a capacity adjustment affecting 150 jobs, an improved governance structure and improved solvency in line with the Group's strategic focus on integrated projects);
- (ii) the Refinancing;
- (iii) the Offering; and
- (iv) the Disposal Programme.

Certain of these measures are described in greater detail in § 8.3.2 ("Business Description - Strategy & Restructuring - Operational Measures and Disposal Programme") below.

In 2013, Ballast Nedam added several projects to its track record on the growth market of integrated projects, including the Zaanstad Penitentiary PPP project, the Butendiek offshore wind farm project in Germany for the design, delivery and installation of 80 foundations, and the design and construction of the Nobo Otrabanda Hospital in Curaçao. The Group's track record and its order book as per 31 December 2013 of € 1,460 million with integrated projects endorse Ballast Nedam's strategy and underline its position in this market segment (see § 0 ("Business Description - Overview of operations - Infrastructure segment - Order book") and § 8.6.2 ("Business Description - Overview of operations - Building & Development segment - Order book")).

Ballast Nedam is focused on the accelerated execution of its strategy towards integrated projects. The Restructuring, of which the Operational Measures and Disposal Programme described below as well as the Offering, form an integral part, will support Ballast Nedam to concentrate on this strategy. Ballast Nedam believes that these measures will enable it to execute its strategy. The Board of Management and the Supervisory Board will continue to assess market developments and strategic options available to the Company, in accordance with their fiduciary responsibilities. See also § 9.6 ("Operating and Financial Review – Working capital statement").

8.3.2. Operational Measures and Disposal Programme

In 2013, Ballast Nedam's organisation was further aligned with its strategy of strengthening its position on the growing market for integrated projects by implementing several financial and operational restructuring measures.

In 2013, Ballast Nedam has finalised its contemplated transition to a construction company operating predominantly in the Netherlands whereby the exposure to loss-making traditional markets has been reduced. The regional construction companies, the Specialised Companies and the Group's head office were reorganised. This has resulted in a capacity reduction of 50% in relation to Specialised Companies Ballast Nedam Funderingstechnieken B.V. and Ballast Nedam IPM B.V. and the discontinuation of several of Ballast Nedam IPM B.V.'s loss-making products in 2013 (see § 8.6.3 ("Business Description - Overview of operations - Specialised Companies & Supplies segment - Results and major projects")). Furthermore, the management of the regional construction companies and Specialised Companies has been changed. The Personnel & Organisation, ICT and Communication & Investor Relations support services have been reorganised and activities regarding CSR, strategy and innovation management have been integrated into the new Sustainable Business Innovation support service.

In December 2013, the Group sold its fully owned subsidiary Gebr. Van Leeuwen Boringen B.V. to

Kleywegen Groep. In July 2013, the Group sold its fully owned subsidiary Société d'Exploitation des Carrières d'Yvoir SA to Group De Cloedt. On 11 April 2014, the Group announced that it intends to close Omnia Plaatvloer B.V. in Coevorden. The decision to close Omnia Plaatvloer B.V. was prompted by persistent losses and the lack of future prospects of Omnia Plaatvloer B.V. The Group has ceased production at Omnia Plaatvloer B.V. in mid June 2014, and transferred the portfolio to Betonson, which is part of the Van Nieuwpoort Group.

Furthermore, the Group has reached agreement on the sale of its 92.5% stake in Ballast Phoenix Ltd. (carrying out Feniks Recycling's operations in the United Kingdom) to H2. Ballast Phoenix Ltd. is the United Kingdom's market leader in the recycling of incinerator bottom ash. The Group has completed the sale of Ballast Phoenix Ltd on 4 July 2014. Ballast Phoenix Ltd. has been sold for € 38 million. This amount reflects the consideration payable for 100% of the shares and includes a € 3.5 million earn-out, the exact amount of which depends on the performance of Ballast Phoenix Ltd. in the coming three years, payable on the end of such period) and yielded a book profit of € 22 million for Ballast Nedam. This transaction has no impact on job numbers in either country. Moreover, on 4 July 2014, the Group entered into a share purchase agreement in respect of the sale of its 30% stake in Bontrup to Bontrup's 70% shareholder, F. Bontrup Holding B.V. The Group expects to complete this sale at the end of July 2014.

For the purpose of improving the Group's solvency and also because these companies do not fit within the Group's strategic profile, the Company has initiated the Disposal Programme. In furtherance thereof, on 5 July 2014, the Group entered into a letter of intent with H2 regarding the sale of the following companies: Rademakers Gieterij B.V., TBS Soest B.V. and Recycling Mij. "Feniks" B.V.. These companies form part of the Specialised Companies & Supplies segment or the Building & Development segment. Ballast Nedam expects to complete this sale in the fourth quarter of 2014. The Group will continue with the Disposal Programme with the controlled disposal of the following companies that do not fit within the Group's strategic profile to focus on integrated projects in the short- to medium-term, being a period of approximately 12 to 18 months: CNG Net B.V., LNG24 B.V. and CNG Net Realisatie en Onderhoud B.V. See Risk Factor (1) and Risk Factor (2) in § 2 ("Risk Factors") and § 9.6 ("Operating and Financial Review - Working capital statement").

The Group has also resolved to revise and reinforce its treasury policies, including measures to manage working capital. The Group has installed a project management structure to execute these measures, which includes the preparation of an execution plan with roles and responsibilities, key steps and milestones and regularly scheduled meetings to monitor progress. To a certain extent these measures have already been implemented, and to the extent they have not, they are expected to be implemented in the course of 2014 and to yield results in the course of 2014 and 2015. The key elements are:

- (i) Turn-around of the organisation focusing on cash rather than EBIT – the managerial performance targets within the Group are adjusted from EBIT performance targets to cash driven performance targets, such as reducing capital employed. As a result, the culture and mentality throughout the entire organisation should change and become cash focused. The tone is set at the top and will be rolled-out within the entire organisation 'top down'.
- (ii) Improvement of working capital - in the first half of 2014 several improvement programmes have been started, which have been rolled out in all the operating segments introducing various improvement measures, amongst others, in respect of liquidity and working capital requirements, such as reducing work in progress and trade receivables. See § 9.6 ("Operating and Financial Review - Working capital statement").
- (iii) Improvement of financial control throughout the organisation (i.e. on holding, segment and project level) - since January 2014, the Company has (i) expanded the bottom-up forecasting period from a 4-week to a 12-week period and (ii)

significantly strengthened weekly cash forecasting procedures focusing on input (strict forecasting instructions), challenging (weekly reviews) and reporting (new reporting structure).

- (iv) Cost savings - the Group is in the process of identifying and realising further cost savings and improvements throughout the entire organisation.
- (v) Improvement of operational management - the Group anticipates to increase operational performance through tightening control by adding strength to holding and segment management. Within the operating segments dedicated work streams have been formed who are charged with monitoring the realisation of these measures.

8.4. Competitive position within the industry and key competitive strengths

Ballast Nedam believes that the medium to long term drivers for the construction industry remain positive: a variety of economic and demographic factors should cause an increased demand for construction, civil engineering and property services. Infrastructure will, for example, require improvement, maintenance or replacement, whereas demographic trends on balance suggest a structural shortage of housing in the Netherlands.

The Company believes that it should be able to benefit from these positive fundamental trends on the back of the following key competitive strengths:

Strong position and track record in key markets

Ballast Nedam is the 6th largest player in the Dutch construction industry. The Company believes that it has a strong brand name and is recognised for quality, reliability, know-how, experience and full service, with both customers and partners.

This profile is important for future success as customers are inclined to award business to parties that are able to demonstrate a solid track record. Furthermore, its brand name and its portfolio of activities are important for attracting and retaining a talented workforce.

Relationship with Dutch public and semi-public organisations

Ballast Nedam has solid relationships with its key customers in amongst others the Dutch public and semi-public segment (approximately 75% of revenues 2013). Over the years, these relationships have been built by providing construction services and working closely together with its customers, resulting in a thorough understanding of its client base and a favourable position in attracting new business opportunities.

Ballast Nedam's position and experience in the market for integrated projects offers opportunities for growth

Ballast Nedam is an important player in the Dutch market for integrated projects, which has been a successful area of operation throughout the economic cycle. In this market, which includes integrated PPP-projects, Ballast Nedam has developed its experience and capabilities by developing and constructing a portfolio of successfully completed projects including 7 PPP projects (of which 5 are operational and 2 are under construction).

Ballast Nedam's presence in the relatively young PPP market is important as it allows the Company to position itself in tenders for new PPP projects. PPP related construction and engineering work contributed substantial to the total revenue in 2013. Once a project is operational, the Company may in addition render maintenance services for the duration of the project, which provide recurring revenues throughout the contract period.

The Ministry of Infrastructure and the Environment and the Government Buildings Agency fully acknowledge the added-value of PPP projects and intend to bring many more new projects to the market in the coming years. For the years 2014 and 2015, the Ministry of Infrastructure and the Environment has already decided on several DBFM(O) projects and has identified a large number of projects that are eligible for PPP. The Government Buildings Agency has four on-going tenders and several more projects are being prepared for tender in 2014 and 2015. Local authorities are also increasingly opting for PPP, sometimes creating more hybrid contract forms integrating development risks.

The Company's position in several niche markets contributes to diversification and stability, and represent further development potential

Next to its traditional construction activities, Ballast Nedam has developed a strong position in niche markets, that distinguishes it from its peers and contributes to the diversification of revenues. Particularly, the Company's activities in industrial construction, modular construction and offshore wind farms have shown a stable performance during the last few years, which management expects to continue given market outlook.

Strategy and organisation are further aligned through the operational and financial restructuring measures

The financial and operational measures taken as part of the Operational Measures aim to further align the organisation with its strategic ambitions (See § 8.3.2 ("Business Description - Strategy & Restructuring - Operational Measures and Disposal Programme")) and to provide a solid basis for the future. In addition, as part of the Restructuring, measures are taken to improve the GRC policy providing an improved control framework for in particular the integrated projects.

Refer to § 8.6.3.2 ("Business Description - Overview of operations - Infrastructure segment - Market developments") and § 8.6.3.2 ("Business Description - Overview of operations - Supplies segment - Market developments") for a description of the Groups competitive position within certain specific segments of the industry.

8.5. Industry trends

Circular economy, sustainability and innovation

A trend focused on the sharing and reuse of products instead of possessing and discarding them, the so-called 'circular economy', has emerged within society at large. This trend is driven by rising raw material prices and greater public awareness of sustainability. Due to, amongst others, more stringent regulations for recycling, many companies nowadays accept the return of products at the end of the life cycle in order to reuse these products or recover their raw materials.

Innovative, more industrial building methods under controlled conditions are a response to market demands. Modular products are fabricated in controlled environments and assembled easily and quickly on site, significantly limiting the number of transport movements and the associated disruption to the living environment. This construction approach is a step forward in terms of sustainability and offers greater efficiency and constant quality. See § 8.14 ("Business Description - Research & development").

The new building challenges arise from our changing world in which advancing technology, digitalisation, the ageing population and the impact of new work methods play an important role. As people find it easier to access Internet technology, many opportunities present themselves for giving form and content to social innovation. This translates into the development of remotely controllable products, e.g. an application to turn on the central heating at home, and the increasing influence of social media and online information services.

DBFM(O) projects and PPP projects

The market for integrated public-private-partnerships ("PPPs") projects continues to grow. These partnerships typically have the specific form of Design, Build, Finance, Maintain, (Operate) ("DBFM(O)") projects.

A DBFM(O) contract is an integrated form of contract, in which the contracting entity – mostly a governmental entity – transfers the realisation of various components of a building project, including the obligation to raise the funding, to the contracted party. In consideration, the contracting entity pays to the contracted party periodically an availability fee, based on previously agreed achievements. The contracted party is often incorporated by a consortium consisting of various parties, as a Special Purpose Company ("SPC").

The national government applies the DBFM(O) concept on (i) housing projects above € 25 million, such as offices, barracks and prisons and (ii) infrastructure projects above € 60 million, e.g. road, rail and 'wet' infrastructure, such as locks.

The Ministry of Infrastructure and the Environment and the Government Buildings Agency fully acknowledge the added-value of PPP projects and intends to bring a many more new projects to the market in the coming years. For the years 2014 and 2015, the Ministry of Infrastructure and the Environment has already decided on several DBFM(O) projects and has identified a large number of projects that are eligible for PPP. The Government Buildings Agency has four on-going tenders and several more projects are being prepared for tender in 2014 and 2015. Local authorities are also increasingly opting for PPP, sometimes creating more hybrid contract forms integrating development risks.

Industrial construction

Within the European Union, the market for small-scale smart plants and biomass plants is growing. Outside the European Union, there are favourable market conditions for nuclear power stations, sustainable energy and the maintenance and renewal of existing power plants. In other sectors growth is also discernible in the construction of tank terminals and the maintenance of industrial facilities.

8.6. Overview of operations

Currently, the Group operates with four different operating segments: Infrastructure, Building & Development, Specialised Companies and Supplies Companies. With the sharper strategic focus, the operational control will be further integrated and the Specialised Companies and Supplies segments will be merged into a single Specialised Companies & Supplies segment. It is envisaged that as of 1 January 2015, the merged Specialised Companies & Supplies segments will operate and financially report as a single segment within the Group. Following this merger, the Group will offer integrated construction solutions in three divisions: Infrastructure, Building & Development and Specialised Companies & Supplies. The sub-paragraphs below provide an overview and description of the four operating segments as they currently operate within the Group, it being understood that in line with the strategic focus, the Specialised Companies and Supplies Companies are presented as a single segment whilst the overview of operations of the two segments are described separately therein.

8.6.1. Infrastructure segment

The companies in the Infrastructure segment develop, construct, maintain and manage infrastructure, industrial construction, offshore wind turbine and international large integrated projects.

Market developments

Except with respect to PPPs, the volume in the infrastructure market continues to be under pressure. In addition to the competition within the Dutch market from domestic competitors, the number of

foreign competitors on the Dutch PPP market is increasing. Furthermore, competition is increasing for the large Design, Build, Finance and Maintain ("**DBFM**") projects, as well as in the industrial construction niche market.

Offshore wind energy is a key element of European climate policy. Despite the delays caused by permit procedures and grid connection issues, the prospects of the offshore wind turbines niche market remains favourable. The growth of offshore wind energy translates into larger offshore wind farms further from the coast which leads to more challenging technical requirements for wind farm foundations. The pressure on the creation of more affordable sustainable energy solutions has also increased the demand for more cost-efficient foundation solutions.

The Group expects the competition in the offshore wind turbines niche market to intensify with the arrival of new installation vessels. The Group aims to use its experience with reliable design, delivery, installation and management of foundations for offshore wind farms to design and install large-scale offshore foundations reliably and on time. In addition, the Group believes that the innovative logistical and installation methods the Group is using to optimise construction and installation will also enable it to achieve cost reductions, in particular overhead cost reductions within the Infrastructure segment. This strategy aims to ensure that the Group will retain, and where possible expand, its prominent position in the market for offshore wind turbine foundations.

In the industrial construction niche market the Group is observing an increasing number of market requests. The sustainable – geothermal – energy market is developing promisingly. Therefore, together with partners in the Netherlands, the Group intends to enter the market of geothermal technology. The Group submitted a variety of proposals in this field in the second half of 2013.

In 2013, several infrastructure projects, mainly in rural areas, were postponed following the Dutch government's prioritisation of certain areas of key economic importance to the Netherlands. Local companies and regional governments have taken various initiatives to prefinance these projects in order to enable their execution nonetheless, e.g. the A58 project, the A1 corridor, Rotterdamsebaan and N35 Zwolle-Wijthmen.

Several road projects to improve traffic flow and access will be prioritised over the next few years: the Blankenburg link, the Utrecht Ring (A27/A12), A13/A16 and the extended A15, as well as the renewal of major train stations in Utrecht, Rotterdam and The Hague. According to the government, the quality of waterways is essential for accessibility and therefore various locks are being addressed under the DBFM locks programme. The government has put various infrastructure projects out to tender in accordance with 'Best Value Procurement' and the Group expects that more tender projects will follow.

The national government's Structure Vision for Infrastructure and Space provides the framework for spatial, water and mobility plans for the Netherlands up to 2040, and determines the investment focus. It provides input for the Group's Multiannual Programme for Infrastructure, Space and Transport (MIRT). The MIRT Project Book 2014 that the national government issued at the end of October 2013 suggests that the tendency to postpone projects will continue.

Results and major projects

Results of the Infrastructure segment

	First half year 2014 ³³	First half year 2013 ^{34,35}	Year ended 31 December 2013	Year ended 31 December 2012
<i>x € million</i>				

³³ This information has been reviewed but not audited.

³⁴ The comparative 2013 figures have been adjusted as a result of a system change regarding IFRS 11 (see § 3.5 ("Important Information – Presentation of Financial Information")).

³⁵ These comparative 2013 figures have not been reviewed or audited.

Revenue.....	186	199	546	496
EBIT.....	(59)	5	4	10
Margin.....	(31.7%)	(2.5%)	0.8%	2.1%
Order book	488	787	596	900
Assets.....	263	211	247	214

The considerable additional cost overruns for the A15 Maasvlakte-Vaanplein (MaVa) project carried out by the A-Lanes A-15 consortium significantly impacted the disappointing, negative result. See § 8.16 ("Business Description – Litigation") under A15 Maasvlakte-Vaanplein (MaVa). Disappointing project results were furthermore reported in relation to the Avenue 2 Maastricht project which is being executed by a consortium in which Ballast Nedam participates for 50%. In anticipation of the results of an internal review that was initiated in connection therewith, Ballast Nedam has recorded a provision for these disappointing results in the amount of € 14 million. As the internal review is still on-going, the provision so recorded may or may not be sufficient to cover the potential losses resulting from this project.

Please refer to § 9.4.1 ("Operating and Financial Review - Results of operations by operating segment for the years ended 31 December 2013 and 2012 - Infrastructure") for a more detailed description of the results of the Infrastructure segment.

The major projects of the Infrastructure segment described below are categorised into the following four sub-markets: (i) infrastructure, (ii) industrial construction, (iii) offshore and (iv) international projects.

(i) Infrastructure

Projects scheduled for completion in 2014 are the BP water treatment in Rotterdam and the new Delta Flume for Deltares in Delft. The Group took on more maintenance projects in the Netherlands in 2013 than in recent years, thereby expanding its national position in industrial maintenance with new regions in Groningen-Friesland, Amsterdam, Brabant and Limburg. The Group is currently involved in several tenders with respect to projects to be started in 2015.

The construction consortium of the Group and Rohde Nielsen was awarded the Katwijk Coastal Works project in 2013. This integrated project combines the necessary seaward coastline reinforcement in Katwijk with additional underground parking, dunes, and a recreational area. This is an engineering and construct contract worth approximately € 41 million, which is being carried out.

In 2013, the construction consortium of the Group and De Klerk (DARK) was awarded the renovation of more than 23 kilometres of sheet piling along the Amsterdam-Rijn Canal. This is a design and construct contract with a value of over € 30 million, which is being carried out.

(ii) Industrial construction

For the year 2014, the Group has no major on-going projects in the industrial construction niche market. The Group has participated in several tenders which might lead to new projects and revenues in 2015. Furthermore, the Group might obtain some maintenance project which would lead to steady revenues in the coming years.

(iii) Offshore

In the offshore niche market the Group is preferred bidder for the Northeast Polder near-shore wind farm. The Group is designing, delivering and installing the foundations for 48 water-based wind turbines along the dikes of the Northeast Polder. Financial close³⁶ of the project is expected in the year 2014, after which preparations will start for the installation work in 2015. The project has not yet been recorded in the order book.

The Butendiek offshore wind farm project in Germany concerns the design, delivery and installation of 80 foundations for the Butendiek offshore wind farm project and started in 2013. In April 2014, the heavy lift vessel Svanen has started installing the 80 foundations. The method used involves bringing the monopiles to the heavy lift vessel Svanen, which acts as a floating installation platform. This working method has been optimised in recent years to achieve a time-efficient installation.

To date the Group has used the heavy lift vessel Svanen to install more than 500 offshore wind farm foundations.

(iv) International projects

In 2013, the Suriname Ministry of Public Works has awarded the Group a new contract for the design and construction of the Carolina Bridge over the Suriname river, which project will be carried out in 2014. There is a separate agreement settling the termination by the Ministry of an earlier contract in August 2011. The project management on behalf of the Ministry of Public Works is to be performed by a consortium of four Surinamese engineering companies. The contract value for the design and construction of the bridge is approximately € 19 million.

Order book

The Infrastructure segment's order book amounted to € 596 million for the year ended 31 December 2013. Please refer to §9.4.1 ("Operating and Financial Review - Results of operations by operating segment for the years ended 31 December 2013 and 2012 - Infrastructure").

The major projects in the order book of this segment at year-end 2013 include:

- (i) A15 Maasvlakte-Vaanplein (MaVa);
- (ii) Avenue 2 Maastricht;
- (iii) Carolina Bridge over the Suriname river;
- (iv) Butendiek offshore wind farm project in Germany; and
- (v) Weija Treatment Plant Expansion Project in Ghana³⁷.

Except for the Weija Treatment Plant Expansion Project in Ghana, the above mentioned projects are still in the construction phase. Currently, the Group is tendering on the proposal for the important Schiphol-Amsterdam-Almere (SAA) A9 project.

Specific focus and action plans for 2014

For 2014, the main goal for the Infrastructure segment is to improve its financial control, operational control and financial position, improve the quality of its results and improve its working capital position and overhead costs (see § 9.6 ("Operating and Financial Review - Working capital

³⁶ Financial close occurs when all the project and financing agreements have been signed and all the required conditions contained in them have been met. It enables funds – e.g. loans, equity, grants – to start flowing so that execution of the project can actually start.

³⁷ Financial close has not yet occurred.

statement")). Furthermore, the Infrastructure segment will focus on improving financial and operational control over projects, improving EBIT per project, improving safety, applying the environmental aspects register to all projects in 2014, improving EBIT per project and improving the learning and building expertise within the organisation.

8.6.2. Building & Development segment

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

Market developments

The economic downturn and the further deterioration of the markets have led to increased price pressure. The EIB expects a shrinkage of 7% of the volume in 2014. The economic conditions strongly influence the general consumer confidence and sales in the market for residential property. The decrease of sales of newly built homes is aggravated by the less favourable financing possibilities for prospective purchasers. Future developments of the residential property market are likely to be strongly interrelated with the availability of financing.

The VAT, transfer tax and sustainability-related incentives have not yet outweighed the decreased demand caused by changes on the mortgage market and in the social housing sector. Housing associations have postponed or cancelled certain projects following the introduction of the extra tax on housing associations. This further increased the pressure on the volume in the housing market. The housing market for first-time buyers, student accommodation and recreational dwellings developed relatively well.

There are signs of a slight recovery in the housing market. Although these signs are still faint, if they were to materialise, 2014 will be a transitional year. Based on a publication of the EIB dated 30 January 2014, in the medium term the prospects for the building industry are promising. The production of homes has dropped to 45,000 houses per year, while the structural demand amounts to 70,000 homes per year. Meanwhile the number of households that need a home is growing.

Various positive and negative factors in the Dutch economy currently affect the non-residential building market. First, the overcapacity is curbing the new non-residential building production rate: the occupancy level is low, a large amount of business premises on industrial estates is vacant, the overcapacity on the office market exceeds 15% and vacancy levels on the retail market are increasing because of the on-line economy. These factors are partly related to economic circumstances, but also have a structural element. Therefore, the Group expects recovery in the office market to occur at a later stage.

Results and major projects

Results of the Building & Development segment

	First half year 2014 ³⁸	First half year 2013 ^{39,40}	Year ended 31 December 2013	Year ended 31 December 2012
<i>x € million</i>				
Revenue.....	263	232	531	573
EBIT.....	(3)	1	(11)	(26)

³⁸ This information has been reviewed but not audited.

³⁹ The comparative 2013 figures have been adjusted as a result of a system change regarding IFRS 11 (see § 3.5 ("Important Information – Presentation of Financial Information")).

⁴⁰ These comparative 2013 figures have not been reviewed or audited.

Margin.....	(1.1%)	0.4%	(2.2%)	(4.6%)
Order book	613	654	691	731
Assets	293	300	289	314

Please refer to § 9.4.2 ("Operating and Financial Review - Results of operations by operating segment for the years ended 31 December 2013 and 2012 - Building & Development") for a more detailed description of the results of the Building & Development segment.

The major projects of the Building & Development segment are described below categorised into the following four sub-markets: (i) complex integrated projects, (ii) modular construction, (iii) renovation and maintenance and (iv) property development.

(i) Complex integrated projects

The Pi2 consortium – a joint undertaking of the Group and Royal Imtech – has started the construction work for the Zaanstad Penitentiary PPP project in 2014. The expected completion date of this project is 2016. Under the DBFMO contract with the Government Buildings Agency, Pi2 is responsible for the design, new construction, financing, maintenance and technical facilities management of this project for a 25-year period following availability.

The construction of the logistically complex Erasmus Medical Centre in Rotterdam has started and is on schedule. The Group was able to use the expertise gained on complex integrated projects on the Dutch hospitals market to acquire the Design, Build & Maintain contract for a new hospital on Curaçao. This new hospital will be designed in 2014 and built in 2015.

In 2014, the Group started the work in relation to Amsterdam Airport Schiphol's transition towards central security. The Group is constructing an overlay on the E and F piers and a terminal extension between the two piers. This project matches the Group's strategy to build in a dynamic, logistically challenging environment. The Group is also building the new Hilton Hotel at Amsterdam Airport Schiphol and rebuilds the Hotel Krasnapolsky on Amsterdam's Dam Square.

After a tendering process of over one-and-a-half year, the Group has been selected as preferred bidder for the Hart van Zuid development area in Rotterdam. This project substantially improves the quality of the area in the coming decades, providing hundreds of new jobs, opportunities and better facilities for local residents while adding social value to Rotterdam as a whole.

The new Food Centre Amsterdam is a 25-year area concession, where a consortium formed by Ballast Nedam and VolkerWessels is managing the pace and content of this integrated area development. The current area of approximately 23.5 hectares will be transformed into a new and modern food centre, including around 100,000 m² for commercial activities and 1,600 new build houses. Furthermore, this project includes the restoration of the Central Market Hall, a historical building. This project will lead to development and building revenue in the coming years.

At the end of March 2014, the Group was awarded the renovation of the Thialf stadium in Heerenveen. The total contract value amounts to over € 38 million. The final contracts will be drafted in the coming months and the construction will start in early 2015.

(ii) Modular construction

Housing corporation Woonbedrijf and the Group are building 74 energy-neutral iQwoning® homes in Eindhoven. Per day, two houses are built and fully finished six weeks later.

Furthermore, the Group won the contract from student accommodation organisation DUWO for the redevelopment and new building of the Uilenstede campus in Amstelveen. Ursem Modular Building Systems is applying modular construction techniques on this project. The building, which has 233 new accommodation units, will be identical in style to the other new campus buildings and is expected

to be completed in 2014. Ursem Modular Building Systems is a pioneer in modular building to a height of eleven floors.

(iii) Renovation and maintenance

Bouwborg B.V., the Group's renovation company operating on three regional levels in the Netherlands (i.e. North, South and West), started a large-scale renovation project for BrabantWonen in early 2013. This is a three-year project for the renovation of 324 homes in the Graafsewijk Barten-Zuid district of Den Bosch.

Currently, the Group executes a contract for three large maintenance projects in Capelle aan den IJssel and Leiden. Laudy Building & Development B.V. received an order for specialised restoration work on the St. John's Cathedral in Den Bosch.

(iv) Property development

The total property development exposure, which consists of investments in land positions, investments in unsold real property and the unconditional purchase commitments and subsequent payment obligations, amounted to € 204 million at year-end 2013 down from € 216 million at year-end 2012. The Group's ambition is to decrease the capital it invested in real property in the next few years by reviewing the opportunities per location, while accelerating the development of some relatively large locations. Please refer to § 9.4.2 ("Operating and Financial Review - Results of operations by operating segment for the years ended 31 December 2013 and 2012 - Building & Development - Order book") for more detailed information on property development exposure.

Land positions

Each year, or earlier if needed, the Group assesses each land position and performs scenario analyses.

The value of all future cash flows is estimated using a weighted average cost of capital of 9%. These cash flows at the current price level are not indexed. The Group has taken into account a 3% margin for sales risk and the result on the building market is not taken into consideration. The book value of the Land Bank (*grondbank*) includes almost no interest and preparatory expenses.

The value of the land positions amounted to € 142 million at year-end 2013. Any further significant deterioration or set back of the housing market could result in more write-downs on land positions. Analyses have shown that this risk of write-downs is more sensitive to the phasing of implementation than to the trends in pricing.

The estimated development potential of the Land Bank (*grondbank*) was approximately 8,500 homes at year-end 2013.

Order book

The Building & Development segment's order book amounted to € 289 million for the year ended 31 December 2013. Please refer to § 9.4.2 ("Operating and Financial Review - Results of operations by operating segments for the year ended 31 December 2013 and 2012 - Building & Development - Order book").

The major projects in the order book of this segment at year-end 2013 include:

- (i) Amstelcampus Hogeschool van Amsterdam;
- (ii) OV-Terminal Breda;
- (iii) ASR head office in Utrecht;

- (iv) new Hilton Hotel at Amsterdam Airport Schiphol;
- (v) Zaanstad Penitentiary PPP project;
- (vi) Erasmus Medical Centre in Rotterdam;
- (vii) overlay of the E and F piers at Amsterdam Airport Schiphol; and
- (viii) Nobo Otrabanda Hospital in Curacao.

Specific focus and action plans for 2014

The regional construction companies will undergo a large-scale restructuring, including the improvement of the cost structure and the working capital position. See also § 8.3.2 ("Business Description - Strategy & Restructuring - Operational Measures and Disposal Programme") and § 9.6 ("Operating and Financial Review - Working capital statement"). This restructuring has commenced in the first half of 2014 and is expected to be finished in 2015, affecting this segment's 2015 results. The main elements of the envisaged restructuring are:

- (i) moving towards an integrated operating company focused on complex integrated projects;
- (ii) Laudy Bouw & Ontwikkeling B.V. remains a regional company operating in the south of the Netherlands;
- (iii) Ballast Nedam Bouwborg B.V. will become a renovation company operating on three regional levels in the Netherlands (i.e. North, South and West);
- (iv) real estate and area development activities will be integrated into the business unit concessions; and
- (v) a capacity adjustment affecting approximately 150 jobs.

8.6.3. Specialised Companies & Supplies segment

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

The Supplies segment comprises prefabricated concrete companies, companies that extract primary raw materials and produce secondary raw materials, the modular product plants, a foundry and various holdings (the "**Supplies Companies**" and together with the Specialised Companies, the "**Specialised Companies & Supplies Segment Companies**").

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

The Specialised Companies and Supplies segments will be merged into a single Specialised Companies & Supplies segment. It is envisaged that as of 1 January 2015, the merged Specialised

Companies and Supplies segments will operate and financially report as a single segment within the Group. The sub-paragraphs below provide an overview and description of the Specialised Companies segment and the Supplies segment as they currently operate within the Group.

For the purpose of improving the Group's solvency and also because these companies do not fit within the Group's strategic profile, the Company has initiated the Disposal Programme. In furtherance thereof, the Company has signed a letter of intent with H2 regarding the sale of Rademakers Gieterij B.V., TBS Soest B.V. and Recycling Mij. "Feniks" B.V. and expects this sale to be completed in the fourth quarter of 2014. See Risk Factor (1) and Risk Factor (2) in § 2 ("Risk Factors") and § 9.6 ("Operating and Financial Review - Working capital statement").

8.6.3.1. Specialised Companies

Market developments

The market volume for the Specialised Companies segment declined in 2013, since this market is closely linked to the infrastructure and construction markets and the volume on the latter markets has decreased as well. The price levels for road-building and concrete construction remain poor. The demand for hydraulic engineering constructions, such as quay walls, bank improvements, locks, coastal works, jetties and temporary berths, is increasing.

Results and major projects

Results of the Specialised Companies segment

	First half year 2014 ⁴¹	First half year 2013 ^{42,43}	Year ended 31 December 2013	Year ended 31 December 2012
<i>x € million</i>				
Revenue.....	97	114	260	262
EBIT.....	1	(4)	(19)	(10)
Margin.....	1.0%	(3.5%)	(7.5%)	(3.8%)
Order book	73	107	113	90
Assets	87	113	115	131

Please refer to § 9.4.3 ("Operating and Financial Review - Specialised Companies") for a more detailed description of the results of the Specialised Companies segment.

Most of the revenue realised through the Specialised Companies resulted from projects such as the A15 Maasvlakte-Vaanplein (MaVa), the A2 Maastricht, the Amsterdam-Rhine Canal sheet piling renovation (DARK), the Katwijk Coastal Works project, the Breda public transport terminal and the overlay of the E and F piers at Amsterdam Airport Schiphol. These projects will continue to contribute to the revenue of the Specialised Companies segment in 2014.

The Group's position in the alternative fuels niche market continued to expand in 2013. CNG Net B.V., which operates in the mobility and energy areas of work, succeeded in increasing revenue by adding eleven CNG (compressed natural gas and green gas) filling stations in the Netherlands. With CNG Net B.V., the Group now operates 68 CNG filling stations supplying natural gas and green gas. Approximately ten more filling stations were built for private investors in 2013. Investments are decreasing in the conventional fuels market, where the Specialised Companies' main operations are the construction and maintenance of filling stations. Furthermore, this market is shifting from new-

⁴¹ This information has been reviewed but not audited.

⁴² The comparative 2013 figures have been adjusted as a result of a system change regarding IFRS 11 (see § 3.5 ("Important Information – Presentation of Financial Information")).

⁴³ These comparative 2013 figures have not been reviewed or audited.

build to refurbishment and maintenance. The Group builds dedicated CNG filling stations for smaller parties who prefer not to depend on public filling stations. These smaller parties include customers from Germany, Switzerland and the Czech Republic.

The demand for LNG filling stations is less than the Group expected. LNG24 B.V. operates the first and only public LNG filling station in Zwolle, the Netherlands. In 2013, the Group started preparing for a second station in Delfgauw, which shall be completed in 2014. The Group has acquired a follow-on contract for the construction and maintenance of a hydrogen filling station for the Flemish-Dutch WaterstofNet for the first 700-bar station in Helmond, the Netherlands. This filling station type is compatible with the new generation of hydrogen-fuelled passenger cars that are expected to be marketed. The Company expects to complete this station in 2014.

For the purpose of improving the Group's solvency and also because these companies do not fit within the Group's strategic profile, the Group intends to sell CNG Net B.V., LNG24 B.V. and CNG Net Realisatie en Onderhoud B.V. in the short- to medium-term. See § 8.3.2 ("Business Description – Strategy & Restructuring – Operational Measures and Disposal Programme").

The Group is withdrawing from the declining Dutch market for soil remediation and environmental consultancy. Currently, the Group focuses its environmental activities on Belgium, which has a more favourable and stable remediation market. With its strategically located soil storage and cleaning site in Zutendaal, the Group has a good starting position for 2014. This position is strengthened by the number of soil remediation projects to be carried out for the governments of Flanders and Wallonia.

Several business units within the Specialised Companies segment focus on consultancy and engineering. Generally these are well-performing business units. The main customers of these business units are Group Companies.

Order book

The Specialised Companies segment's order book amounted to € 113 million for the year ended 31 December 2013. Please refer to § 9.4.3 ("Operating and Financial Review - Results of operations by operating segment for the years ended 31 December 2013 and 2012 - Specialised Companies").

Specific focus and action plans for 2014

Apart from the Specialised Companies segment being merged into a single Specialised Companies & Supplies segment over the course of 2014, the main priorities for the Specialised Companies segment in 2014 are to improve the financial position, the working capital requirements and realise cost savings (see § 9.6 ("Operating and Financial Review - Working capital statement")). In addition, the Company continues to focus on filling the segment's order book with assignments from outside the Group and to expand the operational scope of the segment.

In 2014, the Specialised Companies segment will furthermore focus on: (i) process optimisation and the reduction of failure costs in order to maintain the Group's competitive advantage, (ii) strengthening sales, marketing and innovation and (iii) making the Specialised Companies more flexible to enable these companies to anticipate market shifts.

8.6.3.2. Supplies segment

Market developments

The market for sand and gravel remains difficult in 2014 and is not expected to recover earlier than mid-2015.

The prefabricated concrete market is confronted with price cutting due to the abundant supply. This leads to poor pricing and low margins, in particular for standard products. The market for specialised

concrete applications remains relatively stable in both the Netherlands and Belgium. The Group expects that the production by prefabricated concrete companies for non-residential construction in the industrial, distribution and agricultural sector will revive in 2014. In the office market, conversion forms a potentially interesting market.

On the market for modular construction the Group observes a growing demand for rented housing in the liberalised segment. Another favourable trend is the future need for accommodation for specific target groups that require housing at short notice, such as young people, first-time buyers, and elderly people. The Company believes that this translates into good market prospects for iQwoning® and Ursem Modular Building Systems since these concepts are based on industrial production in a controlled environment, resulting in short construction time and a high price-quality ratio that these types of customers are typically looking for.

Results and major projects

Results of the Supplies segment

	First half year 2014 ⁴⁴	First half year 2013 ^{45,46}	Year ended 31 December 2013	Year ended 31 December 2012
<i>x € million</i>				
Revenue.....	74	68	212	216
EBIT.....	23	1	8	2
Margin.....	31.1%	0.7%	3.8%	0.9%
Order book	47	61	55	56
Assets.....	192	198	187	205

Please refer to § 9.4.4 ("Operating and Financial Review - Results of operations by operating segment for the years ended 31 December 2013 and 2012 - Supplies") for a more detailed description of the results of the Supplies segment.

Currently, the New Life in the Lus van Linne project is in the execution phase. In close collaboration with the Limburg Landscape Foundation, the municipalities of Roermond and Maasgouw and local residents, the Group will transform the meander known as the Lus van Linne in phases over the next fifteen years into 200 hectares of river nature, with a variety of recreational facilities and flood protection measures. This redevelopment will be combined with estimated resource extraction of 10 million tonnes of sand and gravel.

The Group has an excellent position in the secondary raw materials niche market. Feniks Recycling's development and construction activities for new installations and expansions are focused mainly on the United Kingdom, where the construction of new installations in Cleveland and Ipswich and capacity enlargement of the installations in Sheffield and Castle Bromwich is progressing. Despite this attractive proposition, the Group has resolved, as announced in the press release dated 5 February 2014, to initiate a sale process with respect to Feniks Recycling for the purpose of improving the Group's solvency and also because the company does not fit within the Group's strategic profile to focus on integrated projects.

Furthermore, on 4 July 2014, the Group has completed the sale of its 92.5% stake in Ballast Phoenix Ltd. (carrying out Feniks Recycling's operations in the United Kingdom) to H2. Moreover, on 4 July 2014, the Group entered into a share purchase agreement in respect of the sale of its 30% stake in Bontrup to Bontrup's 70% shareholder, F. Bontrup Holding B.V. The Group expects to complete this sale at the end of July 2014. In addition, on 5 July 2014, Ballast Nedam entered into a letter of intent

⁴⁴ This information has been reviewed but not audited.

⁴⁵ The comparative 2013 figures have been adjusted as a result of a system change regarding IFRS 11 (see § 3.5 ("Important Information – Presentation of Financial Information")).

⁴⁶ These comparative 2013 figures have not been reviewed or audited.

with H2 regarding the sale of the following companies: Rademakers Gieterij B.V., TBS Soest B.V. and Recycling Mij. "Feniks" B.V. These companies form part of the Specialised Companies & Supplies segment or the Building & Development segment. Ballast Nedam expects to complete this sale in the fourth quarter of 2014. See § 8.3.2 ("Business Description - Strategy & Restructuring - Operational Measures and Disposal Programme").

Order book

The Supplies segment's order book amounted to € 55 million for the year ended 31 December 2013. Please refer to § 9.4.4 ("Operating and Financial Review - Results of operations by operating segments for the year ended 31 December 2013 and 2012 - Supplies").

Specific focus and action plans for 2014

Apart from the Supplies segment being merged into a single Specialised Companies & Supplies Segment over the course of 2014, the Supplies segment will continue to pursue the 2012 and 2013 strategy, including as main priority improving the financial position, the working capital and costs (see § 9.6 ("Operating and Financial Review - Working capital statement")). In 2014, the Supplies segment will focus on: (i) process optimisation and the reduction of failure costs in order to maintain the Group's competitive advantage, (ii) strengthening sales, marketing and innovation and (iii) making the Supplies Companies more flexible to enable these companies to anticipate market shifts.

On 4 July 2014, the Group entered into a share purchase agreement in respect of the sale of its 30% stake in Bontrup to Bontrup's 70% shareholder, F. Bontrup Holding B.V. The Group expects to complete this sale at the end of July 2014. Furthermore, on 5 July 2014, Ballast Nedam entered into a letter of intent with H2 regarding the sale of the following companies: Rademakers Gieterij B.V., TBS Soest B.V. and Recycling Mij. "Feniks" B.V. Ballast Nedam expects to complete this sale in the fourth quarter of 2014. The Group will continue with the Disposal Programme with the controlled disposal of the following companies that do not contribute to integrated projects and the industrialisation of the construction process in the short- to medium-term: CNG Net B.V., LNG24 B.V. and CNG Net Realisatie en Onderhoud B.V. See § 8.3.2 ("Business Description - Strategy & Restructuring - Operational Measures and Disposal Programme").

8.7. Selected key elements of the Group's business model

8.7.1. Project Acquisition

The Group acquires its projects either directly on a "one-on-one" basis or as a member of a construction consortium assembled by the client or indirectly through tender or procurement procedures. In tender procedures, the Group is one of a number of bidders. The majority of the Group's projects are acquired through tender procedures.

Projects that result from tender procedures are often awarded by (potential) clients with large and complex projects, or by clients that are obliged to use a tender procedure based on laws and regulations. Tender procedures are subject to detailed laws and regulations.

Participating in a tender procedure is time consuming and significant costs may be incurred, especially with regard to tenders for complex, large-scale projects, PPPs and framework contracts with a duration of multiple years that require specific qualifications. Only a limited part of these expenses are reimbursed, usually merely an allowance for the design costs, even if the Group is successful in the tender. Due to the current market conditions, price has become an increasingly important factor in tender procedures. The Group prefers tenders where the award criteria are not only based on price, but on the most economically advantageous tender (MEAT). In such tender procedures, the contracting party is awarding a project on other criteria than price, i.e. quality, delivery date and project management.

8.7.2. Contracts

Contracts are an important element of the Group's business model. Every year, the Group enters into numerous (large and small) contracts. See § 8.2 ("Business Description – Core activities and clients & customers") for an overview of the Group's important categories of clients and customers. The vast majority of these contracts are tailored to the specific aspects of the project or, depending on the outcome of negotiations, the requests and needs of counterparties.

The most common types 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 conditions. The contractor would - unless it has the benefit of a restriction on its 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 limited liability for defects.

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 25 years. The design build finance maintain operate contract is used mainly for PPP projects. See § 8.7.4 ("Business Description - Selected key elements of the Group's business model - PPP projects") for a description of these contracts.

For an overview of the most important joint ventures and associates see § 8.9 ("Business Description - Material contracts") and § 8.17 ("Business Description - Group structure").

The Group enters into contracts with subcontractors either on a fixed-price basis or on a reimbursable basis. Fixed price contracts are predominantly used, which carry the risk of differences between the Group's contract with the customer and its contract with a subcontractor. The Group tends to stipulate pre-payment by clients at regular intervals (milestones). In the procurement contracts entered into with subcontractors and suppliers, reference is made to the Ballast Nedam general purchasing conditions.

Reference is made to § 8.10.4 ("Business Description - Risk management and internal control - Contractual risk management, tender committee and charter committee") and § 8.10.5 ("Business Description - Risk management and internal control - Contract committee charter") for a description of the Group's risk management and internal control in relation to the conclusion of contracts.

8.7.3. Project Execution

Projects are carried out by the Group's operating companies, joint ventures, or associates, and/or with the assistance of subcontractors.

Joint Ventures and Associates

Joint ventures comprise the Group's interests in combinations in which the Group has no controlling influence, but may exercise joint influence on policy. Joint ventures are often used for construction or

development consortia. Associates are those entities in which the Group exercises influence on the financial and operating policy of such company, although it holds a non-controlling interest.

Over the year 2013, the revenue generated by joint ventures and associates and attributable to the Group represented around 30% of the Group's total revenue.

In the construction and development sectors, a project may be carried out in the form of a joint venture, where, due to the scope, size and complexity of the project, it cannot be carried out by one construction company or in some cases to reduce the operational and financial risks in the project by sharing these risks with other companies. Projects may also be carried out 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. The Group operates through associates primarily in the following markets: asphalt, raw materials, traffic control and modular construction.

Although operating in joint ventures generally bears the risk of being held liable for the (mis)conduct of others (see Risk Factor (15) in § 2 ("Risk Factors")), the Group, when entering into partnership agreements, generally attempts to conclude recourse arrangements pursuant to which joint and several liability arrangements on project level are mitigated and the joint venture partners are entitled to recoup any amounts paid in excess of their proportionate share from the other joint venture party or parties. Please refer to § 8.17 ("Business Description - Group Structure").

Subcontractors

A large number of projects are carried out by third-party subcontractors and in some cases by the Group itself. The primary contractual obligation of a subcontractor usually consists of completing a specifically defined part of a project. The Company selects suppliers and subcontractors on the basis of references, quality, innovative capacity and price. In the supply chain Ballast Nedam engages its suppliers and subcontractors in projects by means of purchasing contracts, in which they commit to the Company's code of conduct for subcontractors and suppliers. Ballast Nedam pursues ethical management of its company and demands compliance with all applicable legislation of its employees, suppliers and subcontractors. In 2013, the Company initiated a compliance screening process to assess the level of integrity of its approved suppliers, which initiative will continue in 2014. See § 8.11.6 ("Business Description - Corporate social responsibility - Compliance and integrity").

8.7.4. 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 DBFM(O) contract. DBFM(O) contracts are used by the national government in housing projects with a value above € 25 million, such as offices, military bases and prisons and in infrastructure projects with a value above € 60 million such as road, rail and 'wet' infrastructure (such as locks). DBFMO contracts are typically entered into for a long period of time (e.g. 25 or 30 years). The market for integrated PPP projects continues to grow.

PPP projects are often large and complex projects. The business unit Ballast Nedam Concessies B.V. manages the PPP project portfolio and manages the acquisition, investment, operation and disposals of the projects.

Ballast Nedam has considerable knowledge and experience with PPP projects, such as the Confederation Bridge in Canada, Wäldwei N31 road project, PPP Kromhout Military Base Utrecht, Detention Centre Rotterdam PPP (DC16), project Housing Informatie Beheer Groep and Regional Tax Office in Groningen (DUO2), A15 Maasvlakte-Vaanplein (MaVa), and the Zaanstad Penitentiary PPP project. Ballast Nedam is preferred bidder for the Hart van Zuid urban development project in Rotterdam. This PPP project is a unique combination of DBFM(O) and area development.

PPP projects are acquired through a SPC, which manages the PPP project as a contractor for the entire

duration of the project. The SPC exercises overall control as a contract partner in relation to all parties involved in the PPP process. The parties concerned are (i) the government as client, (ii) financial institutions for funding, (iii) the design and construction consortium for project implementation and (iv) the management and maintenance consortium for the management of the realised object throughout its useful life in accordance with the performance requirements. The shareholders of the SPC are usually the companies participating in these consortiums. Even though the SPC acts as the contracting party to the client, the maintenance and construction work is carried out at the level of the engineering procurement and construction company ("EPC") and the maintenance company involved.

The consortium members participate at the level of the SPC and the SPC is financed through equity capital contributions and debt financing. During the initial stage of the project the shareholders in the SPC are subject to the obligation to make equity capital contributions. By selling and transferring its stake in these SPCs, including the obligation to make (future) equity capital contributions, to investment funds during this initial stage of the project, the Group attempts to create headroom on Ballast Nedam Concessies B.V.'s balance sheet. With the headroom so created, Ballast Nedam Concessies B.V. is able to invest in new PPP projects. In furtherance of this headroom for further investments, capital gains might be realised when equity stakes are sold to investment funds.

Following a disposal of (part of) its capital interest in the SPC to an investment fund, Ballast Nedam continues to be a partner and co-investor in these concession projects.

It has become more difficult to finance PPP projects in the long term, as banks require larger guarantees for new equity capital contributions compared to the period before the financial crisis. As a consequence, the Group increasingly addresses institutional investors as a potential source of capital.

Please refer to § 8.17 ("Business Description - Group Structure") for an overview of the Group's equity stake in PPP project companies.

8.8. Property, plant and equipment

The majority of the Group's property, plant and equipment to operate its business is owned or leased under financial lease contracts. The Group has the option to buy the assets at the end of the lease contracts. The leased assets serve as security for the lease obligations.

The net book value of the Group's property, plant and equipment (including financial leases) was € 137 million as per 31 December 2013.

8.9. Material contracts

The Existing Credit Facilities, the Syndicated Facility Agreement, which amends and restates the Existing Credit Facilities, the various security agreements entered into in connection therewith and the Underwriting Agreement are considered material contracts. For a summary of the Existing Credit Agreements, the Syndicated Facility Agreement and the various security agreements entered into in connection therewith, reference is made to § 6 ("Capitalisation and Indebtedness - Ratios") and § 9.5.7 ("Operating and Financial Review - Liquidity and capital resources - Amendment and restatement of Existing Credit Facilities"). For a summary of the Underwriting Agreement, entered into between Ballast Nedam and the Joint Global Coordinators, reference is made to § 15.2 ("Plan of Distribution - Underwriting Agreement"), § 15.3 ("Plan of Distribution - Conditions to the Offering") and § 15.4 ("Plan of Distribution - Lock-up arrangements").

Besides these agreements set out above, Ballast Nedam 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.

8.10. Risk management and internal control

8.10.1. Criteria and philosophy

The Company has the view that business is about recognising opportunities, but also about taking calculated risks. The risks apply to the Group as a whole, and also for the companies within the Group and the projects they operate. This requires a specific approach to risk management, in which there is a shared set of criteria to compare and contrast the risks and opportunities of the projects and the operating companies.

Effective risk management requires Ballast Nedam to timely identify risks and assess the feasibility and costs of control and weighing these costs against the possible gain associated with the risk concerned. The Group seeks to control the identified and prioritised risks as effectively as possible. The most important risk management principles are as follows:

- (i) Managing risks is a core competency, which is incorporated in the Group's governance structure.
- (ii) The Group should only take responsible business risks: the probability of these risks materialising, and the possible consequences, must not imperil business continuity.
- (iii) The management of the operating companies must identify, analyse, prioritise and control the risks at their company level. Subsequently the relevant segment managing director must identify, analyse, prioritise and control the risks at segment level, together with the directors of the operating companies and with the relevant segment financial director. Ultimately, the same process must be repeated in the Ballast Nedam Concern Council.
- (iv) The risks of the projects must be identified, analysed, prioritised and controlled. The risks of the projects are also spread, so that they can be included in the risk analyses of the operating companies, segments, and the Group as a whole, with reference to the same set of criteria.

8.10.2. Authorities, delegation and reporting lines

The Group identifies risks by drawing up a risk inventory in advance for projects that are for the Group's own account. The related controls are comprehensively incorporated into the design and execution stage. Managers at unit level have clear terms of reference that define their authorities. Central management assesses the risks periodically. Each year, managers at unit level produce an internal management statement to account for the policy pursued.

The Board of Management has the ultimate responsibility to identify, prioritise, manage and control the risks within the Group. However, the risks reside at various places in the organisation, so that employees are also encouraged to signal any risks they identify. To put them in a position to do so, Ballast Nedam employs a variety of systems and tools tailored to the needs of a specific project or operating company (such as risk analysis programmes, dedicated project risk managers, manuals and quality assurance systems). As well as identifying strategic risks and controlling the significant risks, these tools also help the Group to achieve its operational, financial and compliance objectives.

The Board of Management discusses the course of events quarterly with the segment managing directors and with the directors of the shared service centres with reference to the financial and operational reports, which reports always give the current material risks and controls. The segment managing directors conduct a similar dialogue with the managing directors of the business units.

The relevant reports are (i) a daily liquidity report of Ballast Nedam's cash position, (ii) a weekly cash flow forecast for twelve weeks, (iii) a four-weekly financial group report, (iv) an extensive quarterly report of integrated projects and (v) an extensive management quarterly report with qualitative and quantitative information.

8.10.3. General controls

Within the Group risks are managed with a variety of instruments: Ballast Nedam seeks to ensure the quality of management (e.g. through periodic management reports linked with interviews), complies with the corporate governance policy, observes the internal code of conduct, the reporting principles and accounting policies, and operates a management information system. The Group also has a handbook for financial reporting and financial procedures, which it updates on a continuous basis in line with changing regulations and knowledge.

Alongside the main audits, the Group performs automated data audits on business unit accounting systems. The central cash management system monitors the liquidity requirements from project level upwards on a daily basis. It should be noted that the Group is in a transitional phase from a very much decentralised organisation towards a partially centralised organisation. The Group is also introducing a single financial system.

8.10.4. Contractual risk management, tender committee and charter committee

There is an increasing awareness within the Group about the importance to maintain an integrated contract management approach for projects against the context of a society that has become more litigious. The Group's legal department is closely involved when it comes to drawing up, documenting, monitoring and, if necessary, defending its agreements with clients and contractors. By tackling issues of law, contracts and insurance using an integrated approach, the Group seeks to contractually control the risks of projects and business units more efficiently. A designated point of contact communicating intensively with the relevant business unit or department for the purpose of signaling potential contractual risks as well as to take measures in a pro-active fashion if any such risks materialise. Certain projects have their own specialist contract managers for both the tendering and execution stages of a project. Insurance complements the risk management contribution provided by the legal department by providing sufficient coverage for insurable risks and related liabilities. The legal department also has an independent signaling and reporting role in relation to risks arising from changing rules and regulations.

Reference is made to § 8.7.2 ("Business Description - Selected key elements of the Group's business model - Contracts") for a description of the most common categories of contracts entered into by the Group.

8.10.5. Contract committee charter

The Group has installed the functions of a contract committee and a tender committee. Before an approval request is submitted to the contract committee it shall have been reviewed by the tender committee. An approval request is in principle first submitted to the tender committee and, depending on certain pre-set criteria, then to the contract committee. However, the contract committee and the tender committee may jointly decide that a request shall only be reviewed by the contract committee. Their roles and responsibilities are as follows.

The contract committee assesses an approval request on the basis of, amongst others, the following criteria: (i) return and risks, (ii) relationship to order book for the Group as a whole, (iii) capital lock-up and cash flows, and (iv) price sensitivity and political aspects. The contract committee consists of the members of the Board of Management and the Company secretary who has an advisory vote.

The tender committee is responsible for: (i) assessing the accurateness and completeness of information package submitted as part of the approval request, (ii) the technical, financial and legal assessment of the project, (iii) an assessment of the risks at stake as well as possible measures to tackle these risks, (iv) an assessment of the possible returns vis-à-vis the potential risks and control measures, and (v) an assessment of the project's fit within the strategy and the business plan.

The following proposals should in any event be submitted to the contract committee for its approval:

- (i) tender procedures:
 - (a) submitting proposals or entering into contracts with a value in excess of € 25 million;
 - (b) submitting proposals or entering into contracts below cost price (including mark-up for general costs and risks) with a value in excess of € 7.5 million;
 - (c) submitting proposals or entering into contracts outside the ordinary course of business;
- (ii) property: entering into commitments to acquire real estate in excess of € 1.0 million; and
- (iii) joint ventures: entering into joint ventures outside the ordinary course of business; it being understood that also the entering into of joint ventures in the ordinary course of business shall be subject to approval of the contract committee provided that the internal rules and procedures with respect to the formation of consortia.

8.10.6. Supervisory Board and audit committee control

The Group's risk profile and the internal risk management and control systems are on the agenda of the meetings of the Supervisory Board and its audit committee. The achievement of the corporate objectives in light of acceptable business risks is a factor in determining the remuneration of Board of Management members. There are at least five Audit Committee meetings per year attended by the chairman, the CFO of the Board of Management and the external auditor. The meetings are to discuss the financial course of events and the findings of the company's internal audits and risk management and compliance.

8.10.7. Tax compliance

The Group has a backlog in the filing of its Dutch corporate income tax returns and is late with the filing of its Dutch corporate income tax return for 2011 (the corporate income tax return for 2010 has been filed with the Dutch tax authorities, and further to the discussions with the Dutch tax authorities the final tax assessment has been issued). This backlog has been discussed with the Dutch tax authorities and although no formal filing extension has been obtained, the Group has agreed with the Dutch tax authorities to clear this backlog as soon as possible. The Group is currently working with its tax advisor to prepare the Dutch corporate income tax returns for 2011 and 2012 and it is envisaged that these will be filed in the third or fourth quarter of 2014. To the extent the filing deadline of 1 September 2014 for the 2012 Dutch corporate income tax return will not be met, further extension will be requested. As a result, the filing backlog for the Dutch corporate income tax returns is envisaged to be cleared by the end of 2014. For the 2013 Dutch corporate income tax return the Group has a regular filing extension until 1 May 2015.

8.11. Corporate social responsibility

Ballast Nedam's CSR policy which is expressed in various business principles focuses on the following key areas: community engagement, safety, diversity, CO2 reduction, waste and recycling and compliance and integrity. Ballast Nedam takes its responsibility for the impact of its operations on the environment and society as a whole seriously. Socially responsible, or sustainable business practices are about creating value for society at large and earning social approval. Furthermore, in the current economic situation, CSR is also an important cost-reducing driver. CSR is an important theme that is discussed several times each year. Each Ballast Nedam business unit produces a quarterly CSR report to shed light on the progress being made on CSR objectives and how it is managed. These CSR reports jointly form the Global Reporting Initiative report which is presented in the annual report of the Company.

Elements of the Group's sustainability policy are discussed in more detail below.

8.11.1. Community engagement

Ballast Nedam interprets community relations management as anything that helps the Group to get to know and involve all community parties to promote mutual awareness of the Group's various goals while controlling and safeguarding the project objectives. Ballast Nedam gives priority to communication, safety, tidy work, environmental awareness and social attitude.

Strategic community relations management is a tool for Ballast Nedam to understand and manage the links between a project and the area concerned at the earliest possible stage. Ballast Nedam focuses on facilitating good relations between the project organisation and the various stakeholders in the surrounding area, in order to create a win-win situation. Furthermore, it is important for people living in the area where a project is conducted to know who to approach with any questions or comments. An increasing number of projects therefore have their own procedure for registering and handling complaints about the contractor, and additionally reporting the results to the client.

Ballast Nedam's social policy is directly related to its visions and key activities. Therefore, Ballast Nedam supports local communities in the greatest need of time, knowledge, money and expertise. Ballast Nedam's community investment programme focuses on education, employment and entrepreneurship.

8.11.2. Safety

By its nature, the construction industry is a potentially hazardous environment for human health and safety. 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 illness and injuries. The Group aims to have all persons working on its projects to be constantly aware of safety risks and to work safely at all time. The increased attention to safety has raised awareness throughout the organisation. In order to maintain awareness at a high level, safety is a fixed agenda item for the Board of Management meeting with the segment managing directors. In 2013, no fatal accidents occurred on projects in which the Group was involved.

In relation to external collaboration and evaluation on health and safety, in January 2014 the 'Safety in the Construction Industry' Governance Code was signed by the CEOs of the participating clients and contractors.

Management and employees are on their way to a higher level of safety awareness. Ballast Nedam will continue this trend in 2014, in order to realise the vision of an injury-free Ballast Nedam.

8.11.3. Diversity

The Group endeavours to promote diversity throughout its organisation. Ballast Nedam aims for a balanced male-female distribution in managerial positions, equal promotion opportunities regardless of ethnicity, and encourages the use of senior employees. The Group's salary scales depend on the type of job, not on gender.

8.11.4. CO2 reduction

In 2013, Ballast Nedam achieved its target of a 16 per cent CO2 reduction in relation to 2008 and related to the revenue of the activities in the Netherlands. For 2020, the Group's target is to reduce CO2 with at least 30 per cent in relation to the reference year 2008 and related to revenue achieved from its activities in the Netherlands. Again this year, Ballast Nedam was certified on (the highest) Level 5 of the CO2 performance ladder (*CO2 prestatieladder*). As a result, Ballast Nedam has an advantage in tendering if clients have included this aspect in the MEAT criteria.

8.11.5. Waste and recycling

The Group aims at eliminating waste in a manner that minimises the impact on the environment and the society. The Group systematically reduces the quantity of waste at the source by raising the productivity of materials used. Furthermore, the adverse effects of waste are reduced by avoiding resource depletion by using renewable and/or secondary materials. Furthermore pollution is prevented by using degradable and reusable materials and optimising waste management procedures.

8.11.6. Compliance and Integrity

In 2012 the Group announced that the compliance policy infringements detected gave cause to tighten this policy. In December 2012, the Company entered into an out-of-court settlement agreement with the Public Prosecution Service (*Openbaar Ministerie*) regarding payments to foreign agents during the period 1996 up to and including 2003. The settlement agreement consisted of a payment by the Group Companies involved in the former foreign activities to the Public Prosecution Office in the amount of € 5 million and the irrevocable renunciation of a claim by the Group against the tax authorities in the amount of € 12.5 million. Even though the fraud case is settled in accordance with the out-of-court settlement agreement, the file has continued to have presence in the media because of the investigation into the role of the auditors. There is a risk that the (media attention for) this investigation damages the Group's brands and reputation. See Risk Factor (23) in § 2 ("Risk Factors"). The higher priority duly given to compliance and integrity had operational repercussions in 2013. Ballast Nedam's ambition is to be an integer construction company and the Group intends to realise this ambition through compliance with all applicable legislation and ethical standards and by pursuing a zero tolerance policy in relation to integrity infringements. In addition, the compliance department organisation was further structurally improved with the introduction of a Chief Compliance Officer function in January 2013. This officer shall report directly to the Board of Management and the Supervisory Board and shall also attend the meetings of the Audit Committee as far as it concerns compliance in the presence of the CEO and CFO of the Board of Management and the external auditor. Furthermore, compliance officers are assigned to business units who are responsible for operational compliance and simultaneously acts as trusted representative for employees. Specific (international) projects have a designated part-time compliance officer.

8.12. Intellectual property and brand

The Group holds the intellectual property rights of the Dutch and English version of the Ballast Nedam figurative trademark in the Benelux and the European Union, which is also registered in Libya and Saudi Arabia:



Alongside the main Ballast Nedam operations and activities, work is also performed by companies operating under their own brand names being: (i) Wind24, (ii) CNG Net, (iii) LNG24, (iv) Heddes Bouw & Ontwikkeling, (v) Laudy Bouw & Ontwikkeling, (vi) F.W. Onrust Vastgoedonderhoud, (vii) Zomers Bouwbedrijf, (viii) Bouwborg, (ix) Spanstaal, (x) Gebr. Van Leeuwen Verankeringen, (xi) Dibec, (xii) N.V. Algri, (xiii) Feniks Recycling, (xiv) Bichterweerd, (xv) Omnia Platavloer, (xvi) Großkunkel Rurkies GmbH, (xvii) Hoco-beton, (xviii) Haistma Beton, (xix) Rademakers Gieterij, (xx) Zand- en Grindhandel Verkaik V.O.F., (xxi) N.V. Lugo, (xxii) TBS Soest, (xxiii) Ursem Modulaire Bouwsystemen (41% Ballast Nedam), (xxiv) Concrete Valley (50% Ballast Nedam) and (xxv) Beheermaatschappij Bontrup (30% Ballast Nedam).

The Group and its operating subsidiaries hold, or have application for or licenses in respect of, various trade names, registered trademarks and patents. While its business is not significantly dependent on any such intellectual property, the Group believes that the trade names, trademarks and patents of its core operating subsidiaries and business units are adequately protected and that the expiry of patents and patents licenses will not have a material adverse effect on the Group's business, financial

condition or result of operations.

8.13. Information technology

IT systems are important to the Group's operations. The Group continuously improves and upgrades the IT systems at various stages, to mitigate risks and in order to manage the associated change processes.

The Group's IT systems exist of a wide range of services, modern communication technologies and advanced virtualisation techniques for data storage and data processing, which enables the Group to continuously achieve and safeguard the required capacity, availability and sustainability.

Appropriate IT systems are set up for each business process, without losing sight of the overall line of the Company. If possible, the Group selects proven technology and standardisation across the business units in order to prevent disruptions, except in the event a business process demands a unique solution allowing the Group to distinguish itself.

Ballast Nedam has drawn up an internal IT code of conduct, known as the Code for Information Security. This code specifies, amongst others, that access to the Group's networks is subject to authentication. Access to these networks from the internet is centrally arranged and is secured with firewall technology to restrict access to approved applications and protocols. All of the Group's web servers are checked externally each month for abnormalities. Furthermore, portals available are protected by a combination of user name and password issued by Ballast Nedam and software (Mobile Iron) is installed on mobile devices, which allows for remote erasing or blocking of devices.

8.14. Research & development

Innovation is deeply anchored within the Group. The Company does not only focus on innovation, but also on stepwise improvements. The Group promotes innovation by encouraging its employees on all levels to be creative and to work as a team.

European Network of Construction Companies for Research and Development

The Group participates in a variety of national and European partnerships and industry associations, including the membership of the European Network of Construction Companies for Research and Development. Together, they have started the initiative to carry out industry-led research on virtual building – Building Information Models, or BIM – sustainability, infrastructure, health and safety, Lean Building, population ageing and knowledge management.

Futura project

Ballast Nedam participates in the Futura project, which is one of 23 projects that originated in the Netherlands Organisation for Scientific Research (NWO) under the 'CLICK NL' umbrella. The project emerged from the top sectors policy for the creative industry. It provides two doctorate positions, and holds various Living Lab meetings to which the research consortium contributes its knowledge to help the development of feasible business models for services to be provided by the architect of the future. Ballast Nedam's partners in this research consortium are the Royal Institute of Dutch Architects BNA, De Zwarte Hond, EGM architecten, IAA Architecten, Rothuizen, JHK Architecten, Havensteder, the Government Buildings Agency and academics from TU Delft and Radboud University Nijmegen. Ballast Nedam was approached because of its active role in integrated projects.

Modular construction

With the development of its modular construction approach, the Group has taken a step forward in sustainability as well as offering greater efficiency and constant quality. Modular products are

fabricated in controlled environments and the technique relieves pressure on available labour capacity by reducing the amount of work performed on the construction site, as well as improving safety, greatly reducing the number of logistics streams and limiting disruption in the surrounding community. The Group has seven production sites of its own that manufacture modular building systems. The Group has developed the following modular concepts:

- (i) iQwoning®: iQwoning® homes have the characteristics and the appearance of a traditionally built home, but are to a large extent produced in a factory and assembled on site in less than six weeks;
- (ii) ModuPark®: modular car park construction system that can be recycled when it is no longer needed, with no material waste. The system was developed together with Oostingh Staalbouw and Grontmij Parkconsult;
- (iii) Ursem 3D®: this is the label under which Ursem Modular Building Systems develops modular products for new building and renovation, such as hotel rooms, student accommodation and bathrooms; and
- (iv) Plug & Play Core® stadium: this completely modular stadium concept has been developed for the 2022 FIFA World Cup in Qatar and is designed to facilitate the dismantling, transport and return of the stadiums. The Group is also developing applications of this concept for the Dutch market, with an emphasis on sustainability and reuse.

8.15. Governmental regulation

The Group's operations are affected by various statutes, regulations and laws in the countries and markets in which it operates. While the Group is not engaged in a "regulated" industry, it is subject to various laws applicable to businesses generally, including laws affecting land usage, zoning, the environment, occupational health and safety, product safety, quality and liability, transportation, labour and employment practices (including pensions), competition and other matters. These laws are administered by various regulatory bodies in the Netherlands and in the other countries in which the Group operates.

8.16. Litigation

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.

Provisions relating to legal or constructive obligations are based on estimates and judgements as to whether the criteria for treatment as a provision have been met, including an estimate of the size of the obligation. Legal or constructive obligations are disclosed if it is likely that an obligation will arise and its size can be reasonably estimated. If the actual outcome differs from the assumptions as to anticipated costs, the estimated provisions will be revised, and this could have an effect on the financial position and results of the Group.

Blauwestad

Several group companies of Ballast Nedam in cooperation with Koninklijke BAM Groep N.V. ("BAM") and the so-called Koop-Groep have been involved in the housing development project De Blauwe Stad in the province of Groningen. At the end of 2007, Ballast Nedam and BAM have resigned from the limited partnership established for this project. In the exit agreement concluded for that purpose, each of Ballast Nedam and BAM has committed itself to purchase 100 plots on or before 31 December 2011. In August 2012, the Province of Groningen lodged a claim for compensation for damages against several group companies of Ballast Nedam, BAM and the Koop-Groep for non-compliance with abovementioned obligation to purchase plots. As Ballast Nedam has indemnified

BAM for risks resulting from De Blauwe Stad, the total potential liability amounts to approximately € 17 million. Ballast Nedam is of the opinion that there is no basis to award damages in this proceeding. The proceedings are on-going.

Parkeergarage Anna van Buerenplein (pAnnaB) / Babylon Den Haag B.V. (Babylon)

Babylon has summoned the general partnership 'Bouwcombinatie Parkeergarage Anna van Buerenplein' (pAnnaB), as well as its partners including a group company of Ballast Nedam, and has requested a declaratory decision that pAnnaB has failed to fulfil its obligations and it furthermore claims compensation for damages resulting therefrom. The claim for damages consists of two parts. The first part relates to the damages caused by the stoppage of work as a result of damages caused to the adjacent New Babylon project. The second part relates to damage caused by the burning down of a certain type of wall. The claim of Babylon is expected to amount to € 13.5 million. At the end of 2013, the District Court ruled that pAnnaB is liable for the first part of the damages and that the amount of damages shall be determined in follow-up proceedings. pAnnaB intends to lodge an appeal against the decision of the District Court.

Nedereindse Plas

During the performance of the remediation of contaminated aquatic sediment at Nedereindse Plas, a dispute has arisen between the municipality of Utrecht as client and Ballast Nedam Infra B.V. as contractor about the feasibility of the tasks assigned to Ballast Nedam Infra B.V. The dispute was solved through the conclusion of a settlement agreement between the parties. In accordance with the settlement agreement, the municipality commissioned Ballast Nedam Infra B.V. to design and implement a foil construction. After the realisation of the foil construction, a dispute has arisen between parties on the adequate design and implementation of the foil construction and several proceedings have been initiated. At this point parties have entered into discussions in order to try to settle this matter amicably under the supervision of independent consulting engineers and court proceedings have therefore been postponed. As of the date of this Prospectus, the outcome of these discussions is still unclear.

Zandwinplas Cattenbroek

A dispute has arisen between the municipality of Woerden and Ballast van Oord Grondstoffen (Bavog) with regard to the completion of the banks of the former lake created by sand excavation 'Cattenbroek'. Ballast van Oord Grondstoffen is of the opinion that it has completed the work. The municipality on the other hand claims that Ballast Nedam has exceeded the fixed shore line of the lake created by sand excavation and claims that it has incurred damages as a consequence thereof. The municipality has not complied with the request of Ballast Nedam to provide documentary evidence of the liability of Ballast Nedam and the extent of the damages suffered. The municipality broke discussions with Ballast Nedam off and summoned Ballast Nedam for damages arising from exceeding the fixed shore line of Cattenbroek. Proceedings are on-going.

Saudi-Arabia

Proceedings are on-going in Saudi Arabia with regard to a tax claim in the amount of approximately \$ 60 million under a contract entered into dating from 1999. The Company has no reason to assume that this claim will result in any liability for the Company for the abovementioned amount or any other amount for the following reasons. First, Ballast Nedam holds the view that, based on the aforementioned contract, the client bears the contractual responsibility for this tax claim. Second, the claim relates to a Ballast Nedam International subsidiary for which the Company has not issued any guarantees or statements of joint and several liability pursuant to article 2:403 of the Dutch Civil Code. Third, the court has ruled in favour of Ballast Nedam in the first instance, and the tax authorities have lodged an appeal against this ruling in 2013 by operation of law. For these reasons, Ballast Nedam has never seen the need for a provision in relation to this procedure and it has no indication that this claim will result in any liability of the Company.

OV-Terminal Breda

The building consortium OV-Terminal Breda, in which general partnership a group company of Ballast Nedam participates, is involved in a dispute with its client ProRail regarding the interpretation of the contract entered into with respect to the construction of the public transport terminal in Breda. At the commencement of the project, the work was seriously delayed due to various causes. As a result, the total project will be delayed. In addition, disagreement has arisen on the responsibility for the design of the terminal. The building consortium OV-Terminal Breda has therefore submitted an initial claim amounting to € 17 million against its client ProRail. The parties have entered into discussions and have appointed three experts to render a non-binding advise. The necessity to initiate court proceeding cannot be ruled out at this point.

N329

The building consortium Pro N329 v.o.f. has submitted a claim for more than € 7.0 million against its client, the municipality of Oss. The claim has been submitted for damages arising from all costs incurred by the building consortium as a consequence of unexpected and significant settlements occurred during the vibration of sheetpile walls into the ground. The building consortium has submitted the case to arbitration.

Noord-Zuidlijn Amsterdam

Ballast Nedam has initiated legal proceedings against its former joint venture partner Max Bögl for a breach of contract in the tendering stage of the construction of three underground stations on the 'North-South Line' in Amsterdam. In the proceedings on the merits, the District Court of Amsterdam has taken a final decision on the amount of the losses and has determined this amount to be more than € 9 million, including interest and costs. In June 2014, the Court of Appeals dismissed Max Bögl's appeal and upheld the District Court's judgement in favour of Ballast Nedam. The period to appeal in cassation has not yet lapsed, therefore it cannot be ruled out that Max Bögl will appeal to the Supreme Court.

Suriname refinery expansion project

A dispute has arisen between Ballast Nedam and its client Staatsolie Maatschappij Suriname in relation to civil works carried-out for the Refinery Expansion Project. Ballast Nedam is engaged in discussions with Staatsolie Maatschappij Suriname in relation to the claim of Ballast Nedam amounting to approximately € 20 million and the counter claim of Staatsolie Maatschappij Suriname amounting to approximately € 5 million, in order to reach an amicable settlement. The claim arose in 2012 following delay and disruption of the project, in respect of which Ballast Nedam holds the client responsible.

A15 Maasvlakte-Vaanplein (MaVa)

Ballast Nedam participates in the A-Lanes A15 construction consortium that performs the A15 Maasvlakte-Vaanplein (MaVa) highway construction work, a DBFM project commissioned by the Directorate-General for Public Works and Water Management (the "**Directorate-General**"). The project consists of construction works in respect of 37 kilometres of the A15 highway between the Maasvlakte and the Vaanplein – the complex Europoort and Botlek area – including the transition towards motorway level, a new Botlek bridge for traffic and the Rotterdam port railway, reconstruction of the Botlek and Thomassen tunnel, reconstruction of 36 viaducts, construction of twelve new civil engineering structures, dynamic traffic management control systems covering the relevant 37 kilometres and maintenance of this section of the A15 up to 2035.

Financial close⁴⁷ of this project was reached on 24 December 2010. The tender amounted to € 1,496

⁴⁷ Please refer to footnote 36.

million, including financing and twenty years of maintenance. The design and build part of the tender, in which Ballast Nedam Infra B.V. participates with Strukton Civiel Projecten B.V. and Strabag AG in the consortium A-Lanes A15 Mobility v.o.f (the "**Consortium**"), amounted to approximately € 750 million. Although Ballast Nedam holds a 33.33% stake in the Consortium, it was agreed that Ballast Nedam Infra B.V. would perform a larger portion of the relevant work. To that end, the members of the Consortium have agreed separate contractual working arrangements, as a result of which Ballast Nedam's participation in the project, including its entitlement to any profits and losses, is effectively 40%, even though Ballast Nedam Infra B.V.'s participation in the Consortium remains 33.33%. This, for instance, means that any cost overruns that the project incurs will have to be pre-financed by Ballast Nedam for 40%.

At the time the Company closed the half-year results 2014 for the Consortium, the aggregate cost overruns of the design and build activities in accordance with the latest project report amounted to € 217 million for the Consortium. As Ballast Nedam has to pre-finance 40% of any cost overruns, effectively € 87 million (40% of € 217 million) of cost overruns has to be pre-financed by Ballast Nedam. Although Ballast Nedam (and with it the Consortium) believe that the Consortium shall be compensated for (some of) the losses that it has incurred as a result of such cost overruns (see below) the Company is, in accordance with IFRS, not entitled to include any future compensation amounts, as payment of such amounts is disputed and insufficiently certain. The amounts referred to above, do, therefore, not take an account of any compensation that Ballast Nedam believes may be due in relation to such losses. Pre-financing these cost overruns has adversely affected the Company's solvency and liquidity position over the financial year 2013 and the first half year of the financial year 2014 (see § 9 ("Operating and Financial Review")).

The Consortium has initiated discussions with the Directorate-General in order to achieve an amicable settlement for compensation of the substantial cost overruns referred to above. After it became clear that these discussions would not lead to a solution, the parties have, in April 2014, 'agreed to disagree' on the cost overruns compensation and to follow the dispute resolution procedure set out in the DBFM Agreement as entered into between the Consortium and the Directorate-General. This procedure entails requesting a special dispute resolution committee, the Committee of Experts, to render a binding advice on the disputes that have arisen between the parties. It may take quite some time before the compensation procedure has been completed.

Ballast Nedam, and with it the Consortium, strongly believes that the Committee of Experts will agree with its position. If this is so and the Committee of Experts renders a decision that is (partly) in favour of the consortium, this will lead to a substantial improvement of the results for the Consortium (and therefore for Ballast Nedam) in due course. This expectation is based on the Company's point of view that the Directorate-General has not fulfilled its obligations under the DBFM Agreement as entered into between the Consortium and the Directorate-General, including but not limited to the obligation of the Directorate-General to actively contribute to obtaining the required permits and to cooperate with any amendment procedures initiated in the context of contract variations. The arguments of the Consortium to support this include:

- (i) Despite the risk allocation in the DBFM Agreement, both the Consortium and the Directorate-General bear the responsibility to control the risks as much as possible in the interest of the project as a whole. The Consortium has the obligation to arrange for approximately a thousand permits that are required from public authorities in order to successfully execute the project. To ensure that the granting of the necessary permits proceeds as swiftly as possible, the Directorate-General and the fourteen public authorities involved have entered into the '*Bestuursvereenkomst verbreding rijksweg 15 (Maasvlakte-Vaanplein)*' agreement which includes arrangements in respect of the granting of these permits. Based on the Transport Infrastructure (Planning Procedures) Act (*Tracéwet*), the Minister has the coordinating role and authority on behalf of the Dutch central government in relation to those permits. Since the Consortium is not a party to the agreement with the public authorities granting the permits and it cannot exercise any rights

thereunder, the Consortium and the Directorate-General have stated in a declaration of intent that the Directorate-General is required to actively contribute to obtaining the timely and consistent cooperation of the public stakeholders granting the required permits. The Consortium is of the opinion that the Directorate-General has breached its obligation under this declaration of intent.

- (ii) The 'Model DBFM Agreement Infrastructure', that served as a basis for the contractual arrangement between the Consortium and the Directorate-General, also provides for the Directorate-General's cooperation with the amendment procedures that may be initiated to resolve unclear, not workable or contradicting requirements. The public stakeholders' additional, and sometimes contradicting, requirements have led to approximately 200 contract variations. The Consortium is of the opinion that the Directorate-General has not sufficiently cooperated to resolve this situation. Although the financial aspects of the majority of the major variations were not agreed upon, the Consortium has, in order to avoid further delay, made a substantial additional effort to ensure that the construction work is continuing and on schedule. This has resulted in substantial inefficiencies and cost overruns.

Nevertheless, it should be noted that the Committee of Experts may not rule in favour of the Consortium. Furthermore, it cannot be ruled out that legal proceedings will be initiated in the near future in respect of the issues between the Consortium and the Directorate-General.

In order to avoid further delay and subsequent increased cost overruns, the Directorate-General has committed to cooperate with certain additional work and on-going contract variations with regard to, amongst others, the Botlek bridge and the route west thereof from April 2014 up to the completion of such part of the project (scheduled for the end of April 2015). The financial impact hereof cannot be sufficiently specified at project level, as a result of which the Company is not able to include the same in the half-year results 2014. As a result, in accordance with IFRS the half-year result 2014 has been closed with a large loss at project level.

In the event the Directorate-General breaches its commitment to further cooperate, the Consortium expects that the cost overruns will continue to increase during the remainder of the project. However, even if the Directorate-General cooperates as per its expressed commitment, there can be no assurance that no further cost overruns will occur. See Risk Factor (10) in § 2 (Risk Factors).

8.17. Group structure

Group Structure

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

Legal Structure

The legal structure of the Group consist of a large number of legal entities. Reference is made to the simplified legal structure overview included below. This overview presents the material and active group companies and associates held directly or indirectly by the Company, and material and active joint ventures of the Company. Interests in the numerous joint ventures, project companies and partnerships are held either directly by the legal entities referred to in the overview below or indirectly by subsidiaries of these legal entities. The table below provides an overview as at March 2014.

Segment	Material Group companies	Percentage held
Ballast Nedam N.V.		
Ballast Nedam Infra B.V.		

Infrastructure	
Ballast Nedam Infra B.V. Speciale Projecten	100
Ballast Nedam International Projects B.V.	100
- Ballast Nedam Infra Suriname B.V.	100
- Ballast Nedam Africa B.V.	100
- Ballast Nedam Ghana B.V.	100
- Ballast Nedam Curacao B.V.	100
- Ballast Nedam Emirates B.V.	100
- Ballast Nedam Oman B.V.	100
- Ballast Nedam Offshore B.V.	100
Bouwcombinatie Pro N329 V.o.f.	50
Combinatie Versterken Bruggen V.O.F.	50
A-Lanes A15 Mobility V.o.f.	33.3
A-Lanes Civil v.o.f.	33.3
A-Lanes Roads V.O.F.	33.3
Avenue2 Infra v.o.f.	50
Combinatie Ballast Nedam - De Klerk V.o.f.	
Combinatie Ballast Nedam - Rohde Nielsen V.o.f.	
Ballast Nedam Equipment Services B.V.	100
Specialised Companies	
Ballast Nedam Asfalt B.V.	100
Ballast Nedam Engineering B.V.	100
Ballast Nedam Environmental Engineering B.V.	100
Ballast Nedam Funderingstechnieken B.V.	100
Ballast Nedam Infra Specialiteiten B.V.	100
Ballast Nedam International Product Management B.V.	100
- BN Solar B.V.	100
Ballast Nedam Materieel B.V.	100
Ballast Nedam Specialistisch Grondverzet B.V.	100
Dibec B.V.	100
Gebr. Van Leeuwen Harmelen B.V.	100
Supplies	
Ballast Nedam Grondstoffen B.V.	
- Beheermaatschappij Fr. Bontrup B.V.	30
- Zand- en Grindhandel Verkaik V.O.F.	100
- N.V. Immobiliën en Grindexploitatie maatschappij Bichterweerd	100
- N.V. Algri	100
- N.V. Lugo	100
- Großküchel Rurkies GmbH	100
Ballast van Oord Grondstoffen v.o.f.	50
Concrete Valley B.V.	50
- Microbeton B.V.	100
- Waco Lingen Beton B.V.	100
Ballast Nedam Participatie B.V.	100
- Asfaltcentrales	100
- Graniet Import Benelux B.V.	9
- Nederlandse Frees Maatschappij B.V.	17
- Traffic Services Nederland B.V.	25
Haitsma Beton B.V.	100
Rademakers Gieterij B.V.	100
Recycling Mij. "Feniks" B.V.	100
- Ballast Phoenix Ltd.	92.5
TBS Soest B.V.	100
Ursem Modulaire Bouwsystemen B.V.	41

**Ballast Nedam Bouw &
Ontwikkeling Holding B.V.**

Building &
Development

Ballast Nedam Ontwikkelingsmaatschappij B.V.	100
- Ballast Nedam Vleuterwilde B.V.	100
- Gebiedsontwikkeling Oud Beijerland Oost C.V.	49
- Gebiedsontwikkeling Oud Beijerland Zuid C.V.	49
- Coberco Kwartier Beheer B.V.	50
- Ballast Nedam Langedijk B.V.	100
- V.o.f. de Groene Loper	100
- Ballast Nedam Sigma B.V.	100
- V.O.F. De Leidse Schans	50
Ballast Nedam Bouw & Ontwikkeling B.V.	100
- Bouwcombinatie IJsseloord 2 v.o.f.	50
- Bouwcombinatie voor de nieuwbouw Erasmus MC v.o.f.	50
- Groote Dok Oost v.o.f.	50
- OVT-Breda VOF	50
- Bouwcombinatie OV-Terminal Arnhem v.o.f.	50
- Bouwcombinatie Juvi v.o.f.	50
- Pi2 DBMO B.V.	65
- Dijkzone v.o.f.	33
Heddes Bouw & Ontwikkeling B.V.	100
Supplies	
Hoco Beton B.V.	100
IQ Woning B.V.	100
Omnia Plaatvloer B.V.	100

Internal joint ventures

The material internal joint ventures in which Ballast Nedam participates are: (i) Abl2 B.V., (ii) Ballast Nedam Beheer B.V. and (iii) Ballast Nedam Concessies B.V., which company participates in CNG Net B.V., Vastgoed Energie Exploitatiemaatschappij B.V., LNG24 B.V., Biomethaan B.V. and Wind24 B.V., which holds a 50% equity stake in Wind Invest.

PPP projects

Ballast Nedam holds an equity stake in the following PPP project companies: (i) Wäldwei.com B.V. (33.33%), (ii) BNC-A-Lanes A-15 Holding B.V. (20%), (iii) Benelux Secondary PPP Fund I B.V. (20%) and Pi2 B.V.

Statements of joint and several liability pursuant to article 2:403 of the Dutch Civil Code

The Company and certain Group Companies have issued the following statements of joint and several liability pursuant to article 2:403 of the Dutch Civil Code:

Beneficiary	Guarantor
B.V. Grind- en Zandhandel v/h T. Verkaik	Ballast Nedam Infra B.V.
Ballast Nedam Asfalt B.V.	Ballast Nedam Infra B.V.
Ballast Nedam Beheer B.V.	Ballast Nedam N.V.
Ballast Nedam Beton en Waterbouw B.V.	Ballast Nedam Infra B.V.

Ballast Nedam Bouw & Ontwikkeling B.V.	Ballast Nedam Bouw & Ontwikkeling Holding B.V.
Ballast Nedam Concessies B.V.	Ballast Nedam Infra B.V.
Ballast Nedam Concessies B.V.	Ballast Nedam Bouw & Ontwikkeling Holding B.V.
Ballast Nedam Egmond Offshore Energy B.V.	Ballast Nedam Infra B.V.
Ballast Nedam Engineering B.V.	Ballast Nedam Infra B.V.
Ballast Nedam Equipment Services B.V.	Ballast Nedam Infra B.V.
Ballast Nedam Funderingstechnieken B.V.	Ballast Nedam Infra B.V.
Ballast Nedam Gebiedsontwikkeling B.V.	Ballast Nedam Infra B.V.
Ballast Nedam Grond en Wegen B.V.	Ballast Nedam Infra B.V.
Ballast Nedam Grond en Wegen Projecten B.V.	Ballast Nedam Infra B.V.
Ballast Nedam Grondstoffen B.V.	Ballast Nedam Infra B.V.
Ballast Nedam ICT B.V.	Ballast Nedam N.V.
Ballast Nedam Industrie en Toelevering B.V.	Ballast Nedam Infra B.V.
Ballast Nedam Industriebouw B.V.	Ballast Nedam Infra B.V.
Ballast Nedam Infra Business Development B.V.	Ballast Nedam Infra B.V.
Ballast Nedam Infra Midden Zuid B.V.	Ballast Nedam Infra B.V.
Ballast Nedam Infra Noord Oost B.V.	Ballast Nedam Infra B.V.
Ballast Nedam Infra Noord West B.V.	Ballast Nedam Infra B.V.
Ballast Nedam Infra Specialiteiten B.V.	Ballast Nedam Infra B.V.
Ballast Nedam Infra Zuid Oost B.V.	Ballast Nedam Infra B.V.
Ballast Nedam Infra Zuid West B.V.	Ballast Nedam Infra B.V.
Ballast Nedam Installatietechniek B.V.	Ballast Nedam Infra B.V.
Ballast Nedam International Product Management B.V.	Ballast Nedam Infra B.V.
Ballast Nedam International Projects B.V.	Ballast Nedam Infra B.V.
Ballast Nedam Materieel B.V.	Ballast Nedam N.V.
Ballast Nedam Milieutechniek B.V.	Ballast Nedam Infra B.V.
Ballast Nedam Noord B.V.	Ballast Nedam Infra B.V.
Ballast Nedam Ontwikkelingsmaatschappij B.V.	Ballast Nedam Bouw & Ontwikkeling Holding B.V.
Ballast Nedam Parking B.V.	Ballast Nedam Infra B.V.
Ballast Nedam Participatie B.V.	Ballast Nedam Infra B.V.
Ballast Nedam Prefab B.V.	Ballast Nedam N.V.
Ballast Nedam Specialistisch Grondverzet B.V.	Ballast Nedam Infra B.V.
Ballast Nedam Vepo B.V.	Ballast Nedam Infra B.V.
Ballast-Nedam Bouw- en Exploitatiemaatschappij B.V.	Ballast Nedam Infra B.V.
BK Services B.V.	Ballast Nedam Infra B.V.
BN Solar B.V.	Ballast Nedam Infra B.V.
Bouwborg Aannemingsbedrijf B.V.	Ballast Nedam Infra B.V.
Bouwborg Planontwikkeling B.V.	Ballast Nedam Bouwborg B.V.

De Moel Wegenbouwmaatschappij B.V.	Ballast Nedam Infra B.V.
Dibec B.V.	Ballast Nedam Infra B.V.
European Traffic Wash B.V.	Ballast Nedam Infra B.V.
Freedrain B.V.	Ballast Nedam Infra B.V.
Gebr. Gelten B.V.	Ballast Nedam Infra B.V.
Gebr. Van Leeuwen Harmelen B.V.	Ballast Nedam Infra B.V.
Gebr. Van Leeuwen Verankeringen B.V.	Ballast Nedam Infra B.V.
Haitsma Beton B.V.	Ballast Nedam Infra B.V.
Hamstra B.V.	Ballast Nedam Infra B.V.
HBC Bouwborg B.V.	Ballast Nedam Bouw & Ontwikkeling Holding B.V.
Heddes Bouw & Ontwikkeling B.V.	Ballast Nedam Bouw & Ontwikkeling Holding B.V.
Hoco Beton B.V.	Ballast Nedam Bouw & Ontwikkeling Holding B.V.
Hoco Groep International B.V.	Ballast Nedam Bouw & Ontwikkeling Holding B.V.
Hoco Systems B.V.	Ballast Nedam Bouw & Ontwikkeling Holding B.V.
Hollebeek & Vens B.V.	Ballast Nedam Infra B.V.
Hollebeek en Vens Handelsbedrijf N.V.	Ballast Nedam Infra B.V.
Hollebeek en Vens Heibedrijf N.V.	Ballast Nedam Infra B.V.
Hollebeek en Vens Verhuurbedrijf B.V.	Ballast Nedam Infra B.V.
Hollestelle Vastgoed Ontwikkeling B.V.	Ballast Nedam Bouw & Ontwikkeling Holding B.V.
Ingenieursbureau Harmelen B.V.	Ballast Nedam Infra B.V.
IQ Woning B.V.	Ballast Nedam Bouw & Ontwikkeling Holding B.V.
Kraggenburg B.V.	Ballast Nedam Infra B.V.
LAUDY Bouw & Ontwikkeling B.V.	Ballast Nedam Bouw & Ontwikkeling Holding B.V.
Laudy Materieel & Transport B.V.	Ballast Nedam Bouw & Ontwikkeling Holding B.V.
Monumenten Limburg B.V.	Ballast Nedam Bouw & Ontwikkeling Holding B.V.
Omnia Plaatvloer B.V.	Ballast Nedam Bouw & Ontwikkeling Holding B.V.
Rademakers Gieterij B.V.	Ballast Nedam Infra B.V.
Ringwade deelneming De Blauwe Stad B.V.	Ballast Nedam Bouw & Ontwikkeling Holding B.V.
Ringwade Deelneming PBIC B.V.	Ballast Nedam Bouw & Ontwikkeling Holding B.V.
Spanstaal B.V.	Ballast Nedam Infra B.V.
T.B.S. Soest B.V.	Ballast Nedam Infra B.V.
Transport- en Handelsmaatschappij Van Drooge B.V.	Ballast Nedam Infra B.V.
Van Strien Transport en Materieel B.V.	Ballast Nedam Infra B.V.
Van Strien Verkeersgeleiding B.V.	Ballast Nedam Infra B.V.
Zand- en Grindhandel Vibouw-Verkaik B.V.	Ballast Nedam Infra B.V.
Zandexploitatiemaatschappij Zaandam B.V.	Ballast Nedam Infra B.V.
Zomers Bouwbedrijf B.V.	Ballast Nedam Bouw & Ontwikkeling Holding B.V.

9. 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 § 7 ("Selected Historical Financial Information") and § 8 ("Business Description") and the audited 2013 Financial Statements incorporated by reference into this Prospectus and accompanying notes thereto and unaudited H1 2014 Interim Financial Statements and accompanying notes thereto, incorporated by reference into this Prospectus. Except as otherwise stated, this Operating and Financial Review is based on the consolidated financial statements of the Group prepared in accordance with IFRS and comply with Title 9 of Book 2 of the Dutch Civil Code.

The financial information presented in this Operating and Financial Review has been compiled on the following basis: (i) the financial information for the 2013 financial year has been extracted from the audited 2013 Financial Statements incorporated by reference into this Prospectus and which also contain comparative financial information for the 2012 financial year and (ii) the interim financial information for the first half year of the financial year 2014 has been extracted from the unaudited H1 2014 Interim Financial Statements which are incorporated by reference into this Prospectus and which also contain comparative financial information for the first half year of the financial year 2013. In this Operating and Financial Review, references to the "2013 financial year" and the "2012 financial year" refer to the financial year ended and as at 31 December 2013 and 31 December 2012, respectively, and references to "H1 2014" and "H1 2013" are to the first half years 2014 and 2013 (periods ended and as at 15 June 2014 and 16 June 2013), respectively. The independent auditor's report on the audited 2013 Financial Statements was unqualified. The report contains an emphasis of matter paragraph "Emphasis of developments regarding continuity and liquidity", drawing attention to the note on continuity and liquidity in the accounting policies.

The following discussion contains forward-looking statements that involve risks and uncertainties. The Group's 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. See also § 3 ("Important Information").

This Prospectus contains the information required under the proportionate disclosure regime referenced in article 7(2) subparagraph (g) of the Prospectus Directive and article 21(3) of the Prospectus Regulation. Under the proportionate disclosure regime, a prospectus does not need to contain all of the items of information that would otherwise under the Prospectus Directive and the Prospectus Regulation need to be disclosed in a prospectus for a public offering of shares other than through rights to subscribe for shares (including that it does not need to contain an operating and financial review and is required to contain financial information only for the last financial year). This Operating and Financial Review therefore only contains a comparison of the financial results of the Group for the 2013 and 2012 financial years.

9.1. Overview

The Company performs integrated solutions in three operating segments (Building & Construction, Infrastructure, Specialised Companies & Supplies) across four areas of work (housing, mobility, energy and nature). The Group's focus across the four areas of work is on integrated projects and related activities in the niche markets of industrial construction, offshore wind turbines, secondary raw materials and alternative fuels. The Group is also organised into six geographical segments: (i) the Netherlands, (ii) Other Europe, (iii) Africa, (iv) Asia, (v) South America and (vi) Other.

2012 and 2013 were difficult years for the Group. The Group's total revenue for the year ended 31 December 2013 was € 1,268 million compared to € 1,296 million for the year ended 31 December 2012 and the Group reported a loss for the year of € 41 million in each of 2013 and 2012. The Group's results of operations in each year were adversely affected by restructuring costs (€ 12 million in 2013 and € 18 million in 2012), impairments (€ 6 million in 2013 and € 31 million in 2012), the A15 Maasvlakte-Vaanplein (MaVa) project, a number of old regional infrastructure projects that predate

the 2012 restructuring, underutilisation in the regional construction companies and sustained losses in two Specialised Companies - Ballast Nedam Funderingstechnieken B.V. and Ballast Nedam IPM B.V. Capacity in these two Specialised Companies has been reduced and several loss-making products were discontinued in 2013. See § 8.6.3 ("Business Description - Overview of operations - Specialised Companies & Supplies segment"). The regional construction companies have undergone significant restructuring during the first half of 2014, including improvements to the cost structure, which restructuring will be continued over the course of 2014 and 2015. See § 8.6.2 ("Business Description - Overview of operations - Building and Development segment"). Poor market conditions, the disappointing results, and revenues from disposals that materialised later than foreseen or not at all, necessitated further restructuring measures, including a reduction in the workforce and refinancing of the Group's debt. This is happening through a package of strategic, operational and financial measures that were announced on 5 February 2014 (See § 8.3.2 ("Business Description - Strategy & Restructuring – Operational Measures and Disposal Programme")).

The Group's activities that are oriented to integrated projects have remained successful throughout the periods under review. On-going major projects in the offshore wind turbines and industrial construction markets as well as major complex construction projects, performed well in 2013.

In the Specialised Companies & Supplies segment, losses sustained in two Specialised Companies - Ballast Nedam Funderingstechnieken B.V. and Ballast Nedam IPM B.V. - were offset by positive results in CNG Net B.V. and activities in the secondary raw materials niche market that performed well. Improved results in prefabricated concrete companies, the sale of the Société d'Exploitation des Carrières d'Yvoir SA to Group De Cloedt and positive results in the raw material companies aided the overall performance of the Supplies segment. In line with the Group's strategic focus, operational control will be further integrated in 2014.

Currently, the Group operates with four different operating segments: Infrastructure, Building & Development, Specialised Companies and Supplies Companies. With the sharper strategic focus, the operational control will be further integrated and the Specialised Companies and Supplies segments will be merged into a single Specialised Companies & Supplies segment. It is envisaged that as of 1 January 2015, the merged Specialised Companies & Supplies segments will operate and financially report as a single segment within the Group. Following this merger, the Group will offer integrated construction solutions in three divisions: Infrastructure, Building & Development and Specialised Companies & Supplies.

The following tables present Revenue, EBIT, Margin, Profit for the Period and Order Book by operating segment for the years ended and as at 31 December 2013 and 2012.

Revenue

	For the year ended 31 December	
	2013	2012
	€ million	€ million
Infrastructure	546	496
Building & Development.....	531	573
Specialised Companies	260	262
Supplies	212	216
Subtotal of operating segments.....	1,549	1,547

Other ⁴⁸	(281)	(251)
Total	1,268	1,296

Revenue decreased 2.2% to € 1,268 million for the year ended 31 December 2013 compared to € 1,296 million for the year ended 31 December 2012. The decrease reflected a decrease resulting from the restructuring in 2012 of the Group's regional companies in the Building & Development sector which led to the Group no longer bidding for smaller, regional projects, offset in part by an increase in Infrastructure revenue.

EBIT

	For the year ended 31 December	
	2013	2012
	€ million	€ million
Infrastructure	4	17
Building & Development.....	-	2
Specialised Companies	(14)	(7)
Supplies	9	9
Other ⁴⁹	(11)	(3)
Adjusted EBIT (excluding write downs and restructuring costs)	(12)	18
Write downs.....	(6)	(31)
Restructuring costs.....	(12)	(18)
Total	(30)	(31)

The operating loss was € 30 million in 2013. Excluding impairment losses on land positions, property, plant and equipment and goodwill, and the restructuring costs, the operating profit deteriorated from € 18 million in 2012 to a loss of € 12 million.

Margin

	For the year ended 31 December	
	2013	2012
	%	%
Infrastructure	0.8	2.1
Building & Development.....	(2.2)	(4.6)
Specialised Companies	(7.5)	(3.8)

⁴⁸ 'Other' includes inter-segment eliminations.

⁴⁹ 'Other' consists primarily of holding company expenses.

Supplies	3.8	0.9
Total.....	(2.4)	(2.4)

The overall margin was negative 2.4% in 2012 and negative 2.4% in 2013. Excluding impairment losses and restructuring costs, the margin would have been 1.4% in 2012 and negative 1% in 2013.

Profit for the period

	For the year ended 31 December	
	2013	2012
	€ million	€ million
EBIT	(30)	(31)
Net finance income and expenses	(7)	(7)
Profit before income tax.....	(37)	(38)
Income tax expenses	(4)	(3)
Profit for the period	(41)	(41)

Net finance expense was € 7 million in 2013 and 2012. Income tax expense was € 4 million and € 3 million in 2013 and 2012 respectively, due to taxable profits generated outside the Netherlands.

Order Book

	For the year ended 31 December	
	2013	2012
	€ million	€ million
Infrastructure.....	596	900
Building & Development.....	691	731
Specialised Companies	113	90
Supplies.....	55	56
	1,455	1,777
Other ⁵⁰	5	(16)
Total	1,460	1,761

The order book declined by € 301 million to € 1,460 million, due primarily to the absence of major project acquisitions by Infrastructure during 2013, and a substantial capacity reduction in the regional operations. The main reason for the reduction in the order book for Building & Development was the decrease in activity levels in the regional companies. The size, quality and composition of the order book allowed the Group to be selective in the types of projects bid for as well as pricing levels.

⁵⁰ 'Other' includes inter-segment eliminations.

9.2. Material factors affecting results of operations

The Group believes that the following factors have contributed to its results of operations in recent periods and believes that such factors may continue to have a significant effect hereon in future periods.

9.2.1. Economic conditions in the Netherlands

The Group operates predominately in the Netherlands. Operations in the Netherlands comprised 80% of the Group's revenue for the year ended 31 December 2013 compared to 89% for the year ended 31 December 2012. Operations outside of the Netherlands comprised 20% of the Group's revenue for the year ended 31 December 2013 compared to 11% for the year ended 31 December 2012. As a result, the Group's results of operations and financial condition are affected by economic developments in the Netherlands and, in particular, on levels of government expenditure as well as regulatory developments, investment in infrastructure and the developments in the construction and housing markets.

According to EIB and CBS, the housing market in the Netherlands in 2013 was characterised by limited financing availability and diminished capacity for borrowing by households, resulting in lower consumer confidence. Housing association projects were abandoned or postponed and the housing shortage in the Netherlands deepened both in terms of quantity and quality due to sustained population growth, fewer occupants per home and several years of decreased housing production. Pressure on volumes in the housing market increased further with the introduction of tax on housing associations, resulting in abandoned or postponed projects. Exceptions to a general decrease in new housing construction were homes for first-time buyers, student accommodation and recreational dwellings, which performed relatively well.

Approximately three-quarters of the Group's revenue is attributable to public and semi-public projects (see § 8.2 ("Business Description - Core activities and clients & customers")). As a result, the Group's results of operations are also highly sensitive to levels of government expenditure as well as regulatory developments. The Dutch government's policies and development programs directly influence volumes of integrated contracts in construction and infrastructure. In 2013, the government announced a more austere budgetary policy that was more conservative in certain areas than in prior years which had an impact on funds available for public projects and the number of tenders out for such projects.

9.2.2. Restructuring costs and impairments

During 2013, the Group incurred significant costs in connection with the restructuring of the Group to an infrastructure company with national operations and away from regional construction companies and Specialised Companies. The performance in the Group's regional companies was impacted by the economic conditions in the Netherlands as well as problems in the planning and design phase of projects and such companies were loss making in 2013. The regional construction companies are expected to be restructured into a construction company with integrated operations and a renovation company, Bouwborg B.V., operating on three regional levels in the Netherlands (i.e. North, South and West) by the end of 2014. In 2012, the Group's regional companies experienced a capacity reduction of 50% resulting in losses of € 6 million in the Infrastructure segment. In 2013, the Group exited the regional procurement market, which caters to small traditional projects, to focus on integrated projects.

During 2013, the Group incurred restructuring costs and impairment losses of € 18 million on land positions, property, plant and equipment and goodwill. The Group also recorded a negative EBIT of € 30 million and an overall margin of negative 2.4% for the year ended 31 December 2013. Excluding the impairment losses and restructuring costs, the Group would have had a negative adjusted EBIT of € 12 million and an overall margin of negative 1% for the year ended 31 December 2013.

9.2.3. Divestments

In December 2013, the Group sold its fully owned subsidiary Gebr. Van Leeuwen Boringen B.V. to Kleywegen Groep. In July 2013, the Group sold its fully owned subsidiary Société d'Exploitation des Carrières d'Yvoir SA to Group De Cloedt. The proceeds of € 8 million from these disposals materialised later in 2013 than foreseen, which impacted the Group's cash flows during the year.

On 11 April 2014, the Group announced that it intended to close Omnia Plaatvloer B.V. in Coevorden. The decision to close Omnia Plaatvloer B.V. was prompted by persistent losses and the lack of future prospects of Omnia Plaatvloer B.V. The Group has ceased production at Omnia Plaatvloer B.V. by mid June 2014, and transferred the portfolio to Betonson, which is part of the Van Nieuwpoort Group.

Furthermore, on 4 July 2014, the Group has completed the sale of its 92.5% stake in Ballast Phoenix Ltd. (carrying out Feniks Recycling's operations in the United Kingdom) to H2. Moreover, on 4 July 2014, the Group entered into a share purchase agreement in respect of the sale of its 30% stake in Bontrup to Bontrup's 70% shareholder, F. Bontrup Holding B.V. The Group expects to complete this sale at the end of July 2014. See § 8.3.2 ("Business Description - Strategy & Restructuring - Operational Measures and Disposal Programme").

In addition, on 5 July 2014, the Group entered into a letter of intent with H2 regarding the sale of the following companies: Rademakers Gieterij B.V., TBS Soest B.V. and Recycling Mij. "Feniks" B.V. Ballast Nedam expects to complete this sale in the fourth quarter of 2014. The Group will continue with the Disposal Programme with the controlled disposal of the following companies that do not contribute to integrated projects and the industrialisation of the construction process in the medium-term: CNG Net B.V., LNG24 B.V. and CNG Net Realisatie en Onderhoud B.V. See Risk Factor (1) and Risk Factor (2) in § 2 ("Risk Factors") and § 9.6 ("Operating and Financial Review - Working capital statement").

9.3. Results of operations for the years ended 31 December 2013 and 2012

The table below gives the consolidated income statement for the financial years ended 31 December 2013 and 2012.

	For the year ended 31 December			
	2013	% of revenue	2012	% of revenue
	€ million		€ million	
Revenue.....	1,268	100	1,296	100
Other operating income	-	-	4	0.3
Costs of raw materials and subcontractors	(949)	(74.9)	(956)	(73.8)
Employee benefits	(268)	(21.2)	(285)	(22.0)
Other operating expenses.....	(57)	(4.5)	(57)	(4.4)
Share in profits of associates	-	-	-	-
EBITDA⁵¹	(6)	(0.5)	2	0.2

⁵¹ EBITDA means earnings before interest, taxation, depreciation and amortisation.

Depreciation and amortisation of property, plant and equipment and intangible assets.....	(21)	(1.7)	(23)	(1.8)
Impairment of tangible and intangible assets	(3)	(0.3)	(10)	(0.8)
EBIT⁵²	(30)	(2.4)	(31)	(2.4)
Finance income.....	-	-	3	0.2
Finance expense.....	(7)	(0.6)	(10)	(0.8)
Net finance income and expense.....	(7)	(0.6)	(7)	(0.5)
Profit before income tax	(37)	(2.9)	(38)	(2.9)
Income tax expense.....	(4)	(0.3)	(3)	(0.2)
Profit for the period.....	(41)	(3.2)	(41)	(3.2)
Attributable to owners of the company:				
Basic earnings per share (€).....	(4.22)	(0.3)	(4.24)	(0.3)
Diluted earnings per share (€).....	(4.22)	(0.3)	(4.24)	(0.3)

Costs of raw materials and subcontractors

Costs of raw materials and subcontractors decreased 0.7% to € 949 million for the year ended 31 December 2013 compared to € 956 million for the year ended 31 December 2012. Costs of raw materials and subcontractors amounted to 74.9% of revenue in 2013 compared to 73.8% in 2012. The costs of raw materials and subcontractors were affected by budget overruns on materials, the A15 Maasvlakte-Vaanplein (MaVa) project and a number of former regional projects. This is the main reason why the costs of raw materials and subcontractors as a percentage of revenue was slightly higher in 2013 compared to 2012. Additionally, these costs are affected by price fluctuations of materials and raw materials.

Employee benefits

Employee benefits decreased 6% to € 268 million for the year ended 31 December 2013 compared to € 285 million for the year ended 31 December 2012. The decrease was primarily due to a reduction of 265 employees in connection with the Group's restructuring in 2012. The Group reduced its employee numbers by a further 633 persons in connection with its restructuring measures in 2013. Employee benefits as a percentage of revenue were 21.2% in 2013 compared to 22% in 2012. Employee benefits are expected to further decrease in 2014 as a result of the restructuring measures adopted in 2013. As a consequence of the further restructuring of the Building & Development segment which involves a capacity reduction of 150 jobs, employee benefits are expected to further decrease.

Other operating expenses

Other operating expenses remained unchanged at € 57 million for the years ended 31 December 2013 compared with 2012, and the largest elements of such expenses are rental payments regarding offices, leasing and ICT costs.

EBITDA

EBITDA was negative € 6 million for the year ended 31 December 2013 compared to € 2 million for the year ended 31 December 2012. The decrease in EBITDA in 2013 was attributable primarily to losses incurred in connection with the A15 Maasvlakte-Vaanplein (MaVa) project and several old

⁵² EBIT means earnings before interest and taxation

regional infrastructure projects as well as the results of Ballast Nedam Funderingstechnieken B.V. and Ballast Nedam IPM B.V. The old regional infrastructure projects predate the 2012 restructuring and are nearing completion. EBITDA in 2013 also included € 18 million of restructuring costs and impairments.

Depreciation and amortisation of property, plant and equipment and intangible assets

Depreciation and amortisation of property, plant and equipment and intangible assets decreased 8.7% to € 21 million for the year ended 31 December 2013 compared to € 23 million for the year ended 31 December 2012. The reduction in depreciation in 2013 was the result of sales of certain fixed assets as well as certain assets reaching the end of their useful life.

Impairment of tangible and intangible assets

Impairment of tangible and intangible assets was € 3 million for the year ended 31 December 2013 compared to € 10 million for the year ended 31 December 2012. The impairments in each of 2012 and 2013 included impairments to goodwill, and the 2012 impairments also included impairments to tangible fixed assets, primarily factories.

EBIT

EBIT was negative € 30 million for the year ended 31 December 2013 compared to negative EBIT of € 31 million for the year ended 31 December 2012.

Net finance income and expense

Net finance income and expense was an expense of € 7 million for the years ended 31 December 2013 and 2012. In 2012, the Group had income of € 3 million relating to certain PPP projects, which was offset by an expense regarding interest payments to lenders of € 10 million. In 2013, the Group did not have any active PPP contracts and thus did not record any finance income, but as the Group has PPP contracts that will be active in 2014 and future periods it expects to record finance income and finance expenses in connection with these contracts. In addition, in 2014 the Group has started recording finance expense in respect of the Syndicated Facility Agreement.

Profit before income tax

Profit before income tax was a loss of € 37 million for the year ended 31 December 2013 compared to a loss of € 38 million for the year ended 31 December 2012.

Income tax expense

Income tax expense was € 4 million for the year ended 31 December 2013 compared to € 3 million for the year ended 31 December 2012. The increase was primarily due to taxable profits generated in subsidiaries outside of the Netherlands that could not be offset against losses arising in the Netherlands.

Profit for the period

Profit for the period was a loss of € 41 million for each of the years ended 31 December 2013 and 2012. The loss was primarily due to the reasons set out under EBITDA above.

9.4. Results of operations by operating segment for the years ended 31 December 2013 and 2012

9.4.1. Infrastructure

The table below sets forth a selection of key figures of the Infrastructure segment for the financial years ended 31 December 2013 and 2012.

	For the year ended 31 December	
	2013	2012
	<i>€ million</i>	<i>€ million</i>
Revenue	546	496
EBIT	4	10
Margin (%)	0.8	2.1
Order book.....	596	900
Assets.....	247	214

Revenue

Revenue increased 10.1% to € 546 million for the year ended 31 December 2013 compared to € 496 million for the year ended 31 December 2012. The increase in revenue was primarily due to revenue from several major projects including the Butendiek offshore wind farm project in Germany and the EnBW Baltic 2 offshore wind farm projects in the offshore wind turbines market and the completion of the Nuon Magnum and the Eneco Bio Golden Raand power plants in the industrial construction niche market.

EBIT

EBIT was € 4 million for the year ended 31 December 2013 compared to € 10 million for the year ended 31 December 2012. EBIT in 2013 was affected by losses on the A15 Maasvlakte –Vaanplein (MaVa) project and certain regional projects which were started in 2012 and will be finished in 2014. EBIT in 2012 included € 7 million restructuring costs as well as losses on the A15 Maasvlakte-Vaanplein (MaVa) project and regional projects. The restructuring costs related primarily to the reorganisation of the old regional organisation. The Nuon Magnum project and the offshore wind turbine market generated positive results in 2013 and 2012. Total employee numbers in the Infrastructure segment have been reduced from more than 800 employees at the beginning of 2012 to approximately 475 by the end of 2013.

Margin

The Group's margin was 0.8% for the year ended 31 December 2013 compared to 2.1% for the year ended 31 December 2012. The decrease in margin was due primarily to costs associated with the A15 Maasvlakte-Vaanplein (MaVa) project and old regional projects.

Order book

The order book decreased from € 900 million at 31 December 2012 to € 596 million at 31 December 2013 due to progress made in 2013 on several major multi-year projects and the absence of new large projects in the domestic market being awarded to the Group during 2013. In the offshore wind turbines market, the work on the Butendiek offshore wind farm project in Germany has started in 2013. The project is for the design, delivery and installation of eighty foundations for the Butendiek offshore wind farm project in Germany. In the second half of 2013, Ballast Nedam installed thirty-nine monopiles and transition pieces in the EnBW Baltic 2 offshore wind farm. To date Ballast Nedam has used the heavy lift vessel Svanen to install more than 500 offshore wind farm foundations.

Work has commenced on the Katwijk Coastal Work engineering & construct (E&C) contract, which was acquired in July 2013. This integrated project combines seaward coastline reinforcement at Katwijk with additional underground parking, dunes, and a recreation area. Work also commenced in

2013 on the design & construct contract for the renovation of approximately 23 kms of sheet piling in the Amsterdam-Rhine Canal (DARK).

The Suriname Ministry of Public Works awarded Ballast Nedam a new contract for the design and construction of the Carolina Bridge over the Suriname River.

Infrastructure's total assets increased from € 214 million in 2012 to € 247 million in 2013 because of increased work in progress.

9.4.2. Building & Development

The table below sets forth a selection of key figures of the Building & Development segment for the financial years ended 31 December 2013 and 2012.

	For the year ended 31 December	
	2013	2012
	<i>€ million</i>	<i>€ million</i>
Revenue	531	573
EBIT	(11)	(26)
Margin (%)	(2.2)	(4.6)
Order book	691	731
Assets	289	314

Revenue

Revenue decreased 7.3% to € 531 million for the year ended 31 December 2013 compared to € 573 million for the year ended 31 December 2012, primarily due to a decrease in property development and the decline in revenue attributable to projects from the regional construction companies.

EBIT

EBIT was negative € 11 million for the year ended 31 December 2013 compared to EBIT of negative € 26 million for the year ended 31 December 2012. Excluding write downs and restructuring costs, EBIT in 2013 was break even. The write down on the landbank was € 1 million, impairment of goodwill was € 3 million and restructuring costs were € 6 million in 2013. The regional companies and property development made a loss during 2013 because of low revenue, underutilisation and high costs. The restructuring of the regional construction companies will continue during the first half of 2014 with the goal of producing a company with integrated operations, and a focus on integrated projects, together with a renovation company, Bouwborg, operating on three regional levels in the Netherlands (i.e. North, South and West). EBIT in 2012 was affected by write downs of the landbank (€ 21 million) and restructuring costs (€ 7 million). Excluding the write downs and restructuring costs, related primarily to the reorganisation of the regional organisation, adjusted EBIT is € 2 million.

Margin

Margin was negative 2.2% for the year ended 31 December 2013 compared to negative 4.6% for the year ended 31 December 2012. The decrease in margin was primarily due to negative project margins from the Group's regional activities.

Order book

The order book of Building & Development declined by € 40 million to € 691 million, because of the completion of several major projects and fewer contracts in the regional construction companies. In 2013, Pi2 DBMO B.V., a joint undertaking of Ballast Nedam (65%) and Royal Imtech (35%), entered into a DBMO contract with the Government Buildings Agency for the design, new construction, maintenance and technical facilities management of the Zaanstad Penitentiary PPP project for a period of 25 years following availability. Financial close was also reached for the work for Schiphol Airport's transition to central security. The Group has successfully used the expertise gained with integrated projects on the hospitals market in the Netherlands in the acquisition of the Design, Build & Maintain contract for the new hospital in Curacao.

Ballast Nedam also won the contract from DUWO for the redevelopment and new building of the Uilenstede campus in Amstelveen. The building, which has 233 new accommodation units, will be identical in style to the other new campus buildings.

On behalf of the Ymere housing association, the Group is replacing two of the five apartment buildings on Tugelaweg in Amsterdam-Oost with a mixed-use new building. The 157 newly built homes are a combination of 85 for social rent, 33 for market rent and 39 for owner-occupation. Bouwborg, the Group's renovation company operating on three regional levels in the Netherlands (i.e. North, South and West), started a large-scale renovation project for BrabantWonen in early 2013. This is a three-year project for the renovation of 324 homes in the Graafsewijk Barten-Zuid district of 's-Hertogenbosch.

The assets of Building & Development decreased by € 25 million in 2013 to € 289 million because of lower levels of unsold stock and reduced land positions.

Property development exposure	For the year ended 31 December	
	2013	2012
	€ million	€ million
Land positions	142	152
Unsold stock under construction	5	6
Unsold stock delivered	10	18
Total on balance	157	176
Liabilities to complete projects under construction .	3	1
Liabilities to acquire land positions	44	39
Total liabilities off-balance	47	40
Exposure property development.....	204	216

In 2013 the number of completed homes increased by 9% to 1,041 compared to 955 in 2012, while the number of homes under construction decreased by 172, to 929. The number of in-house developed homes under construction increased from 23 at 31 December 2012 to 424 at 31 December 2013, primarily due to the start of the project for (Y)ours Leiden, the most sustainable student campus in Europe, including a total of 1,900 student dwellings, 205 homes for first-time buyers and associated facilities and the 74 energy-neutral iQwoning® homes in Berckelbosch in Eindhoven.

The total property development exposure, which consists of investments in land positions, investments in unsold stock and the related unconditional purchase commitments and subsequent payment obligations, decreased in 2013 by € 12 million to € 204 million. In addition, the conditional

purchase commitments increased by € 12 million from € 143 million at year-end 2012 to € 155 million at 31 December 2013.

The total investment in unsold stock, both delivered and under construction, went down in 2013 by € 9 million to € 15 million. The number of unsold homes rose from 67 at 31 December 2012 to 96 at 31 December 2013 due to the start of new projects that are selling well. The number of unsold homes went down from 56 at year-end 2012 to 27 at year-end 2013, spread over ten projects.

The net unsold completed properties declined by € 8 million to € 10 million in 2013 through the sale of homes in the Nieuwvlietbad Beach Resort and Entrada Meuse Cuijck projects.

Land positions	For the year ended 31 December	
	2013	2012
	€ million	€ million
1 January	152	154
Net investment	(9)	19
Write-down	(1)	(21)
31 December	142	152
Cumulative write-down.....	40	39

The land positions decreased by € 10 million to € 142 million in 2013, consisting of net disposal of € 9 million and a write-down of € 1 million.

The estimated development potential of the land positions decreased from 10,000 homes at year-end 2012 to approximately 8,500 at 31 December 2013, mainly due to lower estimates of the numbers of homes to be built and the sale of land.

9.4.3. Specialised Companies

The table below sets forth a selection of key figures of the Specialised Companies segment for the financial years ended 31 December 2013 and 2012.

	For the year ended 31 December	
	2013	2012
	€ million	€ million
Revenue	260	262
EBIT	(19)	(10)
Margin (%)	(7.5)	(3.8)
Order book.....	113	90
Assets.....	115	131

Revenue

Revenue decreased 0.8% to € 260 million for the year ended 31 December 2013 compared to € 262 million for the year ended 31 December 2012. Revenue remained relatively stable in 2013 primarily due to the supplies needed for in-house projects such as the A15 Maasvlakte-Vaanplein (MaVa) project, A2 Maastricht and the overlay of the E and F piers at Amsterdam Airport Schiphol.

EBIT

EBIT was negative € 19 million for the year ended 31 December 2013 compared to EBIT of negative €10 million for the year ended 31 December 2012. The negative EBIT was primarily due to sustained losses in Specialised Companies Ballast Nedam Funderingstechnieken B.V. and Ballast Nedam IPM B.V. due to write-downs on work in progress and debtors as well as loss-making products. Capacity in these two Specialised Companies has been reduced and several loss-making products were discontinued in 2013. See § 8.6.3 ("Business Description - Overview of operations - Specialised Companies & Supplies segment"). EBIT was also affected by restructuring costs of € 5 million. In 2012, EBIT was affected by restructuring costs of € 3 million.

Margin

Margin was negative 7.5% for the year ended 31 December 2013 compared to negative 3.8% for the year ended 31 December 2012. The decrease in margin was primarily due to a decrease in revenue and losses in the Specialised Companies.

Order book

The order book increased 25.6% to € 113 million for the year ended 31 December 2013 compared to € 90 million for the year ended 31 December 2012. This results from the A15 Maasvlakte-Vaanplein (MaVa) project, the overlay of the E and F piers at Amsterdam Airport Schiphol, the Amsterdam-Rhine Canal sheet piling renovation project (DARK) and the Katwijk Coastal Works project. The lower investments resulted in a decrease in the total assets by € 16 million to €115 million.

9.4.4. Supplies

The table below sets forth a selection of key figures of the Supplies segment for the financial years ended 31 December 2013 and 2012.

	For the year ended 31 December	
	2013	2012
	<i>€ million</i>	<i>€ million</i>
Revenue	212	216
EBIT	8	2
Margin (%)	3.8	0.9
Order book	55	56
Assets	187	205

Revenue

Revenue decreased 1.9% to € 212 million for the year ended 31 December 2013 compared to € 216 million for the year ended 31 December 2012. The decrease in revenue was primarily due to the sale of the raw material company Société d'Exploitation des Carrières d'Yvoir SA in 2013.

EBIT

EBIT rose by € 6 million to € 8 million. Excluding the impairments and restructuring costs, EBIT remained unchanged at € 9 million. There was also an impairment loss in 2012 regarding to the prefabricated concrete companies. EBIT in 2013 also reflected improved results in the prefabricated concrete companies and the gains from the sale of Société d'Exploitation des Carrières d'Yvoir SA and an associated asphalt plant.

Margin

Margin was 3.8% for the year ended 31 December 2013 compared to 0.9% for the year ended 31 December 2012. The increase in margin was primarily due to the gains received from the sale of Soci  t   d'Exploitation des Carri  res d'Yvoir SA in 2013 and an impairment of tangible fixed assets in the amount of    6 million in 2012.

Order book

The order book of    55 million remained largely unchanged between 2012 and 2013. Work on the New Life in the Lus van Linne project started in the autumn of 2013. Ballast Nedam will work closely with the stakeholders on the phased redevelopment of the area in the coming fifteen years into 200 hectares of riverfront area that is home to a wide range of species, various recreational facilities, and flood protection measures. This redevelopment will be combined with the estimated extraction of 10 million tonnes of sand and gravel.

In 2013 the assets of Supplies decreased by    18 million to    187 compared to    205 million in 2012 million mainly because of the sale of Yvoir and a stake in an associated asphalt plant.

9.5. Liquidity and capital resources

The Group requires continued access to funding and bank guarantees in order to meet its trading obligations. Its sources of funding include equity contributed by shareholders, cash flows generated by operations and borrowing from banks.

9.5.1. Cash flow data

The table below sets out selected cash flow information of the Group for the years ended 31 December 2013 and 2012.

	For the year ended 31 December	
	2013	2012
	<i>�� million</i>	<i>�� million</i>
Net cash from operating activities.....	(24)	1
Net cash used in investing activities.....	(16)	(60)
Net cash from financing activities	(4)	48
Increase/(decrease) in net cash position.....	(44)	(11)
Net cash position at beginning of the period	76	87
Exchange rate difference on net cash operation	(0)	-
Net cash position at end of the period	32	76

9.5.2. Cash flow from operating activities

The Group's cash generated from operating activities decreased to a cash outflow of    24 million for the year ended 31 December 2013 from a cash inflow of    1 million for the year ended 31 December 2012, primarily due to increased work in progress through lower prepayments, lower inventories,

payments for provisions and lower creditors.

Working capital

The table below sets out the Group's working capital for the years ended 31 December 2013 and 2012.

	For the year ended 31 December	
	2013	2012
	<i>€ million</i>	<i>€ million</i>
Inventories	175	202
Work in progress under current assets.....	135	112
Receivables	226	239
Current assets (excluding cash and cash equivalents and assets held for sale)	536	553
Work in progress under current liabilities	106	124
Trade and other payables and provisions.....	472	479
Income tax payables	1	3
Current liabilities (excluding bank overdrafts, loans and borrowings and liabilities held for sale).....	579	606
Working capital.....	-43	-53

Working capital increased by € 10 million to € -43 million for the year ended 31 December 2013. This increase was mainly caused by increased work in progress of € 23 million, by € 135 million at 31 December 2013, and a decrease in amounts due to customers by € 18 million, to € 106 million due at 31 December 2013 due to lower prepayments. Despite lower inventories and lower trade and other receivables, the inventories decreased by € 27 million, to € 175 million, as a result of the sale of certain land positions in the amount of € 9 million, write downs of € 1 million, lower investment in the unsold, both delivered and under construction of € 9 million and lower raw materials of € 8 million.

Trade and other receivables

Trade and other receivables decreased by € 13 million to € 226 million in 2013 compared to € 239 million in 2012. The Company requests prepayments, guarantees and collateral in relation to projects under construction in order to limit the credit risk with regard to trade and other receivables. The average payment period in relation to the year ended 31 December 2013 and the year ended 31 December 2012 amounted to 45 days. The net total of outstanding trade and other receivables after the due date of invoices is approximately € 51 million (23%) as per 31 December 2013, caused by overdue payment of clients. This is caused by the seasonality in the payment behaviour of customers, public clients in particular.

The cumulative write-down for doubtful accounts receivable amounted to € 7 million for the year ended 31 December 2013, which amount is included in the amount of € 226 million. The cumulative write-down for doubtful accounts receivable in relation to for the year ended 31 December 2012 amounted to € 6 million.

Trade and other payables

For the year ended 31 December

	2013	2012
	<i>€ million</i>	<i>€ million</i>
VAT, Payroll, social security contributions and pension premiums.....	23	44
Charges relating to work in progress	108	63
Trade payables	237	253
Provisions	28	39
Other	76	80
Total	472	479

The average payment period for the year ended 31 December 2013 amounted to 80 days and for the year ended 31 December 2012 70 days. The trade payables decreased by € 16 million to € 237 million. This decrease was caused by the fact that, contrary to previous years, payments were made in a timely manner. VAT and similar items decreased by € 21 million to € 23 million due to revised payment terms imposed by the Dutch tax authorities. Charges relating to work in progress increased by € 45 million to € 108 million due to trade invoices not yet received and estimated costs. Provisions decreased by € 11 million to € 28 million due to severance payments, the settlement of a rental guarantee and the settlement of several claims.

Other liabilities, in the amount of € 76 million for the year ended 31 December 2013 and € 80 million for the year 31 December 2012, includes liabilities for vacation pay and holidays not taken, which amounted to € 15 million for the year ended 31 December 2013 and € 16 million for the year ended 31 December 2012, accruals, debts in relation to joint venture partners and various other liabilities that cannot be allocated to other items.

9.5.3. Cash flow from investing activities

The Group's cash outflow from investing activities decreased to a cash outflow of € 16 million for the year ended 31 December 2013 from a cash outflow of € 60 million for the year ended 31 December 2012, consisting of € 34 million in investments and € 18 million in disposals. Investments included € 19 million for property, plant and equipment, € 6 million for intangible assets, € 2 million for associates and € 7 million for financial assets. The financial assets consisted largely of the PPP receivables for the Zaanstad Penitentiary PPP project. The cash outflow from financing activities in 2013 was substantially lower than in 2012 due to lower investments in PPP projects which is a direct consequence of the sale of the PPP project A 15 Maasvlakte-Vaanplein (MaVa).

9.5.4. Cash flow from financing activities

The Group's cash generated from financing activities decreased to a cash outflow of € 4 million for the year ended 31 December 2013 from a cash inflow of € 48 million for the year ended 31 December 2012, consisting of net € 3 million repayment of long-term loans and financial lease installments paid. The cash flow in 2013 was substantial better than in 2012 because the debt level has decreased as a result of repayments of loans and leases. Furthermore, it is the direct result of the sale of the A15 Maasvlakte-Vaanplein (MaVa) project in 2012.

9.5.5. Off-balance sheet commitments

The off-balances sheet commitments consist of two items, being lease and rental commitments and guarantees.

Lease and rental commitments

	For the year ended 31 December 2013			For the year ended 31 December 2012		
	< 1 year	1-5 years	> 5 years	< 1 year	1-5 years	> 5 years
<i>€ million</i>						
Lease commitments						
Other operating assets....	9	13	-	11	21	-
Rental commitments....						
Offices	5	15	10	9	18	4
Purchase commitments						
Land purchases	4	25	15	-	22	17
Other	-	-	-	1	2	-
Capital contributions...						
PPPs	-	9	-	-	3	-
Total off-balance sheet commitments.....	18	62	25	21	66	21

Outstanding unconditional obligations to acquire land positions increased by € 5 million to € 44 million at 31 December 2013, of which € 4 million will fall due during 2014.

The Group's commitments include lease commitments, rental commitments, purchase commitments and capital contributions. Total commitments falling due within one year amounted to € 18 million at 31 December 2013, with amounts due in more than one year and within five years amounting to € 62 million, and amounts due in more than five years amounting to € 25 million.

The Company has provisional obligations to acquire land and in relation to subsequent payments on land positions amounting to € 155 million in relation to the year ended 31 December 2013 and € 143 million in relation to the year ended 31 December 2012. It is not yet certain whether the Company will make these acquisitions or subsequent payments.

Guarantees

The Group had guarantees of € 252 million at 31 December 2013 and € 260 million at 31 December 2012. Guarantees include declarations of intent and guarantees issued on the Group's behalf by financial institutions in connection with the execution of projects and prepayments received.

9.5.6. Description of borrowings

The table below sets out an overview of borrowings of the Group for the years ended 31 December 2013 and 2012.

	For the year ended 31 December	
	2013 <i>€ million</i>	2012 <i>€ million</i>
PPP loan	8	6
Land bank financing.....	40	44
Business loans	51	51
Finance leases	4	7

Other loans	12	17
Total	115	125
Recourse	91	96
Non-recourse	24	29
Total	115	125
Current loans	9	17
Non-current loans	106	108
Total borrowings	115	125

The table below sets out the overview of the Group's financing position for the years ended 31 December 2013 and 2012.

Financing position	For the year ended 31 December	
	2013	2012
	€ million	€ million
Cash and cash equivalents	54	84
Bank overdrafts	(22)	(8)
Net cash	32	76
Recourse loans	(91)	(96)
Financing position	(59)	(20)
Non-recourse loans	(24)	(29)
Financing position non-recourse	(83)	(49)

Ballast Nedam's financing position decreased by € 39 million from € 20 million of net debt at year-end 2012 to a financing position of € 59 million at 31 December 2013. The financing position including the non-recourse loans decreased by € 34 million from € 49 million at year-end 2012 to € 83 million at 31 December 2013.

Net cash decreased by € 44 million at 31 December 2012 to € 32 million at 31 December 2013. The prepayments on projects went down by € 26 million to € 42 million at 31 December 2013. It is expected that these prepayments to continue to reduce in the next few years, and more use to be made of the working capital facilities in 2014 than in 2013. At 31 December 2013, € 17 million of these facilities had been drawn. The normal pattern is for a larger capital requirement to arise in mid-year.

9.5.7. Amendment and restatement of Existing Credit Facilities

Each of ING, Rabobank and Royal Bank of Scotland PLC ("**RBS**") has entered into financing arrangements with Ballast Nedam and certain of its subsidiaries to provide overdraft and/or money market facilities and guarantee facilities to Ballast Nedam and certain of its subsidiaries (the "**Existing Credit Facilities**"). On 5 February 2014, Ballast Nedam announced by means of a press release, amongst others, the Refinancing and the Offering as part of the overall Restructuring (see § 4 ("Reasons for the Offering and Use of Proceeds") and § 8.3 ("Business Description - Strategy & Restructuring")). In view thereof, Ballast Nedam and certain of its subsidiaries entered into a consolidation agreement ("**Consolidation Agreement**") on 14 February 2014, which amongst others, amends and restates the Existing Credit Facilities, by combining the overdraft and/or money market facilities thereunder in the Syndicated Facility Agreement. Certain subsidiaries of the Company (as further described below in § 9.5.7.1 ("Operating and Financial Review - Liquidity and capital

resources - Amendment and restatement of Existing Credit Facilities - Syndicated Facility Agreement")) have provided a guarantee for the obligations under the Existing Credit Facilities.

9.5.7.1. Syndicated Facility Agreement

On 14 February 2014, Ballast Nedam and certain of its subsidiaries have entered into the € 110 million Syndicated Facility Agreement with the banking syndicate consisting of ING, Rabobank and RBS which, amongst others, combines the overdraft and/or money market facilities under the Existing Credit Facilities, in accordance with the Consolidation Agreement. The Syndicated Facility Agreement comprises a loan facility in the amount of € 80 million that matures on 31 December 2016, and a loan facility in the amount of € 30 million that matures on 15 August 2014. The Company will use the full net proceeds of the Offering to repay any amounts outstanding under the Bridge Loan. The remainder will be used by the Company to repay in part its facilities made available under the Syndicated Facility Agreement thereby improving its solvency and creating possible headroom for business restructuring and general corporate purposes. The subsidiaries that are a party to the Syndicated Facility Agreement are all wholly owned Dutch subsidiaries, with the exception of non-material subsidiaries and non-recourse entities. Furthermore it has been agreed that certain Belgian subsidiaries and a German subsidiary shall accede to the Syndicated Facility Agreement as guarantor.

The Syndicated Facility Agreement imposes a restriction on the Group's ability to dispose of its assets, subject to certain exceptions referred to as permitted disposals. The Syndicated Facility Agreement imposes an obligation on the Group to apply (a part of) the proceeds of certain permitted disposals of assets in prepayment of amounts outstanding under the Syndicated Facility Agreement. This obligation applies to disposals as provided for in the Group's restructuring plan to the extent that they are not in excess of an amount of € 10 million per disposal as well as disposals in excess of € 10 million or disposals not otherwise permitted under the Syndicated Facility Agreement which are approved by the majority lenders under the Syndicated Facility Agreement. The full amount of proceeds for such disposals shall be applied until an amount of € 20 million of the € 80 million revolving credit facility made available under the Syndicated Facility Agreement has been prepaid. Thereafter, 50% of the amount of the disposal proceeds shall be applied in cancellation and/or prepayment of the facilities in the event the Leverage is more than 2.50:1, and in the event the Leverage is equal to or more than 2.0:1 but less than or equal to 2.50:1, 25% of the disposal proceeds shall be applied in cancellation and/or prepayment of the facilities.

The Company has agreed with ING, Rabobank and RBS, pursuant to a term sheet to that effect dated 15 June 2014 which is still to be recorded in loan documentation expected to occur in the third quarter of 2014, to further amend the Syndicated Facility Agreement to include that for a period of 12 months from the date of the Offering, the disposal proceeds (other than the proceeds of the disposal of Ballast Phoenix Ltd.) of up to a total amount of € 15 million which would otherwise have to be used to prepay the Syndicated Facility Agreement will instead be set aside to a separate account in the name of Ballast Nedam and may be utilised by the Group only if certain conditions are met, including the condition that a report delivered to the banks and validated by an independent third party expert evidences the need for such additional funds. The full amount of any proceeds of any subsequent disposals will be applied towards repayment until the arrangement is terminated. The arrangement will be terminated at the end of the availability period mentioned above, or, if earlier, the date on which the Company has prepaid an additional € 15 million of the facilities. When an amount of € 20 million of the facilities has been prepaid and the leverage ratio is less than 2.0:1, the Group shall no longer be required to apply the disposal proceeds towards prepayment of the facilities. Furthermore, the proceeds of the Offering shall be applied in cancellation and/or prepayment of the Bridge Loan which matures on 15 August 2014.

9.5.7.2. Financial Covenants

The Syndicated Loan Facility contains a number of financial covenants and other covenants which may restrict the Group's operating and financial flexibility.

The main financial covenants will be the following:

- (i) the ratio of earnings before interest, taxes, depreciation and amortisation to net finance charges (such ratio the "**Cash Interest Cover**");
- (ii) in addition, the ratio of the sum of the issued and paid up capital, the share premium and the reserves to borrowings plus provisions, excluding any projects that qualify as Private Finance Initiative ("**PFI**"), Design, Build, Finance, Maintain, Operate ("**DBFMO**") projects or PPP scheme or schemes of a similar nature, (such ratio the "**Solvency Ratio**");
- (iii) in addition, the ratio of total net debt to earnings before interest, taxes, depreciation and amortisation (such ratio the "**Leverage Ratio**"); and
- (iv) following the contemplated amendment of the Syndicated Facility Agreement referred to above, a minimum level of earnings before interest, taxes, depreciation and amortisation (such ratio the "**EBITDA Floor**").

Prior to the entering into of the Syndicated Facility Agreement, the Group's Existing Credit Facilities did not contain any financial covenants. The financial covenants set out above that are now part of the Syndicated Facility Agreement have been prepared and determined with the banking syndicate on the basis of a 3-year business case that was prepared by the Company in relation to which scenario analyses have been performed. The ratios will be set in the third quarter of the financial year 2014. The Solvency Ratio will be tested on a quarterly basis for the first time at the end of the third quarter of the financial year 2014. The Cash Interest Cover and the Leverage Ratio are tested on a quarterly basis and will not be tested until and including the second quarter of the financial year 2015. The EBITDA Floor is tested on an annual basis for the first time over the financial year 2014.

The arrangements agreed upon in the Syndicated Facility Agreement are tailored to the specific aspects and needs of the Group with detailed definitions as well as deviations to (elements of) such definitions that could materially influence the composition of these ratios (such as with respect to disposals as set out above). In addition, these definitions do not necessarily match with the reporting standards used by the Group in its reporting. Furthermore, the financial covenants may not be comparable to financial covenants referred to with the same or a similar name as used by other companies. As a result, the underlying details or calculation of the ratios during the term of the Syndicated Facility Agreement, when set in accordance with the terms of the Syndicated Facility Agreement, are as such of limited value in order to aid potential investors when considering to invest in the Offer Securities or to predict the likelihood of a covenant breach by the Group. Therefore, to avoid undue reliance by such investors the underlying details of the ratios will, when set, not be made publicly available.

Furthermore, the covenants in the Syndicated Facility Agreement impose specific restrictions on the distribution of dividends. Under these covenants, the Company may only pay an annual dividend to its Shareholders in the event the Leverage Ratio on the last day of the third and fourth financial quarter of the financial year over which the dividend is contemplated to be paid is less than 2.0:1 and there is no Event of Default (as defined in the Syndicated Facility Agreement) and such payment does not result in an Event of Default (as defined in the Syndicated Facility Agreement).

Upon the occurrence of an "Event of Default" (as defined in the Syndicated Facility Agreement) which is continuing or, in the case of the security created to secure the obligations under the Existing Credit Facilities (to the extent relating to the guarantee facilities), an event occurs pursuant to which the relevant lender may terminate the relevant Existing Credit Facilities (to the extent relating to the guarantee facilities), and in each case provided there is a default (*verzuim*) in the performance of any of the secured liabilities, the security (as described below in § 9.5.7.3 ("Operating and Financial Review - Liquidity and capital resources - Amendment and restatement of Existing Credit Facilities - Security")) will become enforceable. The Syndicated Facility Agreement contains customary events

of default, including non-payment, breach of financial covenants, insolvency, cross-default and the Rights Offering not being realised ultimately 15 August 2014.

9.5.7.3. Security

To secure the obligations under the Syndicated Facility Agreement and the Existing Credit Facilities (to the extent relating to the guarantee facilities), respectively, encumbrances have been created (with a different ranking for the Syndicated Facility Agreement and the Existing Credit Facilities (to the extent relating to the guarantee facilities)) over the following assets: (i) shares in Ballast Nedam Bouw & Ontwikkeling Holding B.V., Ballast Nedam Infra B.V., Ballast Nedam ICT B.V. and all wholly owned Dutch subsidiaries, with the exception of non-material subsidiaries, non-recourse entities and Ballast Nedam Concessies B.V., (ii) the heavy lift vessel Svanen, (iii) accounts forming part of the cash pooling arrangements available to certain subsidiaries, and (iv) all moveable assets of all wholly owned Dutch subsidiaries, with the exception of non-material subsidiaries, non-recourse entities and Ballast Nedam Concessies B.V. Furthermore it has been agreed that certain Belgian subsidiaries and a German subsidiary shall accede to the Syndicated Facility Agreement as guarantor and that the shares in the Belgian subsidiaries shall be encumbered.

Various types of security rights have been granted in favour of certain financiers under other financing arrangements, mainly consisting of mortgages and pledges.

9.6. Working capital statement

The Company's current cash resources, together with its existing borrowings, and – for the avoidance of doubt – not taking into account any future proceeds deriving from the Offering and the Disposal Programme in the short- to medium term⁵³ (being a period of approximately 12 to 18 months) - do not provide it with sufficient working capital for its present requirements for the next 12 months following the date of this Prospectus. The Company expects that without the Offering and the Restructuring occurring (as further discussed below) it will have a shortfall of Working Capital of EUR 14 million in May 2015.

If the Offering does not complete, the Company has sufficient working capital until 15 August 2014. If the Equity Issue Settlement Date does not occur on 15 August 2014 at the latest, this will constitute an event of default under the Syndicated Facility Agreement, and (subject to applicable cure periods and other limitations on acceleration or enforcement) the relevant lenders could elect to declare the debt, together with accrued and unpaid interest and other fees, if any, immediately due and payable⁵⁴. In addition, any such default could lead to an event of default under, and as a consequence acceleration of, other debt instruments that contain cross-default or cross-acceleration provisions. If the debt under the financing agreements or any other future financing arrangement that the Group enters into were to be accelerated, the Group's assets may be insufficient to repay in full the Group's outstanding indebtedness.

If the Offering shall have been completed by 15 August 2014 and the Restructuring shall complete in the course of 2014 and yields results that the Company is expecting it to have in the course of 2014 and 2015, the Company believes that it will have sufficient working capital for the next twelve months following the date of this Prospectus.

The Company's expectations of the financial and operational benefit of the Restructuring are based upon certain assumptions and variables. There is a risk that such financial and operational benefit will not fully materialise, due to, for instance, the Disposal Programme not or not timely taking place, deteriorating market conditions, a deterioration of the Company's trading performance, the

⁵³ See § 8.3 ("Business Description - Strategy & Restructuring").

⁵⁴ See § 9.5.7 ("Operating and Financial Review - Liquidity and capital resources - Amendment and restatement of Existing Credit Facilities") and Risk Factor (38) in § 2 ("Risk Factors").

Operational Measures not being as effective as planned, or otherwise⁵⁵. As a result, a breach of the financial covenants⁵⁶ in the Syndicated Facility Agreement⁵⁷ may occur⁵⁸ and (subject to applicable cure periods and other limitations on acceleration or enforcement and unless such financial covenant breach is remedied) the relevant lenders could elect to declare the debt, together with accrued and unpaid interest and other fees, if any, immediately due and payable. In addition, any such default could lead to an event of default under (and acceleration of) other debt instruments that contain cross-default or cross-acceleration provisions. If the debt under the financing agreements or any other future financing arrangement that the Group enters into were to be accelerated, the Group's assets may be insufficient to repay in full the Group's outstanding indebtedness.

If the risks set out above were to materialise, the Company has limited options available that, if realised, and realised timely, could mitigate such risks⁵⁹. These options include (i) the entering into of debt or equity financing arrangements by means of private or public offerings, (ii) the accelerated execution of the Disposal Programme, (iii) the accelerated disposal of additional assets, business units or even an entire operating segment (see § 8.3 ("Business Description - Strategy & Restructuring")), (iv) the accelerated sale and lease back or disposal of the heavy lift vessel Svanen or (v) the entering into of a strategic transaction with a third party involving the Company as a whole.

Some of these options available to the Company may be subject to approval of the lenders under the Syndicated Facility Agreement⁶⁰ or the Joint Global Coordinators or the General Meeting.

9.7. Financial risk management

The Group identifies various categories of financial risk factors with respect to currency, credit and liquidity. These financial risks are not exceptional or different in nature from those customary in the industry.

For additional discussion of the risks to which the Group is exposed in the normal course of its business, please refer to the § 2 ("Risk Factors") and § 8 ("Business Description") as well as the Group's consolidated financial statements and related notes incorporated by reference in this Prospectus.

9.7.1. Market risks

Foreign currency translation risk

The Group's financial statements are presented in euro. Accordingly, the Group must translate its foreign currency-denominated assets, liabilities, income and expense items into euro at applicable exchange rates. To reduce foreign currency translation risks, the Group attempts to (partially) hedge such risks by securing loans in corresponding foreign currencies.

Interest risk

The Group is exposed to interest rate risk resulting from borrowing activities undertaken to finance its operations. The interest risk is limited to potential movements in the market value of the loans taken up and issued and of positive cash balances. The Group aims to limit the influence of interest rate changes on profit by entering interest rate swap agreements to generate the desired interest rate profile

⁵⁵ See Risk Factor (1) in § 2 ("Risk Factors").

⁵⁶ See Risk Factor (1) and Risk Factor (2) in § 2 ("Risk Factors").

⁵⁷ See § 9.5.7 ("Operating and Financial Review - Liquidity and capital resources - Amendment and restatement of Existing Credit Facilities").

⁵⁸ See Risk Factor (2) in § 2 ("Risk Factors").

⁵⁹ See Risk Factor (1), Risk Factor (2) and Risk Factor (3) in § 2 ("Risk Factors").

⁶⁰ See § 9.5.7 ("Operating and Financial Review - Liquidity and capital resources - Amendment and restatement of Existing Credit Facilities").

and thereby managing its exposure to interest rate fluctuations.

Interest-bearing financial instruments

The interest risk on the variable rate PPP project loans is hedged by means of interest rate swaps. Interest rate swaps expire in accordance with the due date of the hedged loans concerned. The swap interest rate for a subsidiary is 5.08%. The Group's interest rate swaps expose the Group to the risk of default by counterparties.

9.7.2. Credit risks

Credit risks consist of the risk that other parties will be unable to meet contractual obligations relating to a financial instrument. Creditworthiness assessments are performed for all other clients requiring credit. The Group employs prepayments, guarantees and collateral on projects under construction in order to limit the credit risk on instalments and trade receivables.

9.7.3. Liquidity risks

Liquidity risk is the risk that the Group will be unable to meet its financial obligations when due. In 2013, the Group made use of working capital facilities with various credit institutions for a total drawdown of € 17 million. There is a risk that these credit institutions will not release all or part of these facilities. The Group controls the liquidity risk through timely periodic cash flow forecasting followed by adequate corrective measures and monitoring.

9.7.4. Financing risks

The Group is subject to restrictive covenants under its financing arrangements, including credit facilities and bank guarantee facility agreements. Restrictive covenants impose significant restrictions on the Group's financial and operational flexibility, among others. These financing arrangements also require the Group to maintain specified financial ratios and to satisfy certain financial tests.

The Group monitors its financing structure by means including the solvency ratio. The Group uses two solvency ratios, one based on proportionately consolidated figures and the other based on non-proportionately consolidated figures.

9.8. Significant accounting policies

9.8.1. Assets and liabilities held for sale

The carrying amounts of assets and liabilities classified as held for sale and all disposal groups are updated immediately prior to such classification in accordance with the applicable policies. On initial recognition as assets held for sale, assets and disposal groups are measured at the lower of the carrying amount and fair value less costs to sell. A discontinued operation is part of the Group's activities that represents a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs on the earlier of disposal or when the operation meets the criteria for classification as an asset held for sale. A disposal group that ceases to be classified as such can also meet these criteria.

9.8.2. Inventories

Landholdings acquired and held for future property development purposes are measured at the lower of cost and net realisable value. In principle these holdings are not 'in production' and development costs are consequently not capitalised. Interest is capitalised subject to meeting the conditions for capitalising finance expense and at the time the land position is actively developed. The associated costs are expensed. Planning permissions and building permits are included in landholdings.

Land and buildings for sale are also included in inventories. The buildings concerned have yet to be sold to third parties and are either under construction or have reached structural completion. The stocks of land and buildings available for sale are carried at the lower of cost, including directly attributable indirect costs, and market value less selling costs. Interest is capitalised subject to meeting the conditions for capitalising finance expense.

Sold residential building projects in which the client has no option to specify structural elements in the design, and where there is continuous transfer of the significant risks and rewards of ownership, are recognised under inventories. This portion of inventories is recognised at cost plus profit in proportion to the progress of the project less a provision for foreseeable losses and less invoiced instalments in proportion to the progress of the project. Interest is capitalised subject to meeting the conditions for capitalising finance expense. The cost of residential building projects includes directly attributable indirect costs on the basis of normal production capacity.

Finished goods are measured at the lower of cost and net realisable value. The cost of finished goods is based on the first-in, first-out (FIFO) principle. The cost includes interest subject to meeting the conditions for capitalising finance expense. The cost of finished goods includes directly attributable indirect costs on the basis of normal production capacity.

Raw materials are measured at the lower of cost and net realisable value.

9.8.3. Work in progress

Work in progress on behalf of third parties is recognised at cost plus profit in proportion to the progress of the project less a provision for foreseeable losses and less invoiced instalments in proportion to the progress of the project. Interest is capitalised subject to meeting the conditions for capitalising finance expense. The cost of work in progress includes directly attributable indirect costs on the basis of normal production capacity.

As soon as a reliable profit estimate can be made for construction contracts on behalf of third parties, the contractual revenues and expenses are recognised in the income statement in proportion to the percentage of completion of the project. The percentage of completion is determined on the basis of production measurements. Expected losses on contracts are recognised immediately in the income statement.

Preparatory expenses and design and construction costs on large projects (i.e. tendering costs) are capitalised as work in progress as and when the Group becomes the sole bidder in contract negotiations. Any preparatory expenses prior to this phase are charged to the income statement. Tendering costs expensed in the period to which they relate are not subsequently capitalised if the project is won.

9.8.4. Provisions

A provision is recognised in the statement of financial position if the Group has a legal or constructive obligation as a result of an event in the past and it is probable that an outflow of resources embodying economic benefits will be required in order to settle that obligation. If the effect thereof is material, the provisions are determined by calculating the present value of the estimated future cash flows using a pre-tax discount rate reflecting both the current market estimates of the time value of money and, where necessary, the specific risks inherent in the obligation.

9.8.5. Revenue – PPP projects

During the construction phase of the asset, PPP projects are recognised as projects for third parties. The related financial asset is recognised based on invoiced instalments. The contractual income and expenses are recognised in the income statement in proportion to progress on the project. The percentage of completion is determined on the basis of production measurements. The interest income

of the financial asset is recognised as financial income in the income statement. During the operating phase, the income from PPP projects comprises the fair value of the delivery of contractually agreed services and the interest income related to the investment in the project. Income is recognised when the services to which it relates are delivered.

9.9. Accounting estimates and judgments

In preparing the financial statements, the management of the Group has made estimates and judgements that affect the amounts recognised for assets, liabilities, revenue, costs and the related notes on conditional and off-balance sheet liabilities. Estimates and judgements are evaluated on a regular basis.

9.9.1. Project results

‘Work in progress’ comprises the interim realised gain or the affected loss provision, in addition to recognised costs and invoiced instalments, for each project. The gain and loss are both based on an estimate of the ultimate profit for each project: the end of work forecast.

The uncertainty in this profit estimate increases in line with factors such as: (i) an agreed contract form that entails more risks for the contractor, such as the design risk that contractors accept in design & construct contracts, plus, for a DBMO contract, the responsibility for maintenance and operation, (ii) a project that is in an early design or implementation stage, (iii) the terms of the contract are longer and the forecast time for completion inherently contains more uncertainty and (iv) projects may be subject to additional work or claims. When detailing a preliminary or final design, substantial deviations from the preliminary design may arise (because an initial solution turns out with hindsight to be infeasible, or because the underlying conditions are better or worse than expected, or because the dialogue with stakeholders is far more complicated, and therefore more expensive, than foreseen). Countless risks also arise in the implementation phase. These deviations may be positive or negative.

9.9.2. Goodwill

The recoverable amount is measured using future cash flow forecasts. The budgets of the cash generating units are used to estimate future cash flows for the next three years. The assumptions in these budgets are based in part on historical profits and external information sources. Cash flows after three years are extrapolated with expected growth rates.

9.9.3. Land positions

Landholdings are acquired and held for future development purposes and are recognised at the lower of historical cost and net realisable value. The realisable value is the higher of the current market value and the present value of the estimated future cash flows. The future cash flows are estimated using scenario and sensitivity analyses. The present value estimates are based on a discount rate of 9%.

9.9.4. Recognition of deferred income taxes

At the close of the financial year, the Group makes an assessment of the income tax position of all fiscal entities. This involves estimating the actual short-term tax charges and income, and the temporary differences between the accounting carrying amounts and tax base of assets and liabilities. A decision is taken at the end of the reporting period as to whether unused tax losses and deferred tax assets that are due to temporary differences may be recognised. The Group recognises the portion of deferred tax assets that will probably be realised. If the actual anticipated taxable profits differ from the estimates, and depending on the tax strategies that the Group may implement, taxable losses that have been recognised may not be realised, thus affecting the financial position and results of the Group.

9.9.5. Provisions

Provisions relating to legal or constructive obligations are based on estimates and judgements as to whether the criteria for treatment as a provision have been met, including an estimate of the size of the obligation. Legal or constructive obligations are disclosed if it is likely that an obligation will arise and its size can be reasonably estimated. Provisions for warranties are recognised for the expected expenses necessary to resolve complaints. If the actual outcome differs from the assumptions as to anticipated costs, the estimated provisions will be revised, and this could have an effect on the financial position and results of the Group.

9.10. **Developments since 31 December 2013**

Please refer to the H1 2014 Interim Financial Information incorporated by reference into this Prospectus for an overview of key developments since 31 December 2013.

10. MANAGEMENT, EMPLOYEES AND CORPORATE GOVERNANCE

This chapter summarises the relevant information concerning the Board of Management, the Supervisory Board as well as a highlight of certain relevant provisions of Dutch corporate law and the Articles. This section further includes a brief summary of information concerning the employees, incentives, co-determination and pension plans.

10.1. Two-tier board structure and structure regime

The Company has a two-tier board structure consisting of the Board of Management and the Supervisory Board.

The Company applies the so-called full large company regime (*volledig structuurregime*) in accordance with the provisions of the Dutch Civil Code. A company is subject to this regime if, for a period of three consecutive years:

- (i) its issued capital and reserves amount to not less than € 16 million;
- (ii) it has a works council instituted pursuant to a statutory requirement; and
- (iii) it regularly employs at least 100 employees in the Netherlands.

The large company regime entails, in short, that the relevant company is required to have a supervisory board, whose members are appointed according to a special procedure (described in § 10.4.3 ("Management, Employees and Corporate Governance - Supervisory Board - Nomination, appointment, retirement, suspension and removal") below). The supervisory board, on its turn, appoints the members of the management board. Furthermore, certain important management board resolutions require the prior approval of the supervisory board, e.g. decisions relating to major investments, the entering into or termination of a substantial cooperation with a third party, the issuance or acquisition of equity or debt and termination of a significant number of employment contracts at once or within a short period of time.

10.2. Board of Management

10.2.1. Powers, organisation and functioning

The Board of Management, consisting of Mr E. van der Noordaa as Chief Executive Officer and Mr P. van Zwieten as Chief Financial Officer, is charged with managing the Company. This means that the Board of Management is responsible for, amongst others, achieving the objectives of the Company, the strategy and policies, the results and the CSR issues relevant to the business. With the implementation of the Operational Measures (see § 8.3.2 ("Business Description – Strategy & Restructuring - Operational Measures and Disposal Programme")), the Company has concluded that the envisaged expansion of the Board of Management with a Chief Operating Officer as announced on 5 February 2014, is currently not required.

In carrying out its duties, the Board of Management is guided by the interests of the Company, the business associated with it and the Company's stakeholders. The Board of Management has specified its responsibilities, composition and working method in the Board of Management Regulations (see § 10.2.2 ("Management, Employees and Corporate Governance - Board of Management - Board of Management Regulations") below).

The Company is structured around three operating segments: Building & Development, Infrastructure and Specialised Companies & Supplies. The segment managing directors and the Board of Management jointly constitute the Ballast Nedam concern council (*Concernraad*) (the "**Ballast Nedam Concern Council**") (see § 10.3 ("Management, Employees and Corporate Governance - Ballast Nedam Concern Council") below). The Board of Management supervises the segment

management teams, who in turn supervise the management of the business units. The management of the segments and of each business unit have clearly defined terms of reference that determine their powers. Board of Management approval is required for projects above a certain value threshold or with a particular risk profile, before Ballast Nedam can conclude a contract. The same system applies at segment level for projects of the business units with a certain value and a certain risk profile. See § 8.10 ("Business Description - Risk management and internal control"). Approval from the segment management team is required for all major and high-risk projects, which must ultimately also be submitted to the Board of Management for approval.

The Board of Management submits all relevant information to the Supervisory Board, the Supervisory Board committees and/or the General Meeting in a timely manner and is held accountable to the Supervisory Board and the General Meeting. In accordance with the Articles, certain decisions of the Board of Management are subject to the approval of the Supervisory Board and/or the General Meeting, as described in more detail in § 10.2.6 ("Management, Employees and Corporate Governance – Board of Management - Board of Management meetings and decisions") below. The lack of such approval does, however, not affect the representative authority of the Board of Management or members of the Board of Management.

The Board of Management determines, with approval of the Supervisory Board, which portion of the profit will be attributed to the reserves of the Company. The remaining profit is at the disposal of the General Meeting.

The Board of Management as a whole, as well two members of the Board of Management acting jointly (or with a holder of a power of attorney acting within the limits of its authority), are authorised to represent the Company.

10.2.2. Board of Management Regulations

The Board of Management has established a code of rules pertaining to its decision-making on 23 October 2009 (the "**Board of Management Regulations**"). The Board of Management Regulations – published on the Company's website – contain additional rules on the allocation of tasks and working methods of the Board of Management and on its dealings with the Supervisory Board, the General Meeting, the central works council (*centrale ondernemingsraad*) and the Company's external auditors. The Board of Management Regulations as well as any changes thereto must be approved by the Supervisory Board.

10.2.3. Appointment and removal

The Supervisory Board appoints, suspends and removes members of the Board of Management. The Articles provide that the Board of Management shall consist of one or more natural persons. The Supervisory Board determines the number of Board of Management members and may grant a member the title of chairman of the Board of Management.

The Articles provide that the Supervisory Board (i) notifies the General Meeting of a proposed appointment and (ii) consults the General Meeting prior to removing from office a member of the Board of Management. The Supervisory Board shall also enable the member of the Board of Management it intends to remove to account for himself to the General Meeting which is heard on the intended removal from office.

10.2.4. Terms

Pursuant to the Board of Management Regulations, members of the Board of Management are appointed each time for a maximum period of four years. The Company may, however, deviate from this provision if there are circumstances, which – in the Supervisory Board's opinion – preclude application of this general rule at any time.

10.2.5. Qualifications

Dutch legislation that took effect on 1 January 2013 requires a Dutch public limited liability company which meets at least two of the three criteria referred to in article 2:397(1) Dutch Civil Code (which criteria are: (1) the value of the company's assets according to its balance sheet is, on the basis of the purchase price or manufacturing costs, more than € 17.5 million; (2) the net turnover is more than € 35 million; and (3) the average number of employees is 250 or more) (such a company a "**Large Company**"), to pursue a policy of having at least 30% of the seats on the board of management held by men and at least 30% of the seats on the board of management held by women to the extent these seats are held by natural persons. Based on the Company's assets and turnover, this rule also applies to the Company. Pursuant to this new legislation, the Company will be required to take this allocation of seats into account in connection with the (nomination for the) appointment of members of the Board of Management. If the Company does not comply with these gender diversity rules, it must explain in its annual report (i) why the seats are not allocated in accordance with this ratio, (ii) how the Company has attempted to achieve a well-balanced allocation; and (iii) how the Company aims to achieve a well-balanced allocation in the future. These rules will automatically lapse on 1 January 2016 unless extended. Currently, there are no women on the Board of Management.

Pursuant to other newly adopted Dutch legislation that took effect on 1 January 2013, restrictions apply with respect to the overall number of board of management (including one-tier board) positions and supervisory board positions that a member of the board of management of, amongst others, a Dutch public limited liability company may hold. Based on the Company's assets and turnover, this rule also applies to the Company. Pursuant to this new legislation, a person may not be a member of the board of management if (a) he holds more than two supervisory positions with a Large Company or (b) if he acts as chairman of the supervisory board or, in the case of a one-tier board, serves as chairman of the board of a Large Company. The term 'supervisory position' refers to the position of supervisory director, non-executive director in case of a one-tier board, or member of a supervisory body established by the articles of association. The Company complies with this legislation.

An appointment in violation of these restrictions will result in that last appointment being void. Earlier appointments at other entities are not affected. The fact that an appointment is thus void does not affect the validity of decision-making.

10.2.6. Board of Management meetings and decisions

The Board of Management meets whenever a member of the Board of Management so demands and passes resolutions by an absolute majority of the votes cast. In the event of a tied vote, the chairman of the Board of Management will cast the deciding vote.

Pursuant to the Board of Management Regulations, the Board of Management members must try as much as possible to pass resolutions unanimously and resolutions may not be passed without the agreement of the chairman of the Board of Management. If a resolution is not passed with the agreement of all members of the Board of Management, each member is entitled to request a suspension of the resolution's execution until it has been discussed again in the following scheduled meeting or in a meeting specifically convened for this purpose, unless the chairman of the Board of Management believes that suspension of the resolution's execution is not justified. If consensus cannot be reached in this second meeting either, each Board of Management member is entitled to present the resolution to the chairman of the Supervisory Board for a recommendation.

Resolutions may also be adopted outside a meeting, provided that the proposal concerned has been submitted to all members of the Board of Management and none of them has opposed this manner of decision-making. Resolutions adopted outside a meeting are mentioned in the minutes of the next meeting.

For companies subject to the large company regime, a number of important resolutions of the Board of Management are mandatorily subject to the Supervisory Board's approval as laid down in the

Articles. These resolutions include:

- (i) the issue and acquisition of shares in and debentures against the Company;
- (ii) the cooperation in the issue of registered depositary receipts for shares;
- (iii) the application for admission of instruments as referred to under (i) and (ii) above to a regulated market or multilateral trading facility as referred to in article 1:1 of the Financial Supervision Act;
- (iv) the entering into or the termination of a continuing cooperation of the Company with another legal entity or company or as an active and fully liable partner in a limited partnership (*commanditaire vennootschap*) or general partnership (*vennootschap onder firma*), if such cooperation or termination is of fundamental importance to the Company;
- (v) the acquisition of a participation by the Company or a dependent company in the capital of another company and any drastic increase or decrease of such a participation, the value of which is worth at least a quarter of the amount of the issued capital plus reserves according to the Company's balance sheet plus explanatory notes;
- (vi) investments requiring an amount equal to at least a quarter of the Company's issued capital plus reserves according to its balance sheet plus explanatory notes;
- (vii) a proposal regarding the amendment to the Articles;
- (viii) a proposal regarding the liquidation of the Company;
- (ix) the filing of a winding up or suspension of payments petition;
- (x) the termination of the employment contracts of a substantial number of employees of the Company or a dependent company at once or within a short period of time;
- (xi) a substantial amendment of employment conditions of a substantial number of employees of the Company or a dependent company; and
- (xii) a proposal regarding a reduction of the issued capital.

Further, pursuant to the Articles (except with respect to (iv) below), the Board of Management Regulations are in line with best practice provision II.1.1 of the Dutch Corporate Governance Code (the "**Code**"), resolutions of the Board of Management regarding the matters below shall be submitted to the Supervisory Board for approval:

- (xiii) the Company's operational and financial objectives;
- (xiv) the strategy intended to achieve the objectives;
- (xv) the parameters to be applied in relation to the strategy; and
- (xvi) the CSR issues relevant to Ballast Nedam.

Additionally, in accordance with Dutch law and the Articles, resolutions of the Board of Management relating to a major change in the identity or character of the Company or its enterprise are subject to the General Meeting's approval, which include: (i) the transfer of the enterprise or virtually the whole enterprise to a third party; (ii) the entering into or the termination of longstanding joint ventures of the Company or a subsidiary with another legal entity or a company or as fully liable partner in a limited partnership (*commanditaire vennootschap*) or a general partnership (*vennootschap onder firma*), if

such joint venture or termination is of fundamental importance to the Company; and (iii) the acquisition or disposal by the Company or a subsidiary of a participation in the capital of the Company worth at least one third of the amount of the assets according to the balance sheet with explanatory notes thereto, or if the Company prepares a consolidated balance sheet, according to such consolidated balance sheet with explanatory notes based on the last adopted annual accounts of the Company.

Failure to obtain the approval of either the Supervisory Board or the General Meeting on a decision referred to above, does not affect the authority of the (members of the) Board of Management to represent the Company.

10.2.7. Conflict of interest

Pursuant to the Articles, a member of the Board of Management must abstain from participating in any decision-making that involves a subject or transaction in which such member has a direct or indirect personal interest which conflicts with the interests of the Company and its affiliated enterprise. If in such event a resolution cannot be adopted by the Board of Management, the resolution shall be adopted by the Supervisory Board. Decisions to enter into transactions in which there are conflicts of interest with members of the Board of Management that are of material significance to the Company and/or the relevant member, require the approval of the Supervisory Board.

In 2013, the Company and a former member of the Board of Management entered into a termination agreement. In 2014, the Company entered into a termination agreement with Mr Bruijninx, the former CEO of the Company. Apart from these agreements, no other transactions have occurred which could potentially lead to a conflict of interest between a member of the Board of Management's private interest and/or duties and any duties such member has towards the Company. Similarly, no transaction took place involving a natural person or a legal person owning a least 10% of the DRs in the Company and which could lead to a conflict of interest between such person and the Company. Under these transactions we only understand transactions that are of material importance to the Company or the relevant person.

10.2.8. Members of the Board of Management

The Board of Management currently consists of the following two members:

Name	Position	Member since	Term
Mr E. van der Noordaa	Chairman	27 June 2014	27 June 2018
Mr P. van Zwieten	Chief Financial Officer	19 May 2011	19 May 2015

Mr E. van der Noordaa

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

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

Mr Van der Noordaa graduated in naval architecture. After graduating his career started in 1986 at

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

Mr P. van Zwieten

Mr Peter van Zwieten was born in 1961 and is a Dutch national. Mr Van Zwieten serves as Chief Financial Officer (CFO) and has been employed by the Company since 1989. He has held various financial positions in different business units and departments, including Ballast Nedam Beton en Waterbouw, Ballast Nedam Groep in Saudi Arabia and for Ballast Nedam International in various European countries and in Taiwan. He has been financial director of Ballast Nedam Ontwikkelingsmaatschappij and became financial director of the Ballast Nedam Infra operating segment in 2002. Mr Van Zwieten was first appointed to the Board of Management for a four-year term on 19 May 2011. His current term of office expires on 19 May 2015.

10.3. Ballast Nedam Concern Council

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

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

Name	Position	Member since	Term
Mr E. Staps	managing director responsible for the Infrastructure segment	28 May 2014	31 December 2015
Mr A.M. de Backker	managing director responsible for the Building & Development segment	11 January 2011	indefinite
Mr H.P. van der Meer	managing director responsible for the Specialised Companies segment & Supplies segment	31 January 2011	indefinite

The three managing directors have entered into employment agreements with the Company. No severance payment arrangements have been concluded with any of these directors.

10.4. Supervisory Board

10.4.1. Powers, organisation and functioning

The Supervisory Board supervises the policy of the Board of Management, the general performance of the Company and its enterprise and supports the Board of Management with advice. The Supervisory Board performs its tasks mindful of the interests of the Company, the associated business and its stakeholders, including the CSR aspects relevant for the Company.

The supervision of the Board of Management by the Supervisory Board includes:

- (i) achievement of the Company's objectives;
- (ii) corporate strategy and the risks inherent to the business activities;

- (iii) the structure and operation of the internal risk management and control systems;
- (iv) the financial reporting process; and
- (v) compliance with the legislation and regulations.

Currently the Supervisory Board is composed of four members. All Supervisory Board members are independent within the meaning of the Code.

10.4.2. Supervisory Board Regulations

On 25 October 2012, the Supervisory Board adopted regulations with regard to its functioning (the "**Supervisory Board Regulations**"), as published on the Company's website.

The Supervisory Board Regulations contain additional rules on the allocation of tasks and working methods of the Supervisory Board, and on its dealings with the Board of Management, the General Meeting, and the Works Council. These rules are also posted on the Company's website.

10.4.3. Nomination, appointment, retirement, suspension and removal

Nomination and appointment

The Supervisory Board must consist of at least three members, who may not be (i) employed by the Company or a dependent company or (ii) a board member or employee of a worker's organisation involved in determining the terms of employment of employees of the Company or a dependent company. The members of the Supervisory Board must always be natural persons.

The General Meeting appoints the members of the Supervisory Board at the nomination of the Supervisory Board. The nomination will state the reasons on which it is based. The Supervisory Board determines a profile (*profielschets*) for its size and composition, taking into account the nature of the Company's business, its activities and the desired expertise, experience, background and independence of the members of the Supervisory Board.

The Supervisory Board simultaneously informs the General Meeting and the Works Council of the nomination. The General Meeting and the Works Council may recommend candidates to the Supervisory Board to be nominated as Supervisory Board member. The Supervisory Board shall inform them in time, when, why and in accordance with what profile a vacancy has to be filled in its midst.

With regard to one third of the total number of members of the Supervisory Board, the Supervisory Board must include a person recommended by the Works Council on the nomination list, unless the Supervisory Board objects to this recommendation because it is of the opinion that the recommended person would be unsuitable as Supervisory Board member or that the Supervisory Board would consequently not be composed properly. If the number of Supervisory Board members cannot be divided by three, the closest lower number that can be divided by three shall be taken into account in order to establish the number of members of the Supervisory Board for which the stronger right of recommendation applies.

If the Supervisory Board objects to the recommendation by the Works Council, the Supervisory Board shall notify the Works Council and state its reasons for objecting. Should this occur, the Supervisory Board shall at once consult with the Works Council in order to agree on the nomination. If the Supervisory Board finds that no agreement can be reached, a representative of the Supervisory Board appointed to this effect shall request the Enterprise Chamber of the Amsterdam Court of Appeal (*Ondernemingskamer van het Gerechtshof te Amsterdam*) (the "**Enterprise Chamber**") to uphold the objections. The request shall not be filed before the lapse of a four week period after the commencement of the consultation with the Works Council. The Supervisory Board shall nominate

the person recommended by the Works Council, if the Enterprise Chamber declares the objections unfounded. If the Enterprise Chamber upholds the objections, the Works Council may submit a new recommendation.

The General Meeting may reject the Supervisory Board's nomination by an absolute majority of the votes cast representing at least one third of the issued capital. If the General Meeting rejects the nomination with an absolute majority of the votes cast, but this majority does not represent at least one third of the issued capital, a new General Meeting may be convened, in which the nomination may be rejected by an absolute majority of the votes cast (regardless of the issued capital represented at this second meeting). In the event the nomination is rejected, the Supervisory Board submits a new nomination. If the General Meeting does not appoint the person nominated and does not resolve to reject the nomination, the Supervisory Board appoints the person nominated.

Retirement, suspension and removal

Each member of the Supervisory Board resigns not later than the day on which the first General Meeting is held after four years have lapsed since his or her latest appointment. The members of the Supervisory Board retire periodically in accordance with a rotation plan prepared by the Supervisory Board.

The Supervisory Board may suspend a member of the Supervisory Board. A suspension terminates by operation of law if the Company does not file a request for removal at the Enterprise Chamber (as described below) within one month after the commencement of the suspension.

The General Meeting may – by an absolute majority of the votes cast representing at least one third of the issued capital – take a vote of no-confidence (*het vertrouwen opzeggen*) in the Supervisory Board. The reasons for this vote must be stated and such a resolution shall not be passed until the Board of Management has notified the Works Council of the proposed resolution and the reasons thereof. The notification shall be made at least thirty days before the General Meeting is held at which the proposal is discussed. If the Works Council defines a position on the proposal, the Board of Management shall inform the Supervisory Board and the General Meeting accordingly. The Works council may explain its position in the General Meeting. A vote of no-confidence by the General Meeting results in the immediate removal of all members of the Supervisory Board, in which case the Board of Management is required to request the Enterprise Chamber to temporarily appoint one or more members of the Supervisory Board.

The Enterprise Chamber may, on request, remove a Supervisory Board member for dereliction of duty, for other important reasons or on account of a major change of circumstances on which ground the relevant person cannot reasonably continue to be a member of the Supervisory Board. This request may be submitted by the Company, represented in this case by the Supervisory Board or by a duly designated representative of the General Meeting or of the Works Council appointed to this effect.

10.4.4. Terms

Pursuant to the Supervisory Board Regulations, members of the Supervisory Board serve in the Supervisory Board for no longer than four years after which they are eligible for reappointment. In total a Supervisory Board member may sit on the Supervisory Board for a maximum of twelve years. The Supervisory Board may deviate from the maximum periods of four and twelve years pursuant to a resolution of the General Meeting.

10.4.5. Qualifications

Similar to the gender diversity rules for the composition of the Board of Management described above, Dutch legislation that took effect on 1 January 2013 requires Large Companies to pursue a policy of having at least 30% of the seats on the supervisory board be held by men and at least 30% of the seats on the supervisory board be held by women. This rule also applies to the Company because

it qualifies as a Large Company. Pursuant to this new legislation, the Company will be required to take this allocation of seats into account in connection with the following actions: (i) the (nomination for the) appointment of members of the Supervisory Board; (ii) drafting the criteria for the size and composition of the Supervisory Board, as well as the designation, the appointment, the recommendation and the nomination for appointment of members of the supervisory board; and (iii) drafting a profile for the members of the Supervisory Board. In addition, if the Company does not comply with the gender diversity rules, it is required to explain in the annual report (i) why the seats are not allocated in accordance with this ratio, (ii) how the Company has attempted to achieve a well-balanced allocation; and (iii) how the Company aims to achieve a well-balanced allocation in the future. Currently there is one woman on the Supervisory Board.

Similar to the rules for the composition of the board of management described above pursuant newly adopted Dutch legislation that took effect on 1 January 2013 restrictions apply as to the overall number of board of management positions and supervisory board positions that a member of the supervisory board of a Dutch public limited liability company may hold. This rule also applies to the Company. Pursuant to this new legislation, a person may not be a member of the Supervisory Board if he or she holds more than five supervisory positions with Large Companies. Acting as a chairman of the supervisory board or a supervisory body established by the articles of association or, in case of a one-tier board, chairman of the board of management, of a Large Company will count twice. The term 'supervisory position' refers to the position of supervisory director, non-executive director in case of a one-tier board or member of a supervisory body established by the articles of association. The new legislation does not apply to members of the Supervisory Board who were appointed prior to 1 January 2013. Three of the four current supervisory board members were appointed prior to 1 January 2013 and the applicable restrictions were taken into account with the appointment of Mrs C.M. Insinger in 2013. Therefore, the Company complies with the legislation regarding the limitation of supervisory positions. All newly appointed members of the Supervisory Board will comply with the legislation.

An appointment in violation of these restrictions will result in that last appointment being void. Earlier appointments at other entities are not affected. The fact that an appointment is thus void does not affect the validity of decision-making.

10.4.6. Supervisory Board meetings and decisions

The Supervisory Board meets at least five times a year and, in addition, as often as one or more of its members deems necessary. Unless the Supervisory Board decides otherwise, its meetings shall be attended by one or more members of the Board of Management, except for meetings in which e.g. the assessment of the performance of the Board of Management and its individual members is discussed.

The Supervisory Board elects a chairman, and optionally a vice-chairman, from their midst.

Pursuant to the Supervisory Board Regulations, resolutions are validly passed in meetings if a majority of the Supervisory Board members are represented; members having a conflict of interest are not counted in the calculation of this quorum. The Supervisory Board strives to base its decision-making on consensus. However, if consensus cannot be reached, the resolutions shall be postponed until a subsequent meeting. In the event consensus cannot be reached in this subsequent meeting either – or if postponement of the resolutions is not possible or desirable – the resolutions shall be passed by an absolute majority vote. If there is a tie vote, the proposal shall be deemed to have been rejected.

The Supervisory Board may also adopt resolutions outside a meeting, provided that the proposal concerned has been submitted to all the members of the Supervisory Board and none of them has opposed this manner of decision-making. Resolutions adopted outside a meeting are mentioned in the minutes of the next meeting.

10.4.7. Conflict of interest

Pursuant to the Articles, a Supervisory Board member shall not participate in the deliberation and adoption of resolutions on a subject or transaction in relation to which the Supervisory Board member has a direct or indirect personal interest which conflicts with the interests of the Company and its business enterprise. If in such an event a resolution cannot be adopted by the Supervisory Board, the resolution shall be adopted by the General Meeting.

No member of the Supervisory Board has a conflict of interest (actual or potential) between any duties to the Company and his or her private interests and/or duties.

10.4.8. Members of the Supervisory Board

On 4 June 2014, the Company announced that Mr A.N.A.M. Smits had to step down as Chairman of the Supervisory Board with immediate effect due to health reasons. Mr L.W.A.M. van Doorne took over the role of Chairman from Mr Smits with immediate effect. Mr Smits remains a member of the Supervisory Board until he will be replaced. The Supervisory Board plans to nominate a new candidate for appointment by the General Meeting to the Supervisory Board during the second half of 2014. The composition of the Supervisory Board is therefore currently as follows:

Name	Position	Member since	Term
Mr L.W.A.M. van Doorne	Chairman	16 May 2012	16 May 2016
Mr A.N.A.M. Smits	Member	8 September 2004	16 May 2016
Mr J. Bout	Member	19 May 2011	19 May 2015
Mrs C.M. Insinger	Member	16 May 2013	16 May 2017

Mr L.W.A.M. van Doorne

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

Mr A.N.A.M. Smits

Mr Smits was born in 1943 and is a Dutch national. He was a member of the board of management of Macintosh N.V. and Wilma International N.V. Presently, Mr Smits is a member of the supervisory board of a variety of companies. He is currently chairman of the supervisory board of Faber-Halbertsma Group. He is also a member of the supervisory board of Vebego Holding B.V., De Raekt B.V., Vercoat Invest B.V. and IGO-Post. Mr Smits was first appointed to the Supervisory Board in 2004. His current term of office expires on 16 May 2016.

Mr J. Bout

Mr Bout was born in 1946 and is a Dutch national. Until 1 January 2011 he was chairman of the board of management of Royal Haskoning. Mr Bout is a member of the supervisory board of the listed company Brunel N.V., the unlisted company Delta N.V. and the unlisted Koninklijke Haskoning DHV Group B.V. Mr Bout is a member of the supervisory board of Deltares and a member of the governing board of the Ubbo Emmius Fund. Mr Bout was first appointed to the Supervisory Board in 2011. His current term of office expires on 19 May 2015.

Mrs C.M. Insinger

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

10.5. Committees

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

10.5.1. Audit Committee

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

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

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

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

- (i) Mrs C.M. Insinger (chairman); and
- (ii) Mr J. Bout.

10.5.2. Remuneration Committee

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

The Remuneration Committee must consist of two members of the Supervisory Board. The members of the Remuneration Committee must be independent. Neither the chairman of the Supervisory Board, nor one or more (previous) members of the Board of Management, nor one or more members of a board of management of another company listed at a stock exchange, is entitled to be chairman of the Remuneration Committee at the same time. Additionally, none of the committee members (with the

exception of maximally one individual member) is entitled to be a member of the board of management of another Dutch company listed at a stock exchange at the same time. With due observance of these restrictions, the Supervisory Board appoints one of its members of the Remuneration Committee as its chairman.

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

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

10.5.3. Selection and Appointment Committee

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

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

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

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

10.6. Remuneration Board of Management

10.6.1. General remuneration information

The Supervisory Board determines the remuneration of the members of the Board of Management in accordance with the remuneration policy which was adopted by the General Meeting in 2005.

In accordance with the Articles, the Supervisory Board records the remuneration policy of the individual members of the Board of Management in a remuneration report. The Works Council is given the opportunity to take a position regarding the remuneration policy.

Before drawing up the remuneration policy and determining the remuneration of individual members of the Board of Management, the Supervisory Board analyses the possible outcomes of the variable remuneration components and how they may affect the remuneration of the members of the Board of Management. Based on these scenario analyses, the Supervisory Board subsequently determines the amount and structure of the remuneration of the Board of Management members, also taking into

account the pay differentials within the Company.

The Supervisory Board pursues a remuneration policy for the Board of Management that takes into account, amongst others, the results of the Company, the share price performance and non-financial indicators relevant to the long-term objectives of the Company, with due regard for the risks to which variable remuneration may expose the business. The aim of the remuneration policy for the Board of Management is to attract, motivate and retain skilled management board members capable of leading a major Dutch construction group with international operations. Furthermore, the remuneration structure shall promote the interests of the Company in the medium and long term, but may not encourage the members of the Board of Management to act in their own interests or to take risks that are not aligned with the adopted strategy, and may not reward failing members of the Board of Management upon termination of their employment.

The reference for the remuneration level of the members of the Board of Management is the remuneration level of other (comparable) listed Dutch construction groups. The Supervisory Board takes into consideration the complexity, size, risk profile and management model of the reference companies. The remuneration level of the individual members of the Board of Management is furthermore based on the responsibilities of the respective members.

The remuneration agreements made with the members of the Board of Management are set out in contracts when they take up their positions.

10.6.2. Remuneration and benefits for the Board of Management

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

Fixed annual salary

The annual fixed salaries, including holiday allowance, of the members of the Board of Management are as follows as per the dates set forth therein:

Name	1 January 2014	1 January 2013
Mr T.A.C.M. Bruijninx	€ 496,000	€ 496,000
Mr P. van Zwieten	€ 364,000	€ 364,000

Mr Van der Noordaa was appointed CEO of the Company on 27 June 2014. His annual fixed salary, including holiday allowance, amounts to € 500,000.

The amounts for 2014 consist of the fixed periodic salaries as per 1 January 2014 or 1 January 2013 respectively, multiplied by 13, plus holiday allowance. These annual fixed salaries are based on 52 weeks.

After becoming a member of the Board of Management, potential adjustments of the fixed annual salary of such member are in principle aligned with the adjustments under the collective labour agreement for the building industry (*CAO Bouwnijverheid*).

Short term variable remuneration: bonus payment

Under the current remuneration policy for members of the Board of Management, a bonus may be paid in addition to the fixed salary, up to a maximum of one third of the fixed salary. The bonus payment is build up as follows:

- (i) two thirds of the bonus is determined by reference to financial targets, the profit for the period and average capital employed, as documented in the business plan approved by the Supervisory Board; and
- (ii) one third of the bonus is determined by reference to non-financial criteria, as laid down and assessed by the Supervisory Board. These criteria are leadership, quality of relationships with the various stakeholders of the company, sustainability and the quality of the management of specific important issues arising in a given year.

The Supervisory Board bases its assessment of these non-financial criteria on reports, personal observation, discussions with the Board of Management, discussions with third parties, and other information.

The Supervisory Board has discretionary powers to award different bonuses or not to award bonuses, independently of any financial or non-financial criteria. Any bonus payment is made after the end of the financial year to which it relates. For competitive reasons, the financial targets included in the business plan are not publicly disclosed in advance.

At the General Meeting, the Supervisory Board reports on the financial and non-financial targets that were set for the prior financial year, and the extent to which they were achieved.

With regard to 2013, the Board of Management has demonstrated skilled management of important issues for the Company, such as adapting the organisation to the strategy of the Company. In the opinion of the Supervisory Board, the members of the Board of Management have partially satisfied the nonfinancial criteria. However, the Board of Management members have not met the financial performance criteria that were set. Consequently, the members of the Board of Management are ineligible for a bonus for the year 2013.

Long term variable remuneration: options

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

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

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

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

Under this management option scheme, the aggregate maximum option rights that the Supervisory

Board may grant to the members of the Board of Management each year is 2% of the total number of the Company's issued share capital. The Board of Management members may exercise their option rights between three and six years from the date of the option grant.

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

No options were granted to the members of the Board of Management for the 2013 financial year.

The following options were granted to the members of the Board of Management for the 2012 financial year:

Name	Number of options
Mr T.A.C.M. Bruijninx	40,000
Mr P. van Zwieten	30,000
Mr R. Malizia	30,000

The options granted for the 2012 financial year mature in six years, starting on 9 March 2012 (the date of the option grant) and may be exercised between three and six years from the date of the option grant, therefore after the end of the vesting period of the options. The exercise price is € 12.67. Options granted but not exercised lapse upon the termination of the relevant Board of Management member's employment. Therefore, the options not exercised by Mr Malizia have lapsed.

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

- (i) acquire a depositary receipt for one Ballast Nedam N.V. share for each exercised option; and
- (ii) exercise the options by announcing that they wish to sell their depositary receipts for shares. In that case the Company will pay the relevant Board of Management member an amount for each option equal to the opening price of the Ballast Nedam N.V. share on Euronext Amsterdam on the following trading day less the exercise price and less the costs involved.

Under his employment agreement Mr Van der Noordaa shall be awarded 50,000 options under the management option scheme. These options shall be awarded on the earlier of (i) 3 months after issuance of the new Ordinary Shares pursuant to the Offering or (ii) 1 December 2014.

Pensions

Mr Van Zwieten takes part in the Company's pension fund on the same terms as other employees of the Company. The Company bears a portion of the pension financing costs, and Mr Van Zwieten bears the remaining portion. Mr Van der Noordaa does not take part in the Company's pension fund but instead receives a four-weekly contribution of $\frac{1}{13}^{\text{th}}$ of 17 % of his annual fixed salary. This contribution concerns a gross amount, unless the contribution can be made into a pension scheme concluded by Mr Van der Noordaa personally (*derdepijlerproduct*) without any deductions being required. There is no early retirement scheme for the members of the Board of Management.

Other

The Board of Management members receive a fixed allowance and a company car. In other respects, the members of the Board of Management are entitled to the provisions of the applicable collective labour agreement for the building industry (*CAO Bouwnijverheid*), including annual increments. The

members of the Board of Management may avail themselves of the same schemes that apply to other employees of the Company, such as tax-efficient gym membership and use of a mobile phone or PDA.

Severance pay

Pursuant to the Supervisory Board Regulations, the Supervisory Board shall determine the amount of the severance pay for members of the Board of Management. The amount of the severance pay for these members may not exceed one year's salary, unless this would be manifestly unreasonable and unless the amount of the severance pay of an individual member is a consequence of an employment agreement entered into before the adoption of these Regulations.

On 26 February 2014 the Company announced that Mr Bruijninx would leave the Company as per 1 July 2014. Mr Bruijninx and the Company have agreed that Mr Bruijninx shall act as CEO until 1 July 2014. Settlement of his employment agreement shall occur in accordance with the applicable contractual provisions as described in the annual report of the Company.

Mr Van der Noordaa was appointed to the Board of Management for a four-year period on 27 June 2014 and Mr Van Zwieten for a four-year period on 19 May 2011. The notice period for a member of the Board of Management is three months and for the Company 6 months. During the first two years of the employment agreement, the notice period for Mr Van der Noordaa is six months and for the Company twelve months. Severance pay in the event of removal of Mr Van der Noordaa is equal to his fixed annual salary, unless this would be manifestly unreasonable in which case, provided that the termination occurs during the first term of his appointment, Mr Van der Noordaa shall be entitled to a severance pay equal to amount not exceeding two times his fixed annual salary. Severance pay in the event of removal of Mr Van Zwieten is equal to his fixed annual salary.

Claw Back

In accordance with new Dutch legislation, the supervisory board of a public limited liability company incorporated under the laws of the Netherlands, is entitled to, in retrospect: (i) adjust the amount of the bonus granted to a managing director should the amount of the bonus be unacceptable according to principles of reasonableness and fairness or (ii) reclaim the bonus in the event the bonus was granted on the basis of incorrect information regarding the achievement of targets on which the bonus was based or regarding the circumstances subject to which the bonus was granted.

10.7. Remuneration Supervisory Board

Pursuant to the Articles, the General Meeting determines the remuneration of the members of the Supervisory Board. The remuneration does not depend on the Company's results.

The Supervisory Board members receive a fixed fee that is independent of the Company's performance. The General Meeting set the remuneration of the Supervisory Board in 2005. As of 1 January 2013, the annual fees for members of the Supervisory Board are as follows:

Name	Remuneration 2013
Mr A.N.A.M. Smits	€ 45,000
Mr J. Bout	€ 30,000
Mr L.W.A.M. van Doorne	€ 30,000
Ms C.M. Insinger	€ 30,000

The members of the Supervisory Board also receive an allowance for expenses incurred during the

performance of their duties.

Apart from the remuneration of the Supervisory Board members, the members of the Audit Committee receive an additional annual remuneration of € 5,000.

10.7.1. Indemnification and insurance

Under Dutch law, the members of the Board of Management and the Supervisory Board may be liable to the Company for damages in the event of improper or negligent performance of their duties. They may be held jointly and severally liable for damages to the Company and to third parties for infringement of the Articles or of certain provisions of the Dutch Civil Code. In certain circumstances, they may also incur additional specific civil and criminal liabilities.

The liability of the members of the Board of Management and the Supervisory Board has been covered by directors' and officers' liability insurance. These policies contain limitations and exclusions, such as wilful misconduct or intentional recklessness (*opzet of bewuste roekeloosheid*).

10.7.2. Corporate governance

On 9 December 2003, a committee commissioned by the Dutch government (the *Commissie Tabaksblat*) published the Corporate Governance Code. The provisions of the Code took effect on 1 January 2005 and apply to annual reports for financial years starting on or after 1 January 2004. In December 2008, the Monitoring Committee adopted an amended Code which entered into force on 1 January 2009.

The Code applies to all companies listed on Euronext Amsterdam and therefore applies to the Company. The Code contains a number of principles and best practice provisions for listed companies in respect of their management boards, supervisory boards, shareholders and general meetings, financial reporting, auditors, disclosure, compliance and enforcement standards and uses a "comply or explain" approach. Dutch listed companies are under the obligation to discuss compliance with the Code in their annual report. If a company deviates from a best practice provision in the Code, this deviation must be properly explained.

The Company endorses the principles of the Code and adheres to almost all provisions and best practices of the Code. The Company currently deviates from only a few provisions and has appropriately motivated such deviations.

On 10 May 2006, the General Meeting approved the Company's corporate governance policy and structure. Neither the Company's corporate governance structure nor compliance with the Code have changed substantially in the meantime. The corporate governance structure and corporate governance policy are on the agenda of every General Meeting.

The Company does not fully comply with the following best practice provisions of the Code:

- (i) best practice provision II.1.1 and best practice provision II.2.8: the Company does not observe the maximum term of office of four years and the maximum severance pay equal to the fixed annual salary in the case of Mr Bruijninx. Mr Bruijninx was appointed for an indefinite period in 2003, before the Code came into effect. The severance pay agreed with him at that time was one-and-a-half times the fixed annual salary. The Company has respected these contract terms;
- (ii) best practice provision II.2.10: in respect of Mr Bruijninx the Supervisory Board does not have the power to adjust components of remuneration since he was appointed to the Board of Management prior to the incorporation of this rule in the remuneration policy of the Company; the Company respects the pre-existing contract terms. However, the Company has now implemented the possibility to adjust variable components of remuneration in the

employment agreements of new members of the Board of Management, as illustrated by the case of Mr Van Zwieten and Mr Van der Noordaa. Moreover, since 1 January 2014, new Dutch legislation regarding claw back entered into force;

- (iii) best practice provision II.2.11: in respect of Mr Bruijninx the Supervisory Board cannot claw back components of remuneration awarded on the basis of incorrect financial or other information, since he was appointed to the Board of Management prior to the incorporation of these rules in the remuneration policy of the Company. The Company respects these pre-existing contract terms. Similar to the provision mentioned under (ii) above, the Company has now implemented the possibility to adjust variable components of remuneration in the employment agreements of new directors, as evidenced by the agreement with Mr Van Zwieten and Mr Van der Noordaa. Moreover, since 1 January 2014, new Dutch legislation regarding claw back entered into force ; and
- (iv) best practice provision IV.3.1: it is not possible for shareholders to follow analyst meetings, analyst presentations, presentations to institutional and other investors and press conferences simultaneously through webcasting, telephone, or by other means. The Company has no plans to introduce these facilities in the near future.

10.8. Other information regarding the Board of Management, the Ballast Nedam Concern Council and the Supervisory Board

At the date of the Prospectus, no member of the Board of Management, the Ballast Nedam Concern Council and the Supervisory Board has, in the previous five years (i) been convicted of any offences relating to fraud, (ii) held an executive function at any company at the time of or immediately preceding any bankruptcy, receivership or liquidation, (iii) been subject to any official public sanction by any statutory or regulatory authority (including any designated professional body) and (iv) been the subject of any official public incrimination or been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of a company or from acting in the management or conduct of the affairs of any company.

There are no arrangements or understandings in place with major DR Holders, customers, suppliers or others, pursuant to which any member of the Board of Management, the Ballast Nedam Concern Council or the Supervisory Board was selected as such member.

11. MAJOR DR HOLDERS AND RELATED PARTY TRANSACTIONS

11.1. Major DR Holders

The register of the Financial Supervision Act maintained by the AFM, identifies several investors as holding a significant interest (*substantiële deelneming*) in the Company as per the date of this Prospectus. The following table sets out the name of each DR Holder, who, as far as the Company is aware of, has a significant direct or indirect interest in the Company's share capital.

DR Holder	% of share capital	Number of votes
Hurks Groep B.V.	20.03%	2,002,846
Navitas B.V.	15.40%	1,540,098
DeltaLloyd Levensverzekering N.V.	7.21%	720,911
Delta Lloyd Deelnemingen Fonds N.V.	5.79%	578,500
Menor Investments B.V.	5.11%	510,697
Bibiana Beheer B.V.	5%	500,000
Via Finis Invest B.V.	5%	500,000

Except as disclosed above, the Company is not aware of any person who, on the date of this Prospectus, directly or indirectly, has a beneficial interest of 3% or more in the Company's share capital.

The Company's major DR Holders as set out in the table above do not have other voting rights than other DR Holders, except for Ballast Nedam which cannot vote on its own DRs. The Company is not directly or indirectly owned or controlled by another corporation or by any foreign government. The Company is not aware of any arrangement that may, at a subsequent date, result in a change of control.

11.2. Related party transactions

This paragraph will provide an overview of the different types of related party transactions as per the date of this Prospectus.

The Company's related parties are the members of the Board of Management and Supervisory Board, its subsidiaries, associates, joint ventures, the Stichting Pensioenfonds Ballast Nedam, the directors and senior officials of these entities and individuals and legal entities holding 10% or more of the Ordinary Shares. In 2013 a termination agreement was concluded between a former member of the Board of Management and the Company. Otherwise, no transactions took place in 2013 that involved any conflict of interest on the part of members of the Board of Management, Supervisory Board Members, or natural or legal persons holding at least 10% of the Ordinary Shares. The above refers to transactions of material significance for the Company or the person or entity in question.

The Company is involved in a number of operating activities that are executed in cooperation with subsidiaries or associated companies, for example in joint ventures.

Furthermore, the bank guarantees and parent company guarantees issued by the Company on behalf of its subsidiaries, associated companies and joint ventures qualify as related party transactions. In addition, the Company issued bank guarantees on behalf of subsidiaries.

These bank guarantees relate to the execution of projects for clients and to future investment

obligations.

The main task of the Ballast Nedam Pension Fund is to implement the pension scheme for Ballast Nedam employees. The Ballast Nedam Pension Fund uses the services of employees of Ballast Nedam companies. The actual costs are charged on.

The Company buys and sells goods and services from and to various related parties in which the Company holds an interest of 50% or less, or with natural or legal persons holding at least 10% of the Ordinary Shares. All these transactions are executed at arm's length, in a comparable manner as for transactions with third parties.

The Company has no knowledge of any transactions with the members of the Board of Management and Supervisory Board, with the exception of their respective remuneration and the termination agreement with a former member of the Board of Management and the termination agreement with Mr Bruijninx (see § 10 ("Management, employees and corporate governance")).

The Pre-Committed DR Holders have entered into commitment letters with the Company in connection with the Offering. See § 15.1 ("Plan of Distribution - Commitment of major DR Holders"). The Pre-Committed DR Holders have committed to participate in the Offering, by timely and duly exercising all of the Rights that they receive in the Offering and thereby subscribe for approximately 69% of the total number of Offer DRs. The Pre-Committed DR Holders have confirmed the casting of the voting rights attached to their DRs as at the registration date for the annual General Meeting in favour of, amongst others, resolutions in respect of the issue of the Offer DRs, the exclusion of the statutory pre-emption rights in connection therewith and the amendment of the Articles and they have exercised their votes accordingly. The Pre-Committed DR Holders' obligations in connection with their respective commitments will automatically lapse on 15 August 2014.

12. DESCRIPTION OF SHARE CAPITAL

Set out below is a summary of the relevant information concerning the Ordinary Shares and the DRs and a brief summary of the Articles and certain provisions of Dutch corporate law.

This summary does not purport to be complete and is qualified in its entirety by reference to, and should be read in conjunction with, the Articles or with Dutch law, as the case may be. The full text of the Articles is incorporated in this Prospectus by reference and is available at the Company's website (see '*General Information*').

12.1. General

Ballast Nedam N.V. is a public limited liability (*naamloze vennootschap*) organised and existing under Dutch law, incorporated by a notarial deed dated 24 December 1987. The Company has its corporate seat in Nieuwegein, the Netherlands and its registered address at Ringwade 71, 3439 LM Nieuwegein, the Netherlands. The Company is registered with the Trade Register of the Chamber of Commerce (*Kamer van Koophandel*) (the "**Chamber of Commerce**") under number 33201106. The telephone number of the Company is +31 (0)30 285 3333.

12.2. Corporate objects

Pursuant to the Articles, the Company's corporate objects are, amongst others, to acquire, control, and alienate assets, to participate, manage and have any other interest in companies and enterprises in the field of civil engineering, building and related works, to design such works, to guide the execution, to maintain and see to the operation thereof, to carry out related trading and industrial activities, as well as to render all sorts of financial services on behalf of the Company and/or its group companies and finally to bind itself with respect to debts of group companies, all this in the broadest sense.

12.3. Share capital

The Company's authorised share capital amounts to € 45,000,000 divided into 45,000,000 Ordinary Shares, each with a nominal value of € 1.00. The Company's issued share capital amounts to € 10,000,000 divided into 10,000,000 Ordinary Shares, each with a nominal value of € 1.00 all of which are outstanding.

The Ballast Nedam Administration Office (*Stichting Administratiekantoor van Aandelen Ballast Nedam*) issues DRs and administers the underlying Ordinary Shares. The DRs are fully exchangeable. At year-end 2013, DRs had been issued for 99.46% of the issued capital. The Company has repurchased 332,500 DRs in order to cover the liabilities arising from the current management option scheme.

The DRs are listed on Euronext Amsterdam under the symbol "BALNE". The Company has been included in Euronext's Amsterdam Small Cap Index (AScX) since 2006.

12.4. The Ballast Nedam Administration Office

General

The Ballast Nedam Administration Office was established on 26 April 1994 under the laws of the Netherlands. The Ballast Nedam Administration Office has its statutory seat in Nieuwegein, the Netherlands, with its business address at Ringwade 71, 3439 LM Nieuwegein, the Netherlands and is registered with the Trade register of the Chamber of Commerce under number 41213781.

Pursuant to article 2 of the articles of association of the Ballast Nedam Administration Office, its objects and purposes include the issue of DRs, the administration of the Ordinary Shares for which DRs have been issued and the exercise of the voting and other rights attached to such Ordinary

Shares.

In exercising the rights attached to the Ordinary Shares, the Ballast Nedam Administration Office is primarily focused on the interest of the DR Holders, while taking into account the interests of the Company, its affiliates and all other parties involved.

The board of the Ballast Nedam Administration Office consists of:

- (i) Mr P.C. van der Linden;
- (ii) Mr W.F.C. Baars; and
- (iii) ir. L.H. Keijts.

The Ballast Nedam Administration Office has appointed SGG Netherlands N.V. in Amsterdam as the trust office of the Ballast Nedam Administration Office for the performance of customary administrative tasks relating to the Ordinary Shares and the DRs.

Rights of DR Holders

DR Holders or their proxy holders have the right to personally attend any General Meeting, subject to informing the Company thereof in writing at the latest on the date and at the place referred to in the notice convening the meeting.

The voting rights attached to the Ordinary Shares – one vote per Ordinary Share – rest with the Ballast Nedam Administration Office, but the Ballast Nedam Administration Office will provide DR Holders who intend to vote at the General Meeting an unconditional proxy to exercise their respective votes at the General Meeting at their request.

DR holders have the option to convert DRs into Ordinary Shares. This option has not been exercised in the past three years. DR holders can reclaim an amount of Ordinary Shares of equal nominal value by cancelling the DRs. The conversion of DRs into Ordinary Shares will be effected as soon as possible, subject to the cancellation, by transferring the Ordinary Shares under a deed of transfer drawn up for that purpose and registering such transfer in the share register of the Company (the "**Share Register**").

DR Holders are entitled to a dividend. The Ballast Nedam Administration Office will collect all dividends and all other distributions made on the Ordinary Shares registered in its name from the Company and, will promptly make available for payment a corresponding dividend or distribution on the DRs.

In the event new Ordinary Shares are issued, the Ballast Nedam Administration Office grants DR Holders a pre-emptive right to the issue of DRs in conformity with the pre-emptive right granted to holders of Ordinary Shares.

12.5. Share Register and DR Register

The Ordinary Shares are registered in the Share Register and numbered consecutively. Share certificates will not be issued.

The Board of Management keeps the Share Register and ensures that it is kept up to date. The Share Register records the names and addresses of the Shareholders, the amount paid up on each Ordinary Share, the date on which the Ordinary Shares were acquired, as well as the date of acknowledgement or notification. The Share Register also includes the names and addresses of those persons with a right of usufruct or a right of pledge on those Ordinary Shares.

The DRs are registered in the DR register, which is kept by the Ballast Nedam Administration Office (the "**DR Register**"). The DR Register includes the names and addresses of the holders of DRs. In the event a DR is part of a collective depot (*verzameldepot*) or a giro depot (*girodepot*), the Company will enter the DR in the DR Register in the name of the central institute or the affiliated institution, as the case may be, and will record the name and address of the central institute or the affiliated institution, the date on which the relevant DRs became part of a collective depot (*verzameldepot*) or a giro depot (*giro depot*), as well as the date of giving notice to the Ballast Nedam Administration Office.

12.6. Issue of shares

Shares are issued pursuant to a resolution of the General Meeting, or the Board of Management if designated thereto by the General Meeting and with the approval of the Supervisory Board. In the event the Board of Management has been authorised to issue shares, the General Meeting may, as long as such authorisation is valid, no longer resolve upon further issuance, unless otherwise provided upon delegation of authority.

The General Meeting or the Board of Management, as the case may be, determines the price and the other conditions of issuance, with due observance of the provisions of the Articles. Such a resolution by the Board of Management is subject to the prior approval of the Supervisory Board.

If the Board of Management is designated as competent to resolve on the further issuance of shares, the number and class of shares must be specified in such designation. The duration of such designation, which may not exceed five years, must also be stipulated in the designation. This designation may be extended, from time to time, for periods not exceeding five years. Unless provided for otherwise upon the delegation of authority, the designation may not be withdrawn.

The provisions of the Articles in respect of the issuance of shares as described above also apply to the granting of rights to subscribe for shares, but do not apply to the issuance of shares to an individual who is exercising a previously acquired right to take shares.

Shares cannot be issued below par – without prejudice to the provisions of article 2:80(2) Dutch Civil Code – and at least the nominal amount must be paid up. Should a share be taken for a higher amount, then the difference between the nominal amount and such higher amount must be paid up on the shares. Payment must be made in cash insofar no other form of contribution has been agreed upon (without prejudice to the provisions of article 2:80b Dutch Civil Code).

On 25 April 2014, the General Meeting has authorised the Board of Management for a period of six months as from 1 June 2014 to resolve on the issuance of the Offer DRs.

12.7. Pre-emptive rights

Each Shareholder has a pre-emptive right to any issue of shares, proportional to the aggregate amount of his shares. No pre-emptive right exists in respect of an issue of shares for a consideration other than in cash.

The General Meeting – or the Board of Management if designated thereto by the General Meeting and with the approval of the Supervisory Board – may resolve on the manner and time-frame within which the pre-emptive right may be exercised.

The share issue that is subject to pre-emptive rights and the period during which these rights may be exercised, shall be announced in the manner as stated in the Articles. The pre-emptive rights may be exercised during a period of at least two weeks following the day of the announcement.

The General Meeting may resolve to limit or exclude the pre-emptive rights. Such resolution requires a majority of at least two thirds of the votes cast if less than half of the issued capital is represented at the meeting. In the event half or more of the issued share capital is represented, the resolution is

adopted with an absolute majority of the votes cast.

The Board of Management also has the authority to resolve on the limitation or exclusion of the pre-emptive rights, provided that the Board of Management (i) is also authorised to resolve on the issue of shares and (ii) has been designated by the General Meeting to resolve on such matter for a specific period of no more than five years. This designation by the General Meeting may be extended, from time to time, for no longer than five years at a time and only applies alongside the issue of shares to which the Board of Management has competently resolved. A resolution of the Board of Management to limit or exclude pre-emptive rights is subject to the approval of the Supervisory Board.

The above shall also apply to the granting of rights to subscribe for shares. However, Shareholders do not have a pre-emptive right towards shares issued to a person exercising a previously acquired right to take shares.

On 25 April 2014, the General Meeting authorised the Board of Management, subject to the approval of the Supervisory Board, to limit or exclude pre-emptive rights (*wettelijke voorkeursrechten*) for a period of six months as from 1 June 2014 in connection with the Rights Offering.

12.8. Repurchase of shares

Upon an issue of shares, the Company may not take shares.

The Company may acquire fully paid up shares or DRs for no consideration (*om niet*) or if (i) the distributable part of the Shareholders' equity is at least equal to the purchase price and (ii) the nominal value of the shares or DRs which the Company acquires, holds or holds as pledge or which are held by a subsidiary does not exceed 50% of the Company's issued share capital.

The Board of Management requires the prior authorisation of the Supervisory Board and the General Meeting to acquire shares for consideration. This authorisation from the General Meeting to acquire shares must specify the number and class of shares that may be acquired, the manner in which shares may be acquired and the price range within which shares may be acquired. Such authorisation will be valid for no more than eighteen months.

The validity of any such acquisition shall be determined on the basis of the Shareholders' equity according to the last-adopted balance sheet, less the acquisition price for the shares, the amount of loans as referred to in article 2:98c Dutch Civil Code and distributions from profits or reserves to others that have become payable by the Company and its subsidiaries since the balance sheet date.

The Company may not acquire shares or DRs in the event that more than six months have lapsed since the commencement of the financial year without the Annual Accounts having been adopted.

The Board of Management may, subject to the approval of the Supervisory Board, resolve to dispose of shares acquired by the Company.

Shares held by the Company shall not entitle the Company to any distribution in respect of such shares. For the calculation of the amount of profit to be distributed on each share, the shares held by the Company shall not be included, unless a usufruct (*vruchtgebruik*) has been created on these shares or DRs have been issued with the cooperation of the Company.

The Company or any of its subsidiaries cannot cast votes for shares belonging to the Company or for shares for which the Company or a subsidiary holds DRs. Usufructuaries (*vruchtgebruikers*) of shares belonging to the Company or any of its subsidiaries do, however, retain their voting rights if the usufruct was established before the share belonged to the Company or its subsidiary.

When determining to what extent a certain part of the share capital is represented, shares which are not entitled to voting rights by law are not taken into account.

12.9. Capital reduction

The General Meeting may, but only at the proposal of the Board of Management, resolve to reduce the issued share capital by cancelling shares or by reducing the nominal amount of the shares by amending the Articles. A resolution of the General Meeting to reduce the issued share capital must designate the shares to which the resolution relates and provide for the implementation of the resolution. A resolution to cancel shares can only relate to shares which are held by the Company or for which it holds DRs. Any (i) reduction of the amount of shares without repayment of capital and without release from the obligation to pay up and (ii) any partial repayment of capital or release from the obligation to pay up, shall be made *pro rata* to all shares concerned. The *pro rata* requirement may be deviated from if all concerned Shareholders consent.

The General Meeting may only take a decision to reduce the capital with a majority of at least two thirds of the votes cast if less than half the issued capital is represented. The convocation of a meeting in which a resolution to reduce the issued capital of the Company is to be passed, must state the purpose of the capital reduction and the manner of execution.

A resolution to reduce the capital cannot enter into force as long as creditors of the Company may oppose this capital reduction in accordance with the relevant Dutch law provisions.

12.10. Transfer of shares and transfer restrictions

The transfer of shares or the transfer of limited rights thereto requires a deed of transfer drawn up for that purpose and acknowledgement of the transfer by the Company in writing. The latter is not required in the event the Company is a party to such deed of transfer.

12.11. General Meeting

The annual general meeting shall be held within six months following the end of each financial year to discuss the annual report of the Board of Management with respect to the general state of affairs and the auditors' report, consider and adopt the Annual Accounts, determine the profit allocation, discuss the dividend policy and grant discharge to members of the Board of Management and to members of the Supervisory Board. Other General Meetings can be held whenever the Board of Management or the Supervisory Board deem desirable.

General Meetings are held in the municipality of Nieuwegein, Amsterdam or Utrecht. General Meetings must be convened by the Supervisory Board or the Board of Management. In addition, pursuant to the Articles, if one or more DR Holders and/or holders of Ordinary Shares, who jointly represent at least one tenth of the issued capital, has or have requested the Board of Management and the Supervisory Board in writing to call and convene a General Meeting, at the same time specifying the items of business to be discussed at such General Meeting, and neither the Board of Management, nor the Supervisory Board – equally competent to that end in this case – has complied with such request in such a way that the General Meeting can be held within eight weeks of such request, the requesting DR Holders or holders of Ordinary Shares shall be authorised to call such meeting themselves.

The notice convening a General Meeting shall be given no later than the forty-second day before the date of the General Meeting in accordance with the legislation and regulations applicable to the Company. The notice convening a General Meeting must include, amongst others, an agenda indicating the items for discussion, the location and the time of the meeting and any proposals for the agenda. Shareholders holding at least 3% of the issued and outstanding share capital may request that an item is added to the agenda. Such requests must be made in writing, must either be substantiated or include a proposal for a resolution, and must be received by the Board of Management at least sixty days prior to the day of the General Meeting.

Each holder of Ordinary Shares is entitled to attend the General Meeting, to address the meeting and,

to exercise voting rights, either in person or by proxy, provided that the holder of Ordinary Shares has communicated in writing its intention to attend the meeting no later than twenty-eight days prior to the date of the General Meeting.

Each DR Holder is entitled to attend the General Meeting, to address the meeting and, to exercise voting rights, either in person or by proxy, provided that the DR Holder has communicated in writing its intention to attend the meeting no later than a number of days prior to the date of the General Meeting to be determined by the Company, which number is typically around seven days, and has been granted a power of attorney thereto by the Ballast Nedam Administration Office.

Members of the Board of Management and of the Supervisory Board have the right to attend General Meetings and in these meetings they have an advisory vote.

Each Ordinary Share or DR confers the right to cast one vote at the General Meeting.

Resolutions of the General Meeting are passed by an absolute majority of the votes cast, except where a larger majority is prescribed by law or in the Articles.

12.12. Annual Accounts and other financial reports

The Company's financial year coincides with the calendar year. Annually, within four months after the end of the financial year, the Board of Management must draw up the Annual Accounts. The Annual Accounts must be accompanied by an independent auditor's report, an annual report and certain other information required under Dutch law. The Board of Management must make these documents generally available for inspection by the Shareholders at the offices of the Company and in Amsterdam as from the day of the notice convening the General Meeting.

The Annual Accounts must be signed by all members of the Board of Management and the Supervisory Board. If a member has not signed the Annual Accounts, the reason for the missing signature must be indicated. The Annual Accounts are adopted by the General Meeting.

Within two months after the end of the first half of the financial year, the Board of Management must prepare a semi-annual financial statement and make it publicly available. If the semi-annual financial reporting is audited or reviewed, the independent auditor's report must be made publicly available together with the semi-annual financial reporting.

During a period between ten weeks after the start and six weeks before the end of each half of the financial year the Board of Management must prepare an interim statement and make it publicly available. The interim statement includes an explanation of the important events and transactions that took place during the period between the start of the relevant half of the financial year and publication of the interim statement and the consequences for the financial position of the Company. The interim statement also includes a general description of the financial position and the performance of the Company during that period. The Company is obliged to publish the annual, semi-annual and quarterly statements and comply with other reporting obligations, including those resulting from the listing of the shares on Euronext Amsterdam, in accordance with relevant Dutch law.

12.13. Amendments of the Articles

The General Meeting may only resolve to amend the Articles pursuant to a proposal of the Board of Management approved by the Supervisory Board and with an absolute majority of the votes cast. In all other cases a majority of the votes representing at least 70% of the issued capital is required in order for the General Meeting to resolve to amend the Articles.

12.14. Dissolution and liquidation

The General Meeting may only resolve to dissolve the Company with a majority of the votes

representing at least 75% of the issued capital, unless the proposal thereto has been made by the Board of Management with the approval of the Supervisory Board. In the latter case, such decision may be taken with an absolute majority of the votes cast.

In the event of the dissolution of the Company pursuant to a resolution of the General Meeting, the members of the Board of Management shall be charged with the liquidation of the business of the Company and the Supervisory Board with the supervision thereof. The liquidation shall occur in accordance with the statutory provisions. During the liquidation, the provisions of the Articles will remain in effect as much as possible.

The balance of the Company's assets remaining after payment of all debts and the costs of liquidation shall be distributed to the Shareholders in proportion to the aggregate amount of the shares each of them holds.

12.15. Rules governing obligations of shareholders to make a public offer

The European Directive 2004/25/EC of 21 April 2004, relating to public takeover bids has been implemented in the Financial Supervision Act. A shareholder who, individually or acting in concert with others, directly or indirectly obtains control of a Dutch public company listed on a regulated market, is required to make a public offer for all shares (whether such shares are listed or not). Such control is deemed present if a person is able to exercise, alone or acting in concert, at least 30% of the voting rights in the general meeting of shareholders of the listed company. Furthermore, in general, it is prohibited to launch a public offer for shares of a listed company unless an offer memorandum has been approved by the AFM.

In addition, the Enterprise Chamber may, at the request of any shareholder (or holder of depositary receipts for shares) or the company, order a shareholder with a shareholding of 30% or more to make a public offer. The Enterprise Chamber may also, at the request of the company, determine that such a shareholder is not required to make a public offer when the financial condition of the company and the business related to it gives rise thereto.

12.16. Squeeze-out proceedings

Pursuant to article 2:92a of the Dutch Civil Code, a shareholder who for his own account holds at least 95% of the issued share capital of a Dutch public company may initiate proceedings against the minority shareholders jointly for the transfer of their shares to him. The proceedings are held before the Enterprise Chamber 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 the acquiring person, such person is required to 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 outstanding 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 if the

offer was a mandatory offer or if at least 90% of the shares to which the offer related were received by way of voluntary offer.

The Dutch Civil Code 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 outstanding 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.

12.17. Obligations to disclose holdings and transactions

General

Shareholders may be subject to notification obligations under the Financial Supervision Act. Pursuant to chapter 5.3 of the Financial Supervision Act, any person who, directly or indirectly, acquires or disposes of an actual or potential capital interest and/or voting rights in a Dutch listed company must immediately give written notice to the AFM of such acquisition or disposal by means of a standard form if, as a result of such acquisition or disposal, the percentage of capital interest and/or voting rights held by such person reaches, exceeds or falls below the following thresholds: 3%, 5%, 10%, 15%, 20%, 25%, 30%, 40%, 50%, 60%, 75% and 95%. In addition, any person whose capital interest or voting rights reaches, exceeds or falls below a threshold due to a change in the company's outstanding share capital, or in votes that can be cast on the Ordinary Shares as notified to the AFM by the Company, should notify the AFM no later than the fourth trading day after the AFM has published the company's notification of the change in its outstanding share capital.

For the purpose of calculating the percentage of capital interest or voting rights, the following interests must be taken into account: (i) shares and/or voting rights directly held (or acquired or disposed of) by any person; (ii) shares and/or voting rights 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; (iii) voting rights acquired pursuant to an agreement providing for a temporary transfer of voting rights in consideration for a payment; and (iv) shares and/or voting rights which such person, or any controlled entity or third party referred to above, may acquire pursuant to any option or other right to acquire shares and/or the attached voting rights. Depositary receipts for shares (or negotiable instruments similar to such receipts) also qualify as 'shares'.

Pursuant to the Financial Supervision Act, the Company is required to inform the AFM promptly if the Company's issued share capital or voting rights changes by 1% or more since the Company's previous notification. The AFM must be notified of other changes in the Company's issued and outstanding share capital or voting rights within eight days after the end of the quarter in which the change occurred. The AFM publishes all notifications made pursuant to the Financial Supervision Act in a public register.

Furthermore, each member of the Board of Management and the Supervisory Board must immediately give written notice to the AFM by means of a standard form of changes in their holding of DRs or Ordinary Shares and voting rights in the Company.

Short positions

Each person holding a net short position attaining 0.2% of the issued share capital of a Dutch listed company must report it to the AFM. Each subsequent increase of this position by 0.1% above 0.2% will also have to be reported. Each net short position equal to 0.5% of the issued share capital of a Dutch listed company and any subsequent increase of that position by 0.1% will be made public via the AFM short selling register. To calculate whether a natural person or legal person has a net short position, their short positions and long positions must be set off. A short transaction in a share can

only be contracted if a reasonable case can be made that the shares sold can actually be delivered, which requires confirmation of a third party that the shares have been located. There is also an obligation to notify the AFM of gross short positions. The notification thresholds are the same as apply in respect of the notification of actual or potential capital interests in the capital and/or voting rights, as described above.

The AFM keeps a public register of all notifications made pursuant to these disclosure obligations and publishes any notification received.

12.18. **Market abuse regime**

The Financial Supervision Act, implementing the EU Market Abuse Directive 2003/6/EC and related Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC, provides for specific rules that intend to prevent market abuse, such as the prohibitions on insider trading, divulging inside information and tipping, and market manipulation (the "**EU Market Abuse Rules**"). The Company is subject to the EU Market Abuse Rules as implemented in the Financial Supervision Act and non-compliance with these rules may lead to criminal and/or administrative fines, imprisonment or other sanctions.

Pursuant to the Financial Supervision Act, members of the Board of Management and any other person who has (co)managerial responsibilities in respect of the Company or who has the authority to make decisions affecting its future developments and business prospects and who may have regular access to inside information relating, directly or indirectly, to the Company, must notify the AFM of all transactions conducted for its own account with respect to the Ordinary Shares and/or DRs or in financial instruments the value of which is (co)determined by the value of the Ordinary Shares or the DRs, as the case may be.

In addition, certain persons closely associated with members of the Board of Management or any of the other persons as described above and designated by the Financial Supervision Act Decree on Market Abuse (*Besluit Marktmisbruik Wft*) (the "**Decree**"), must also notify the AFM of any transactions conducted for their own account relating to the Ordinary Shares and/or the DRs or in financial instruments the value of which is (co)determined by the value of the Ordinary Shares or the DRs, as the case may be. The Decree determines 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; and (iv) any legal person, trust or partnership whose, amongst others, managerial responsibilities are discharged by a person referred to under (i), (ii) or (iii) above or by the relevant member of the Board of Management or other person with any authority in respect of the Company as described above. These notifications must be made no later than on the fifth business day following the transaction date and by means of a standard form. The notification may be postponed until the moment that the value of the transactions performed for that person's own account, together with the transactions carried out by the persons closely associated with that person, reaches or exceeds an amount of € 5,000 in the calendar year in question.

The AFM keeps a public register of all notifications under the Financial Supervision Act. Third parties can request to be notified automatically by e-mail of changes to the public register. Pursuant to the Financial Supervision Act, the Company maintains a list of its insiders and has adopted an internal code of conduct (the "**Regulations Concerning Inside Information**") relating to the holding and effecting of transactions by members of the Board of Management and employees in securities in connection with the Company and affiliated issuing institutions and other securities.

13. TAXATION

13.1. Taxation in the Netherlands

The information set out below is a general summary of certain Dutch tax consequences in connection with the acquisition, ownership and transfer of the Offer DRs and/or Rights. The summary does not purport to be a comprehensive description of all the Dutch tax considerations that may be relevant for a particular holder of Offer DRs and/or Rights. Holders of Offer DRs and/or Rights may be subject to special tax treatment under any applicable law and this summary is not intended to be applicable in respect of all categories of holders of such Offer DRs and/or Rights.

This summary is based upon the tax laws of the Netherlands as in effect on the date of this Prospectus, including official regulations, rulings and decisions of the Netherlands and its taxing and other authorities available in printed form on or before such date and now in effect, without prejudice to any amendments introduced at a later date and implemented with or without retroactive effect. All references in this summary to the Netherlands and Dutch law are to the European part of the Kingdom of the Netherlands and its law, respectively, only. All of the foregoing is subject to change, which could apply retroactively and could affect the continuing validity of this summary.

For Dutch tax purposes, a holder of Ordinary Shares, DRs, Offer DRs and/or Rights may include an individual who, or an entity which, does not have the legal title to the Ordinary Shares, DRs, Offer DRs and/or Rights, but to whom nevertheless Ordinary Shares are attributed based either on such individual or entity holding a beneficial interest in Ordinary Shares, DRs, Offer DRs and/or Rights or based on specific statutory provisions.

As this is a general summary, (prospective) holders of (Offer) DRs, Ordinary Shares and/or Rights should consult their own tax advisors as to the Dutch or other tax consequences of the acquisition, ownership and transfer of Offer DRs and/or Rights, including, in particular, the application of the tax considerations discussed below to their particular situations.

The following summary does not address the tax consequences arising in any jurisdiction other than the Netherlands in connection with the acquisition, ownership and transfer of Offer DRs and/or Rights.

13.2. Excluded holders of Offer DRs and/or Rights

The description of taxation set out in this section of this Prospectus is not intended for any holder of Offer DRs and/or Rights, who or which:

- (i) is an individual and for whom the income or capital gains derived from Offer DRs and/or Rights are attributable to employment activities, the income from which is taxable in the Netherlands;
- (ii) holds a Substantial Interest (as defined below) or is deemed to hold a Substantial Interest in the Company;
- (iii) is an entity that is a resident or deemed to be a resident of the Netherlands and that is not subject to or is exempt, in whole or in part, from Dutch corporate income tax;
- (iv) is an entity for which the income and/or capital gains derived in respect of the Offer DRs and/or Rights are exempt under the participation exemption (*deelnemingsvrijstelling*) as set out in the Dutch Corporate Income Tax Act 1969 (*Wet op de vennootschapsbelasting 1969*) (the "**Dutch Corporate Income Tax Act 1969**") or
- (v) is a fiscal investment institution (*fiscale beleggingsinstelling*) or an exempt investment institution (*vrijgestelde beleggingsinstelling*) as defined in the Dutch Corporate Income Tax

Generally a holder of Offer DRs and/or Rights will have a substantial interest in the Company if he holds, alone or in case a shareholder is an individual together with his partner (statutorily defined term in Dutch tax law), whether directly or indirectly, the ownership of, or certain other rights over, shares representing 5% or more of the total issued and outstanding capital (or the issued and outstanding capital of any class of shares), or rights to acquire shares, whether or not already issued, that represent at any time 5% or more of the total issued and outstanding capital (or the issued and outstanding capital of any class of shares), or the ownership of certain profit participating certificates that relate to 5% or more of the annual profit or to 5% or more of our liquidation proceeds ("**Substantial Interest**"). A holder of Offer DRs and/or Rights will also have a Substantial Interest in the Company, if one of certain relatives of that holder or of his partner has a Substantial Interest in the Company.

If a holder of Offer DRs and/or Rights does not have a Substantial Interest, a deemed Substantial Interest will be present if (part of) a Substantial Interest has been disposed of, or is deemed to have been disposed of, without recognising taxable gain.

13.3. Dividend Withholding Tax

13.3.1. General

Dividends paid on Offer DRs to a holder of such Offer DRs are generally subject to withholding tax of 15% imposed by the Netherlands. Generally, the dividend withholding tax will not be borne by Ballast Nedam, but will be withheld by Ballast Nedam from the gross dividends paid on the Offer DRs. The term "dividends" for this purpose includes, but is not limited to:

- (i) distributions in cash or in kind, deemed and constructive distributions and repayments of paid-in capital not recognised for Dutch dividend withholding tax purposes;
- (ii) liquidation proceeds, proceeds of redemption of shares or, generally, consideration for the repurchase of shares in excess of the average paid-in capital recognised for Dutch dividend withholding tax purposes;
- (iii) the nominal value of shares issued to a shareholder or an increase of the nominal value of shares, as the case may be, to the extent that it does not appear that a contribution to the capital recognised for Dutch dividend withholding tax purposes was made or will be made; and
- (iv) partial repayment of paid-in capital that is not recognised for Dutch dividend withholding tax purposes or recognised for Dutch dividend withholding tax purposes, if and to the extent that the Company has net profits (*zuivere winst*), within the meaning of the Dutch Dividend Withholding Tax Act 1965 (*Wet op de dividendbelasting 1965*), unless the general meeting of Shareholders has resolved in advance to make such a repayment and provided that the nominal value of the shares concerned has been reduced by a corresponding amount by way of an amendment of the Articles. The term net profits includes anticipated profits that still have to be realised.

13.3.2. Holders of Offer DRs Resident in the Netherlands

A holder of Offer DRs who is, or who is deemed to be, a resident of the Netherlands can generally credit the withholding tax against his Dutch income tax or Dutch corporate income tax liability and is generally entitled to a refund of dividend withholding taxes exceeding his aggregate Dutch income tax or Dutch corporate income tax liability, provided certain conditions are met, unless such holder of Offer DRs is not considered to be the beneficial owner of the dividends.

A holder of Offer DRs who is the recipient of dividends (the "**Recipient**"), will not be considered the

beneficial owner of the dividends for this purpose if:

- (i) as a consequence of a combination of transactions, a person other than the Recipient wholly or partly benefits from the dividends;
- (ii) whereby such other person retains, directly or indirectly, an interest similar to that in Offer DRs on which the dividends were paid; and
- (iii) that other person is entitled to a credit, reduction or refund of dividend withholding tax that is less than that of the Recipient ("**Dividend Stripping**").

13.3.3. Holders of Offer DRs not Resident in the Netherlands

With respect to a holder of Offer DRs, who is not and is not deemed to be a resident of the Netherlands for purposes of Dutch taxation and who is considered to be a resident of Aruba, Curacao or St. Maarten under the provisions of the Tax Arrangement for the Kingdom of the Netherlands (*Belastingregeling voor het Koninkrijk*) ("**Tax Arrangement for the Kingdom of the Netherlands**"), who is considered to be a resident of Bonaire, St. Eustatius or Saba under the provisions of the Tax Regulation for the country of the Netherlands (*Belastingregeling voor het land Nederland*) ("**Tax Regulation for the country of the Netherlands**") or who is considered to be a resident of a country other than the Netherlands under the provisions of a double taxation convention the Netherlands has concluded with such country, the following may apply. Such holder of Offer DRs may, depending on the terms of and subject to compliance with the procedures for claiming benefits under the Tax Arrangement for the Kingdom of the Netherlands, the Tax Regulation for the country of the Netherlands or such double taxation convention, be eligible for a full or partial exemption from or a reduction or refund of Dutch dividend withholding tax.

In addition, an exemption from Dutch dividend withholding tax will generally apply to dividends distributed to certain qualifying entities, provided that the following tests are satisfied:

- (i) the entity is a resident of another EU member state or of a designated state that is a party to the Agreement on the European Economic Area (currently Liechtenstein, Iceland and Norway), according to the tax laws of such state;
- (ii) the entity at the time of the distribution has an interest in the Company to which the participation exemption as meant in article 13 of the Dutch Corporate Income Tax Act 1969 or to which the participation credit as meant in article 13aa of the Dutch Corporate Income Tax Act 1969 would have been applicable, had such entity been a tax resident of the Netherlands;
- (iii) the entity does not perform a similar function as an exempt investment institution (*vrijgestelde beleggingsinstelling*) or fiscal investment institution (*fiscale beleggingsinstelling*), as defined in the Dutch Corporate Income Tax Act 1969; and
- (iv) the entity is, in its state of residence, not considered to be resident outside the Member States of the European Union or the designated states that are party to the Agreement on the European Economic Area under the terms of a double taxation convention concluded with a third state.

The exemption from Dutch dividend withholding tax is not available if pursuant to a provision for the prevention of fraud or abuse included in a double taxation convention between the Netherlands and the country of residence of the non-resident holder of Offer DRs, such holder would not be entitled to the reduction of tax on dividends provided for by such convention. Furthermore, the exemption from Dutch dividend withholding tax will only be available to the beneficial owner of the dividend.

Furthermore, certain entities that are resident in (i) another EU member state; (ii) a designated state

that is a party to the Agreement on the European Economic Area (currently Liechtenstein, Iceland and Norway); or (iii) provided that such entities hold Offer DRs as portfolio investment (i.e. such Offer DRs are not held with a view to the establishment or maintenance of lasting and direct economic links between such holder of Offer DRs and the Company and such Offer DRs do not allow such holder of Offer DRs to participate effectively in the management or control of the Company) a designated jurisdiction which has an arrangement for the exchange of tax information with the Netherlands, and that are not subject to taxation levied by reference to profits in their state of residence, may be entitled to a refund of Dutch dividend withholding tax, provided:

- (i) such entity, had it been a resident of the Netherlands, would not be subject to corporate income tax in the Netherlands;
- (ii) such entity can be considered to be the beneficial owner of the dividends;
- (iii) such entity does not perform a similar function to that of a fiscal investment institution (*fiscale beleggingsinstelling*) or an exempt investment institution (*vrijgestelde beleggingsinstelling*) as defined in the Dutch Corporate Income Tax Act 1969; and
- (iv) certain administrative conditions are met.

The concept of Dividend Stripping, described above, will also be applied to determine whether a holder of Offer DRs may be eligible for a full or partial exemption from, reduction or refund of Dutch dividend withholding tax.

13.4. Taxes on Income and Capital Gains

13.4.1. Dutch Resident Individuals

An individual who is a resident or deemed to be a resident of the Netherlands, or who opts to be taxed as a resident of the Netherlands for purposes of Dutch individual income taxation⁶¹ (a "**Dutch Resident Individual**") and who holds Offer DRs and/or Rights is subject to Dutch income tax on income or capital gains derived from the Offer DRs and/or Rights at progressive rates up to 52% (marginal top rate for 2014) if:

- (i) the holder derives profits from an enterprise or deemed enterprise, whether as an entrepreneur (*ondernemer*) or pursuant to a co-entitlement to the net worth of such enterprise (other than as an entrepreneur or a shareholder), to which enterprise the Offer DRs and/or Rights are attributable or deemed attributable; or
- (ii) the holder derives income or capital gains from the Offer DRs and/or Rights, as the case may be, that are taxable as benefits from "miscellaneous activities" (*resultaat uit overige werkzaamheden*, as defined in the Dutch Income Tax Act 2001; *Wet inkomstenbelasting 2001*), which include the performance of activities with respect to the Offer DRs and/or Rights, that exceed regular, active portfolio management (*normaal, actief vermogensbeheer*) and also include benefits resulting from a lucrative interest (*lucratief belang*).

If conditions (i) and (ii) mentioned above do not apply, any holder of Offer DRs and/or Rights who is a Dutch Resident Individual will be subject to Dutch income tax on a deemed return regardless of the actual income or capital gains benefits derived from the Offer DRs and/or Rights. This deemed return has been fixed at a rate of 4% of the individual's yield basis (*rendementsgrondslag*) insofar as this exceeds a certain threshold (*heffingvrij vermogen*). The individual's yield basis is determined as the fair market value of certain qualifying assets (including the Offer DRs and/or Rights) less the fair

⁶¹ The possibility for an individual to opt to be taxed as a resident of the Netherlands for purposes of Dutch taxation will be abolished as of 1 January 2015.

market value of certain qualifying liabilities held by the Dutch Resident Individual, both determined on 1 January of the relevant year. The deemed return of 4% will be taxed at a rate of 30% (rate for 2014).

13.4.2. Dutch Resident Entities

An entity that is resident or deemed to be resident in the Netherlands (a "**Dutch Resident Entity**"), will generally be subject to Dutch corporate income tax with respect to income and capital gains derived from the Offer DRs and/or Rights. The Dutch corporate income tax rate is 20% for the first € 200,000 of taxable income and 25% for taxable income exceeding € 200,000 (rates applicable for 2014).

13.4.3. Non-Dutch Residents

A holder of Offer DRs and/or Rights who is not, nor deemed to be, a Dutch Resident Individual or a Dutch Resident Entity, (a "**Non-Dutch Resident**"), is generally not subject to Dutch income or corporate income tax (other than dividend withholding tax as described above) with respect to the income and capital gains derived from the Offer DRs and/or Rights, provided that:

- (i) in the case of an individual who is not resident nor deemed to be resident in the Netherlands, such Non-Dutch Resident does not opt to be taxed as a Dutch Resident Individual⁶² for the purposes of Dutch taxation;
- (ii) such Non-Dutch Resident does not derive profits from an enterprise or deemed enterprise, whether as an entrepreneur (*ondernemer*) 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 or a permanent representative in the Netherlands and to which enterprise or part of an enterprise, as the case may be, the Offer DRs and/or Rights are attributable or deemed attributable;
- (iii) in the case of a Non-Dutch Resident who is an individual, such individual does not derive income or capital gains from the Offer DRs and/or Rights, as the case may be, that are taxable as benefits from "miscellaneous activities" in the Netherlands (*resultaat uit overige werkzaamheden*, as defined in the Dutch Income Tax Act 2001), which include the performance of activities in respect of the Ordinary Shares, that exceed regular, active portfolio management (*normaal, actief vermogensbeheer*) and also includes benefits resulting from a lucrative interest (*lucratief belang*); and
- (iv) in case such Non-Dutch Resident is an individual, such Non-Dutch Resident is neither entitled to a share in the profits of an enterprise effectively managed in the Netherlands, other than by way of the holding of securities or through an employment contract, to which enterprise the Offer DRs and/or Rights, or payments in respect of the Offer DRs and/or Rights, as the case may be, are attributable;
- (v) in case such Non-Dutch Resident is an entity, such entity is neither entitled to a share in the profits of an enterprise nor co-entitled to the net worth of such enterprise effectively managed in the Netherlands, other than by way of the holding of securities, to which enterprise the Offer DRs and/or Rights, or payments in respect of such Offer DRs and/or Rights, as the case may be, are attributable.

13.5. Gift and Inheritance Taxes

⁶² The possibility for an individual to opt to be taxed as a resident of the Netherlands for purposes of Dutch taxation will be abolished as of 1 January 2015.

13.5.1. Dutch Residents

Gift and inheritance taxes (*schenk- en erfbelasting*) may arise in the Netherlands with respect to a transfer of the Offer DRs and/or Rights by way of a gift by, or, on the death of, a holder of Offer DRs and/or Rights who is resident or deemed to be resident in the Netherlands at the time of the gift or his/her death.

13.5.2. Non-Dutch Residents

No Dutch gift or inheritance taxes will be levied on the transfer of Offer DRs and/or Rights by way of gift by or on the death of a holder, who is neither a resident nor deemed to be a resident of the Netherlands for the purpose of the relevant provisions, unless:

- (i) the transfer is construed as an inheritance or bequest or as a gift made by or on behalf of a person who, at the time of the gift or death, is or is deemed to be a resident of the Netherlands for the purpose of the relevant provisions; or
- (ii) such holder dies while being a resident or deemed resident of the Netherlands within 180 days after the date of a gift of the Offer DRs and/or Rights.

For purposes of Dutch gift and inheritance tax, an individual who is of Dutch nationality will be deemed to be a resident of the Netherlands if he has been a 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, an individual will, irrespective of his nationality, be deemed to be a resident of the Netherlands if he has been a resident in the Netherlands at any time during the 12 months preceding the date of the gift. Applicable tax treaties may override deemed residency.

13.6. Value Added Tax

There is no Dutch value added tax (*omzetbelasting*) payable by a holder of Offer DRs and/or Rights on the Issue Price payable for the issue of the Offer DRs pursuant to this Rights Offering.

13.7. Other Taxes and Duties

No Dutch registration tax, transfer tax, capital tax, customs duty, stamp duty or any other similar tax or duty other than court fees is payable in the Netherlands by a holder of Offer DRs and/or Rights in respect of or in connection with the acquisition, ownership and transfer of Offer DRs and/or Rights.

13.8. Residence

A holder of Offer DRs and/or Rights will not become or be deemed to become a resident of the Netherlands solely by reason of holding these Offer DRs and/or Rights.

14. THE OFFERING

14.1. General

Ballast Nedam is offering 9,667,500 Offer DRs by granting Rights to the DR Holders with a nominal value of € 1.00 each at an Issue Price of € 3.10 per Offer DR and for a total amount of approximately € 30 million. Subject to applicable securities laws and the terms set out in this Prospectus, these Rights will entitle Eligible Persons (as defined in § 16.1 ("Selling and Transfer Restrictions - General")) to subscribe for the Offer DRs in accordance with the terms and conditions set forth herein. No offer of Offer DRs is being made to DR Holders who are not Eligible Persons and are therefore not permitted to exercise the Rights granted to them. Ballast Nedam, as holder of DRs in treasury and the Ballast Nedam Administration Office, will not be granted any Rights.

DR Holders who transfer, or who do not, not timely or not validly, or are not permitted to, exercise, any of their Rights granted under the Rights Offering will suffer a substantial dilution of their proportionate ownership and voting rights of approximately 50% as a result of the issue of the Offer DRs. However, such DR Holders may receive valuable consideration on the sale of their Rights or on the placement of the Offer DRs underlying unexercised Rights.

Following expiry of the Exercise Period, the Joint Global Coordinators, subject to the terms and conditions of the Underwriting Agreement, have agreed to use their reasonable efforts to procure subscribers for any Rump DRs through private placements to institutional investors in the Netherlands and certain other jurisdictions. The price per Rump DR must be at least equal to the Issue Price, plus any expenses related to procuring such subscribers, including any non-recoverable value added tax. The Joint Global Coordinators, severally and not jointly, will subscribe for Offer DRs not subscribed for through the exercise of Rights and not placed in the subsequent Rump Offering, pro rata to their respective underwriting commitments at the Issue Price and excluding all Offer DRs which the Pre-Committed DR Holders agreed to subscribe for, in accordance with the terms and subject to the conditions of the Underwriting Agreement.

For information on applicable selling and transfer restrictions in respect of the Offer Shares and the Rights see § 16.1 ("Selling and Transfer Restrictions - General").

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 § 12.7 ("Description of share capital - Pre-emptive rights").

14.2. Expected Timetable

Subject to acceleration or extension of the timetable for the Offering, the timetable below lists certain expected key dates for the Offering:

Date	
Record Date	Immediately after close of trading on Euronext Amsterdam at 17:40 hours CEST on 9 July 2014
Start of <i>ex</i> -Rights trading in DRs commences on Euronext Amsterdam	9:00 hours CEST on 10 July 2014
Start of Exercise Period ⁶³	9:00 hours CEST on 10 July 2014

⁶³ 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 Rights.

Start of trading in Rights on Euronext Amsterdam	9:00 hours CEST on 10 July 2014
End of trading in Rights on Euronext Amsterdam	17:40 hours CEST on 22 July 2014
End of the Exercise Period ⁶⁴	14:00 hours CEST on 23 July 2014
Rump Offering (if any)	Expected on 23 July 2014 after 17:40 CEST until 24 July 2014 17:40 CEST, subject to acceleration
Allotment of the Offer DRs	Expected 24 July 2014
Listing of and start of trading in the Offer DRs on Euronext Amsterdam	Expected 29 July 2014
Settlement Date ⁶⁵	Expected 29 July 2014

The number of Offer DRs 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 Ballast Nedam's website, at the latest in the morning of the day following the end of the Exercise Period.

The results of the Rump Offering, if any, will be made public through a press release published in the Netherlands, which will be placed on Ballast Nedam's website, as soon as possible after allotment of the Offer DRs.

Ballast Nedam may adjust the dates, times and periods given in the timetable and throughout this Prospectus in consultation with the Joint Global Coordinators. If Ballast Nedam should decide to adjust dates, periods or times, Ballast Nedam will notify Euronext Amsterdam, DR Holders, and holders of Rights, as well as the public through a press release published in the Netherlands, which will be placed on its website.

14.3. **Rights Offering**

Rights

Subject to applicable securities laws, each DR Holder (excluding the Company in respect of the DRs it holds in treasury and the Ballast Share Administration Office) as at the Record Date are being granted Rights in registered form to subscribe for the Offer DRs at the Issue Price. Each DR or Ordinary Share held immediately after the close of trading in the DRs on Euronext Amsterdam at 17:40 hours CEST on the Record Date will entitle its holder to one (1) Right. See section "Record Date" below. Eligible Persons will be entitled to subscribe for one (1) Offer DR for every one (1) Right held until the end of the Exercise Period. No Rights allowing it to participate in the Offering will be granted to Ballast Nedam as holder of DRs in treasury and the Ballast Nedam Administration Office. For trading in the Rights see section "Trading in Rights" below.

A DR Holder 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 DRs. The financial intermediary will provide the relevant DR Holder with this information in accordance with

⁶⁴ 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.

⁶⁵ Financial intermediaries may require payment to be provided by holders of Rights exercising such Rights, prior to the Settlement Date.

its usual customer relationship procedures. DR Holders should contact the financial intermediary through whom they hold DRs if they are entitled to receive Rights but have received no information from their financial intermediary with respect to the Rights Offering.

Only DR Holders who qualify as Eligible Persons as of the Record Date will be entitled to take up, exercise, sell or otherwise transfer Rights pursuant to the grant of Rights by Ballast Nedam. Rights that are credited to the account of any other person will not constitute an offer of the Offer DRs to such person and will not confer any rights upon such person, including the right to take up, exercise, sell or otherwise transfer such credited Rights, subject to the discussion in § 14.4 ("The Offering - Rump Offering - Excess Amount") below. Receipt of this Prospectus by another person than an Eligible Person shall not, subject to certain exceptions, constitute an offer of Offer DRs to each person.

Ballast Nedam urges holders of Rights to carefully study the restrictions described in § 16 ("Selling and transfer restrictions").

Record Date

The Record Date for determining the DR Holders who will receive Rights (subject to applicable securities laws) is immediately after the closing of trading in the DRs on Euronext Amsterdam at 17:40 hours CEST on 9 July 2014.

Until the close of trading in DRs on Euronext Amsterdam on the Record Date, DRs will trade with the Rights (cum-Rights). As from 9:00 hours CEST on 10 July 2014, DRs will trade without the Rights (ex-Rights).

Trading in Rights

Trading in the Rights on Euronext Amsterdam is expected to commence at 9:00 CEST hours on 10 July 2014 and will continue until 17:40 hours CEST on 22 July 2014. The Rights will be traded on Euronext Amsterdam under the symbol "BALCR" and ISIN code "NL0010832283".

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 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 Settlement Date are at the sole risk of the parties concerned. Ballast Nedam, the Joint Global Coordinators, 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.

Exercise Period

Subject to the restrictions set out below, an Eligible Person, whether a DR Holder as at the Record Date or a subsequent transferee of Rights, can only validly subscribe for Offer DRs by exercising his Rights from 9:00 hours CEST 10 July 2014 up to 14:00 hours CEST on 23 July 2014, 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.

If an Eligible Person has not exercised his Rights by the end of the Exercise Period, these can no longer be exercised by the Eligible Person. Once an Eligible Person has validly exercised his Rights, he cannot revoke or modify that exercise unless Ballast Nedam 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 article 5:23 of the Financial Supervision Act 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 for the Offer DRs subscribed for, even if the market price of the DRs fluctuates below the Issue Price. For trading of the Rights, see section "Trading in Rights" above.

Ballast Nedam and the Joint Global Coordinators are not taking any action outside the Netherlands to permit the exercise and transfer of Rights by the general public. Ballast Nedam urges holders of Rights to carefully study the restrictions described under "Selling and Transfer Restrictions". Ballast Nedam reserves the right, with sole and absolute discretion, to treat as invalid any subscription or purported subscription which appears to Ballast Nedam 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 Ballast Nedam 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 § 16 ("Selling and Transfer Restrictions").

Subscription and payment

An Eligible Person, whether a DR Holder 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.

A holder of Rights that exercises his Rights should pay the Issue Price for the Offer DRs 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 Ballast Nedam after deduction of applicable fees and expenses. Payment of the Offer DRs must be made at the office of the Subscription, Listing and Paying Agent no later than the Settlement Date. Accordingly, financial intermediaries may require payment to be provided by holders of Rights exercising such Rights prior to the Settlement 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 customer relations procedures or as it otherwise notifies to the holders of Rights.

None of Ballast Nedam or the Joint Global Coordinators is liable for any action or failure to act by a financial intermediary through which DRs or Rights are held, or by the Subscription, Listing and Paying Agent in connection with any subscriptions or purported subscriptions.

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 § 14.4 ("The Offering - Rump Offering - Excess Amount")), if any.

14.4. Rump Offering

Rump DRs

Following expiry of the Exercise Period, the Joint Global Coordinators, subject to the terms and conditions of the Underwriting Agreement, have agreed to use their reasonable efforts to procure subscribers for any Rump DRs through private placements to institutional investors in the Netherlands

and certain other jurisdictions. Ballast Nedam and the Joint Global Coordinators cannot guarantee that the Rump Offering, if any, will be successfully completed. The price per Rump Share must be at least equal to the Issue Price, plus any expenses related to procuring such purchasers (including any non-recoverable value added tax). The Joint Global Coordinators, severally and not jointly, will subscribe for Offer DRs not subscribed for through the exercise of Rights and not placed in the subsequent Rump Offering, pro rata to their respective underwriting commitments at the Issue Price and excluding all Offer DRs which the Pre-Committed DR Holders agreed to subscribe for, in accordance with the terms and subject to the conditions of the Underwriting Agreement.

The Rump Offering, if any, is expected to commence at 17:40 hours CEST on 23 July 2014 and to end no later than 17:40 hours CEST on 24 July 2014.

Excess Amount

If, upon completion of the Rump Offering, if any, the aggregate proceeds for the Rump DRs offered and sold in the Rump Offering, minus the selling expenses and any applicable taxes, exceed the aggregate Issue Price for such Rump DRs, 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 proportional to the number of unexercised Rights reflected in each such holders securities account (the "**Unexercised Rights Payment**"). If the Excess Amount divided by the total number of unexercised Rights is less than € 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 Global Coordinators for their own benefit. Ballast Nedam will not be entitled to receive any Excess Amount. It will be announced whether any Unexercised Rights Payment is available for payment to holders of unexercised Rights by means of a press release published in the Netherlands and which is placed on Ballast Nedam's website.

The Unexercised Rights Payment, if any, will be paid by the Joint Global Coordinators to the holders of unexercised Rights as soon as practicable after the Settlement 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.

Ballast Nedam cannot guarantee that the Offering will yield Excess Amounts.

If the Rump Offering takes place, neither Ballast Nedam, nor the Joint Global Coordinators nor the Subscription, Listing and Paying Agent, nor any other person procuring purchases for the Rump DRs, will be responsible for any lack of Excess Amount arising from any placement of the Rump DRs.

Allotment of Offer DRs

Allotment of Offer DRs issued pursuant to the Offering is expected to take place on 24 July 2014 and will be notified by means of a press release which will also be placed on Ballast Nedam's website.

Settlement and listing

Payment for and delivery of the Offer DRs is expected to take place on 29 July 2014. Delivery of the Offer DRs will take place through the book-entry system of Euroclear Nederland. The address of Euroclear Nederland is Herengracht 459-469, 1017 BS Amsterdam, the Netherlands.

Application has been made to admit the Offer DRs to listing and trading on Euronext Amsterdam. Barring unforeseen circumstances, it is expected that the Offer DRs will be admitted to listing and trading, and that trading in the Offer DRs will commence on Euronext Amsterdam on 29 July 2014.

The DRs are listed on Euronext Amsterdam under the symbol "BALNE" and ISIN code "NL0000336543".

Conditions to the Offering

Each of the Rights Offering and the Rump Offering, if any, is subject to certain conditions. See § 15.3 ("Plan of distribution - Conditions to the Offering").

In respect of the Offering, Rabobank is acting as Subscription, Listing and Paying Agent. The address of the Subscription, Listing and Paying Agent is Croeselaan 18, 3521 CB Utrecht, the Netherlands. The Subscription, Listing and Paying Agent will accept subscriptions for the Offer DRs. The financial intermediary through which Eligible Persons hold their Rights will be responsible (except for subscriptions on Rights held by holders of Ordinary Shares in registered form or their transferees which should be addressed to Ballast Nedam) for collecting instructions from them and for informing the Subscription, Listing and Paying Agent of their exercise instructions.

Dilution

If a DR Holder does not participate in the Offering, his proportionate capital and voting interest in Ballast Nedam will be diluted by up to 50% by the issue of the Offer DRs.

Ranking and dividends

The Offer DRs will, upon issue, rank *pari passu* in all respects with the, at that the time, outstanding DRs. The Offer DRs will be eligible for any dividend payment which Ballast Nedam may declare on Ordinary Shares after the Settlement Date. See § 5 ("Dividends and dividend policy").

Non-Dutch stamp taxes

Purchasers of the Offer DRs may be required to pay stamp taxes and other taxes in accordance with the laws and practices of the country of purchase in addition to the Issue Price.

Currency

The Offering will be carried out and trading in the Rights will be effected in euro. The Offer DRs will be denominated in euro. Distributions, if any, will also be made in euro.

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.

15. PLAN OF DISTRIBUTION

15.1. Commitment of major DR Holders

The Pre-Committed DR Holders have committed to participate in the Offering by timely and duly exercising all of the Rights that they receive in the Offering and thereby subscribe for approximately 69% of the total number of Offer DRs.

The Pre-Committed DR Holders have confirmed the casting of the voting rights attached to their DRs as at the registration date for the annual General Meeting in favour of, amongst others, resolutions in respect of the issue of the Offer DRs, the exclusion of the statutory pre-emption rights in connection therewith and the amendment of the Articles and they have exercised their votes accordingly. The Pre-Committed DR Holders' obligations in connection with their respective commitments will automatically lapse on 15 August 2014.

15.2. Underwriting Agreement

The Joint Global Coordinators, subject to the terms and conditions of the Underwriting Agreement, have agreed to use their reasonable efforts to procure subscribers for any Rump DRs through private placements to institutional investors in the Netherlands and certain other jurisdictions. The price per Rump Share must be at least equal to the Issue Price, plus any expenses related to procuring such purchasers (including any non-recoverable value added tax). The Joint Global Coordinators, severally and not jointly, will subscribe for Offer DRs not subscribed for through the exercise of Rights and not placed in the subsequent Rump Offering, pro rata to their respective underwriting commitments at the Issue Price and excluding all Offer DRs which the Pre-Committed DR Holders agreed to subscribe for, in accordance with the terms and subject to the conditions of the Underwriting Agreement.

In the Underwriting Agreement, Ballast Nedam has given certain representations and warranties and undertakings to the Joint Global Coordinators. In addition, Ballast Nedam has agreed to indemnify the Joint Global Coordinators against certain liabilities in connection with the Offering. The underwriting and management fee to be paid to the Joint Global Coordinators is expected to amount to up to approximately 2.6% of the gross proceeds of the Offering in accordance with the arrangements set out in the Underwriting Agreement.

15.3. Conditions to the Offering

The obligations of the Joint Global Coordinators under the Underwriting Agreement are subject to the fulfilment, or discretionary waiver by the Joint Global Coordinators, of a number of conditions for the benefit of the Joint Global Coordinators, including but not limited to (i) the absence of a material adverse change to the Company's business or financial position and prospects, (ii) receipt of customary documentation, (iii) the commitment letters with the Pre-Committed DR Holders being in full force and effect, e.g. the Pre-Committed DR Holders having subscribed for approximately 69% of the total number of Offer DRs (see §15.1 ("Plan of Distribution - Commitment of major DR Holders")), their terms not having been breached by the parties thereto and their validity, the satisfaction of any conditions thereunder or its enforceability not having been challenged by the relevant Pre-Committed DR Holder, (iv) none of the representations and warranties given by the Company to the Joint Global Coordinators in the Underwriting Agreement being untrue, inaccurate or misleading and (v) certain other customary conditions.

If any or all of the conditions to the Offering are not met or not waived by the Joint Global Coordinators or if certain circumstances occur prior to payment for and delivery of the Offer DRs, the Joint Global Coordinators will be allowed to terminate the Underwriting Agreement.

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 DRs that have been made, will be disregarded and (iii) any subscription payments made and received

by Ballast Nedam, the Subscription, Listing and Paying Agent or any of the Joint Global Coordinators will be returned without interest or compensation. Any dealings in the Rights or the Offer DRs prior to settlement and delivery are at the sole risk of the parties concerned. 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 Global Coordinators, Ballast Nedam, 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 DRs on Euronext Amsterdam.

15.4. Lock-up arrangements

The Company has agreed with the Joint Global Coordinators on certain lock-up arrangements for a period of 180 days after the Settlement Date, subject to customary carve-outs, pursuant to which the lock-up arrangements do not apply to the granting of any options under the Company's senior management incentive plans, and any hedging activities for such plans, in accordance with the terms of the Underwriting Agreement. Subject to such carve-outs, the Company has undertaken that it will not, and will procure that its subsidiaries and each of the members of the Board of Management and the Supervisory Board will not without the prior written consent of the Joint Global Coordinators, which prior written consent shall not be withheld without reason:

- (i) issue, offer (in any public offering or private placement other than the Offering), sell, contract to issue or sell, grant any option, right or warrant to purchase or otherwise transfer or dispose of;
- (ii) enter into any swap or any other agreement or any transaction that transfers in whole or in part, directly or indirectly, any of the economic consequences of ownership of; or
- (iii) create any charge or security interest over (other than contemplated by the waiver and amendment agreement),

any Ordinary Shares or any securities convertible or exchangeable into Ordinary Shares or warrants or other rights to purchase or acquire any such securities or any debt instruments or other instruments with a similar effect to the foregoing.

16. SELLING AND TRANSFER RESTRICTIONS

16.1. General

The Offering to persons resident in, or who are citizens of, a particular jurisdiction may be affected by the laws of that jurisdiction. Investors should consult their professional advisers as to whether the investor requires any governmental or any other consent or needs to observe any other formalities to enable the investor to accept, sell, exercise or purchase the Rights and/or to subscribe for the Offer DRs.

No action has been or will be taken to permit a public offering of the Rights and the Offer DRs in any jurisdiction outside the Netherlands. 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 purposes only and should not be copied or redistributed. If the investor receives a copy of this Prospectus, the investor may not treat this Prospectus as constituting an invitation or offer to the investor of the Rights and the Offer DRs, unless, in the relevant jurisdiction, such an offer could lawfully be made to the investor, or the Rights and the Offer DRs could lawfully be dealt in without contravention of any unfulfilled registration or other legal requirements. Accordingly, if the investor receives a copy of this Prospectus or any other offering materials or advertisements, the investor should not distribute or send it to any person in or into any jurisdiction where to do so would or may contravene local securities laws or regulations. If the investor forwards this Prospectus or any other offering materials or advertisements into any such territories (whether under a contractual or legal obligation or otherwise) the investor should draw the recipient's attention to the contents of this section "Selling and Transfer Restrictions".

In accordance with the terms and subject to the conditions as contained in this Prospectus:

- (i) the Rights being granted in the Rights Offering may be exercised only by an Eligible Person (as defined below), subject to applicable securities laws;
- (ii) the Rights being granted or Offer DRs being offered in the Offering may not be offered, sold, resold, exercised, transferred or delivered, directly or indirectly, in or into jurisdictions outside the Netherlands wherein the Rights and the Offer DRs may not be offered at all, including, without limitation, the United States, Australia, Canada and Japan (the "**Ineligible Jurisdictions**"); and
- (iii) this Prospectus may not be sent to:
 - (a) any person residing in an Ineligible Jurisdiction or with a citizenship from an Ineligible Jurisdiction such that he cannot lawfully participate in the Offering; or
 - (b) any DR Holder or any other person residing in a jurisdiction outside the Netherlands wherein the Rights and the Offer DRs may be offered, but to whom certain restrictions apply, as set out in this section "Selling and Transfer Restrictions", as a result of which he cannot lawfully participate in the Offering,

(such a person being an "**Ineligible Person**").

In this Prospectus, persons who are not Ineligible Persons are referred to as "**Eligible Persons**".

Subject to the specific restrictions described below, investors (including, without limitation, any investor's nominees and trustees) wishing to subscribe for the Offer DRs or to trade in the Rights, 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.

The information set out in this section "Selling and Transfer Restrictions" is intended as a general guideline only. Investors that are in any doubt as to whether they are eligible to subscribe for the Offer DRs or to trade in the Rights, should consult their professional adviser without delay.

16.2. Representations and warranties by investors in the Offering

If a person (i) takes up, delivers or otherwise transfers the Rights, (ii) exercises the Rights to subscribe for the Offer DRs or (iii) trades or otherwise deals in the Rights granted or the Offer DRs offered in the Offering, such person will be deemed to have made, and, in some cases, be required to make, the following representations and warranties to the Company, the Subscription, Listing and Paying Agent and the Joint Global Coordinators and any person acting on the Company's or their behalf, unless such requirement is waived by the Company and the Joint Global Coordinators:

- (i) such person is not located in an Ineligible Jurisdiction (in which Rights or Offer DRs may not be offered at all) as a result of which such person will be qualified as an Ineligible Person;
- (ii) such person is not an Ineligible Person for any other reason;
- (iii) such person is not acting, and has not acted, for the account or benefit of an Ineligible Person;
- (iv) such person will not offer, sell or otherwise transfer either a Right or an Offer DR to any person located in the United States (which will be deemed to be satisfied when trading Rights or Offer DRs in the marketplace through Euronext Amsterdam); and
- (v) such person was a DR Holder at 17:40 hours CEST on the Record Date or such person legally acquired Rights in the marketplace during the trading period as set out in section 14.3 "Trading in Rights".

The Company, the Subscription, Listing and Paying Agent and the Joint Global Coordinators and any persons acting on behalf of the Company, the Subscription, Listing and Paying Agent or the Joint Global Coordinators will rely upon representations and warranties made by such person. Any provision of false information or subsequent breach of these representations and warranties may subject any person who made and breached these representations and warranties to liability. The Company, the Subscription, Listing and Paying Agent and the Joint Global Coordinators reserve the right, in their sole and absolute discretion, to reject any purchase of Rights and Offer DRs that the Company, the Subscription, Listing and Paying Agent or the Joint Global Coordinators believe may give rise to a breach or violation of any law, rule or regulation.

If a person is acting on behalf of an eligible holder of Rights (including, without limitation, as a nominee, custodian or trustee), such person will be required to provide the foregoing representations and warranties to the Company, the Subscription, Listing and Settlement Agent and the Joint Global Coordinators with respect to the exercise of Rights on behalf of such eligible holder. If a person does not or is unable to provide the foregoing representations and warranties, neither the Company, the Subscription, Listing and Settlement Agent nor the Joint Global Coordinators will be bound to authorise the allocation of any of the Offer DRs being offered in the Offering to such person or the person on whose behalf such person is acting; neither will they be liable for any damages incurred as a result thereof.

If a person (including, without limitation his/her nominees and trustees) is outside the Netherlands and wishes to exercise or otherwise deal in his Rights or subscribe for the Offer DRs, such person must satisfy himself as to the observance of all applicable laws of all relevant territories, 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. The comments set out in this section are intended as a general guide only. If a person is in any doubt as to whether such person is eligible to exercise his Rights or subscribe for the Offer DRs, such person should consult a professional adviser without delay.

The Rights will initially be credited to the financial intermediaries for the accounts of all DR Holders who hold DRs in custody through such financial intermediary on the Record Date. A financial intermediary may not exercise any Right on behalf of any Ineligible Person and will be required in connection with any exercise of the Rights to certify to such effect.

Financial intermediaries are not permitted to send this Prospectus or any information about the Offering into any Ineligible Jurisdiction or to any Ineligible Persons. The crediting of Rights to the account of Ineligible Persons does not constitute an offer of the Offer DRs to such persons. Financial intermediaries, which include brokers, custodians and nominees, holding Rights for Ineligible Persons may consider selling any and all Rights held for the benefit of such persons to the extent permitted under their arrangements with such persons and applicable law and to remit the net proceeds to the accounts of such persons.

Exercise instructions or certifications sent from or postmarked in any Ineligible Jurisdiction will be deemed to be invalid and the Rights and the Offer DRs will not be delivered to addresses inside any Ineligible Jurisdiction. The Company, the Subscription, Listing and Paying Agent and the Joint Global Coordinators reserve the right to reject any exercise (or revocation of such exercise) in the name of any person who provides an address in an Ineligible Jurisdiction for acceptance, revocation of exercise or delivery of such Rights and Offer DRs, who is unable to represent or warrant that such person is not an Ineligible Person, who is not acting on a discretionary basis for such persons, or who appears to the Company or the Company's agents to have executed its exercise instructions or certifications in, or dispatched them from, an Ineligible Jurisdiction. Furthermore, the Company reserves the right, with sole and absolute discretion, to treat as invalid any exercise or purported exercise of Rights that appears to the Company to have been executed, effected or dispatched in a manner that may involve a breach or violation of the laws or regulations of any jurisdiction or if the Company believes that the same may violate or be inconsistent with applicable legal or regulatory requirements, 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 this Prospectus.

Despite any other provision of this Prospectus, the Company, the Subscription, Listing and Paying Agent and the Joint Global Coordinators reserve the right to permit any person to exercise its Rights if the Company, the Subscription, Listing and Paying Agent and the Joint Global Coordinators, in the Company's absolute discretion, are satisfied that the transaction in question is exempt from or not subject to the legislation or regulations giving rise to the restrictions in question. Applicable exemptions in certain jurisdictions are described further below. In any such case, the Company, the Subscription, Listing and Agent and the Joint Global Coordinators do not accept any liability for any actions that any person takes or for any consequences that any person may suffer by the Company accepting that person's exercise of Rights.

16.3. For investors in the European Economic Area

In relation to each Relevant Member State, with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**"), to which an offer to the public of the Offer DRs through a grant of the Rights may not be made in that Relevant Member State other than the offer in the Netherlands once the Prospectus has been approved by the AFM and published in accordance with the Prospectus Directive as implemented in the Netherlands, except that, with effect from and including the Relevant Implementation Date, an offer to the public of the Offer DRs through a grant of the Rights may be made in that Relevant Member State at any time under the following exemptions under the Prospectus Directive, if it has been implemented in that Relevant Member State:

- (i) to legal entities which 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;
- (ii) to any legal entity which has two or more of (i) an average of at least 250 employees during the last financial year, (ii) a total balance sheet of more than € 43 million and (iii) an annual

net turnover of more than € 50 million, as shown in its last annual or consolidated accounts (if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, this exception is no longer valid);

- (iii) to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive); or
- (iv) in any other circumstances falling within article 3(2) of the Prospectus Directive,

provided that no such offer of Rights and Offer DRs shall result in a requirement for the publication by the Company of a prospectus pursuant to article 3 of the Prospectus Directive or a supplement to the prospectus pursuant to section 16 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 any Offer Securities, as the same may be varied in the Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State and the expression Prospectus Directive means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in each Relevant Member State and the expression "2010 PD Amending Directive" means Directive 2010/73/EU.

16.4. For investors in Switzerland

The Rights and/or Offer DRs may not be offered or distributed in or from Switzerland on the basis of a public solicitation, as such term is defined under the current practice of the Swiss Federal Banking Commission, and neither this Prospectus nor any supplement thereto relating to the Rights and/or Offer DRs may be offered or distributed in connection with any such offering or distribution.

16.5. For investors in the United Kingdom

In addition to the restrictions identified above, any invitation or inducement to engage in investment activities (within the meaning of article 21 of the Financial Services and Markets Act 2000) in connection with the issue or sale of the Rights and the Offer DRs may only be communicated or caused to be communicated in the United Kingdom in circumstances in which article 21(1) of the Financial Services and Markets Act 2000 does not apply or if an exemption (as set out in the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005) applies.

16.6. For investors in the United States

The Rights and the Offer DRs have not been and will not be registered under the Securities Act and may not be offered, granted, issued, sold, taken up, delivered, renounced or transferred in or into the United States. In addition, until 40 days following the commencement of the Offering, an offer or sale of the Rights and the Offer DRs within the United States by any dealer (whether or not participating in the Offering) may violate the registration requirements of the Securities Act.

Each investor in the Rights and the Offer DRs will be deemed to have represented and agreed as follows (terms used in this section that are defined in Regulation S are used herein as defined therein):

- (i) the investor, and the person, if any, for whose account it is acquiring such Rights and Offer DRs (i) is outside the United States and (ii) is acquiring the Rights and Offer DRs in an offshore transaction meeting the requirements of Regulation S;
- (ii) the investor is aware that the Rights and the Offer DRs have not been and will not be

registered under the Securities Act and are being distributed and offered outside the United States in reliance on Regulation S;

- (iii) the Rights and the Offer DRs may not be offered, sold, pledged or otherwise transferred except in accordance with Rule 903 or 904 of Regulation S or otherwise pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in accordance with any applicable securities laws of any state or other jurisdiction of the United States; and
- (iv) the investor acknowledges that the Company, the Joint Global Coordinators and others will rely upon the truth and accuracy of the foregoing representations and agreements. Any certificate representing the Offer DRs or any depositary receipts representing the right to receive deposited Offer DRs shall bear a legend setting forth the foregoing transfer restrictions.

17. INDEPENDENT AUDITORS

The 2013 Financial Statements, incorporated by reference herein, have been audited by Ernst & Young Accountants LLP, independent auditors, as stated in its independent auditor's report incorporated by reference into this Prospectus, which report was unqualified. The report contains an emphasis of matter paragraph "Emphasis of developments regarding continuity and liquidity", drawing attention to the note on continuity and liquidity in the accounting policies.

The H1 2014 Interim Financial Statements, incorporated by reference into this Prospectus, have been reviewed by Ernst & Young Accountants LLP, independent auditors, as stated in the independent auditor's review report incorporated by reference into this Prospectus. The report contains an emphasis of matter paragraph "Emphasis of developments regarding continuity and liquidity", drawing attention to the note on continuity and liquidity in the half year accounts. The report furthermore states that the comparative figures included in the profit and loss account are not audited or reviewed.

Ernst & Young Accountants LLP is an independent registered audit firm. The address of Ernst & Young Accountants LLP is Euclideslaan 1, 3584 BL Utrecht, the Netherlands. The auditor, who signs on behalf of Ernst & Young Accountants LLP, is a member of the Netherlands Institute of Chartered Accountants (*Nederlandse Beroepsorganisatie van Accountants*). Ernst & Young Accountants LLP has given, and has not withdrawn, its consent to the incorporation by reference of its reports in this Prospectus in the form and context in which they are included. Ernst & Young Accountants LLP has no capital interest in the Company.

The Company confirms that the information in the independent auditor's report and independent auditor's review report which are incorporated by reference into this Prospectus have been accurately reproduced and that as far as the Company is aware and able to ascertain from information published by the auditors, no facts have been omitted which would render the independent auditor's report and independent auditor's review report inaccurate or misleading.

18. GENERAL INFORMATION

18.1. Available information and documents

Copies of the Articles (in Dutch, and an English translation) are available and can be obtained free of charge from the date of publication of this Prospectus from the Company's website at <http://www.ballast-nedam.com>.

Subject to any applicable selling and transfer restrictions (see § 16 ("Selling and Transfer Restrictions")), copies of this Prospectus and any supplement to this Prospectus may be obtained free of charge from the date of publication of this Prospectus from our website at <http://www.ballast-nedam.com>.

In addition, copies of the Articles in Dutch and in English, this Prospectus and any supplement to the Prospectus will be available free of charge at the Company's offices in Nieuwegein during normal business hours for the life of this Prospectus.

Up-to-date investment information and press releases are freely available for download from the Company's website at <http://www.ballast-nedam.com>.

18.2. Publication of the results of the Offering

The number of Offer DRs subscribed for in the Rights Offering, the announcement of the start of the Rump Offering, if any, as well as the results of such Rump Offering, will be published through a press release published in the Netherlands, which will be placed on the Company's website as soon as possible after allocation of the Offer DRs.

18.3. Corporate Resolutions

On 25 April 2014, the General Meeting designated the Board of Management the authority to (i) grant the Rights; (ii) issue the Offer DRs; (iii) validly exclude the statutory pre-emptive rights (*wettelijke voorkeursrechten*) of DR Holders in relation to the Offering; and (iv) to effectuate an amendment to the Articles.

On 7 July 2014, the Board of Management resolved, subject to the approval of the Supervisory Board, to (i) grant the Rights; (ii) issue the Offer DRs; and (iii) validly exclude the statutory pre-emptive rights (*wettelijke voorkeursrechten*) of DR Holders in relation to the Offering. The Supervisory Board approved, ratified and confirmed the aforementioned resolution of the Board of Management on 7 July 2014.

18.4. No Significant Change

There has been no significant change in the Company's or Group Companies' financial or trading position since 15 June 2014, other than as disclosed herein. See § 4 ("Reasons for the Offering and Use of Proceeds") and § 9.10 ("Developments since 31 December 2013").

19. DEFINED TERMS

The following list of defined terms is not intended to be an exhaustive list of definitions, but provides a list of the defined terms used in this Prospectus.

2013 Financial Statements	the audited consolidated annual financial statements for the financial year ended 31 December 2013
AFM	the Netherlands Authority for the Financial Markets (<i>Stichting Autoriteit Financiële Markten</i>)
Annual Accounts	the annual accounts of the Company
Articles	the articles of association (<i>statuten</i>) of the Company as they shall read as of the Record Date
Audit Committee	the audit committee of the Company
Ballast Nedam	Ballast Nedam N.V.
Ballast Nedam Administration Office	the Ballast Nedam Administration Office (<i>Stichting Administratiekantoor van Aandelen Ballast Nedam</i>)
Ballast Nedam Concern Council	the Company's concern council (<i>Concernraad</i>) consisting of the managing directors of the respective segments and the Board of Management
BAM	Koninklijke BAM Groep N.V.
Board of Management	the board of management of the Company (<i>bestuur</i>)
Board of Management Regulations	the code of rules pertaining to the Board of Management's decision-making of 23 October 2009
Bontrup	Beheersmaatschappij Fr. Bontrup B.V.
Bridge Loan	a loan facility in the amount of € 30 million as part of the Syndicated Facility Agreement
Cash Interest Cover	the ratio of earnings before, interest, taxes, depreciation and amortisation to net finance charges
CBS	Statistics Netherlands (<i>Centraal Bureau voor de Statistiek, CBS</i>)
CEST	Central European Summer Time
Chamber of Commerce	the Dutch Chamber of Commerce (<i>Kamer van Koophandel</i>)
Code	the Dutch Corporate Governance Code
Company	Ballast Nedam N.V.
Consolidation Agreement	the consolidation agreement entered into by Ballast Nedam and certain of its subsidiaries on 14 February 2014, which, amongst others, amends and restates the Existing Credit Facilities, by combining those in one Syndicated Facility Agreement

CSR	corporate social responsibility
DBFM	Design, Build, Finance, Maintain
DBFM(O)	Design, Build, Finance, Maintain, Operate
Decree	the Financial Supervision Act Decree on Market Abuse (<i>Besluit Marktmisbruik Wft</i>)
Directorate-General	the Dutch Directorate-General for Public Works and Water Management
Disposal Programme	the controlled disposal of the following companies, which do not fit within the Group's strategic profile and form part of the Specialised Companies & Supplies segment or the Building & Development segment, in the short- to medium term, being a period of approximately 12 to 18 months: CNG Net B.V., LNG24 B.V., CNG Net Realisatie en Onderhoud B.V., Rademakers Gieterij B.V., TBS Soest B.V. and Recycling Mij. "Feniks" B.V.
Dividend Stripping	the event whereby a holder of Offer DRs, who is the recipient of dividends, will not be considered the beneficial owner of the dividends for this purpose if (i) as a consequence of a combination of transactions, a person other than the Recipient wholly or partly benefits from the dividends, (ii) whereby such other person retains, directly or indirectly, an interest similar to that in Offer DRs on which the dividends were paid, and (iii) that other person is entitled to a credit, reduction or refund of dividend withholding tax that is less than that of the Recipient
DNB	the Dutch Central Bank (<i>De Nederlandsche Bank N.V.</i>)
DR Holder	each person holding DRs or Ordinary Shares, other than Ballast Nedam in respect of the DRs it holds in treasury and the Ballast Nedam Administration Office
DR Register	the register of DRs, which is kept by the Ballast Nedam Administration Office
DRs	depository receipts of Ordinary Shares in the capital of the Company
Dutch Civil Code	the Dutch Civil Code
Dutch Corporate Income Tax Act 1969	the Dutch Corporate Income Tax Act 1969 (<i>Wet op de vennootschapsbelasting 1969</i>)
Dutch Resident Entity	an entity that is resident or deemed to be resident in the Netherlands
Dutch Resident Individual	an individual who is resident or deemed to be resident in the Netherlands, or who opts to be taxed as a resident of the Netherlands for purposes of Dutch taxation
EBIT	earnings before interest and taxes
EBITDA	earnings before interest, taxes, depreciation and amortisation
EIB	Economic Institute for the Building Industry (<i>Economisch Instituut voor de Bouwnijverheid</i> (www.eib.nl))

Elements	summaries of disclosure requirements
Eligible Persons	persons who are not Ineligible Persons
Enterprise Chamber	the Enterprise Chamber of the Amsterdam Court of Appeal (<i>Ondernemingskamer van het Gerechtshof te Amsterdam</i>)
EPC	engineering procurement and construction company
Equity Issue Settlement Date	the date on which the proceeds of the Offering have been applied in prepayment of any amounts outstanding under the Bridge Loan and the Bridge Loan is cancelled in full all in accordance with the terms of the Syndicated Facility Agreement
EU Market Abuse Rules	the EU Market Abuse Directive 2003/6/EC and related Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC, providing for specific rules that intend to prevent market abuse, such as the prohibitions on insider trading, divulging inside information and tipping, and market manipulation, and the implementation thereof in the Financial Supervision Act
EUR, euro or €	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
Euroclear Nederland	Nederlands Centraal Instituut voor Giraal Effectenverkeer B.V.
Excess Amount	the amount of the aggregate proceeds for the Rumps DRs offered and sold in the Rump Offering, minus the selling expenses and any applicable taxes and which exceeds the aggregate Issue Price for the Rump DRs
Exercise Period	from 9:00 hours CEST on 10 July 2014 until 14:00 hours CEST on 23 July 2014
Existing Credit Facilities	the following overdraft and/or money market facilities with Ballast Nedam as guarantor and Ballast Nedam Bouw & Ontwikkeling Holding B.V. and/or Ballast Nedam Infra B.V. as borrowers and Rabobank, ING or RBS as lenders: (i) € 10 million facility with Ballast Nedam Bouw & Ontwikkeling Holding B.V. as borrower and Rabobank as lender under an agreement originally dated 27 March 2007; (ii) € 10 million facility with Ballast Nedam Infra B.V. as borrower and Rabobank as lender under an agreement originally dated 27 March 2007; (iii) € 20 million facility with Ballast Nedam Bouw & Ontwikkeling Holding B.V. and Ballast Nedam Infra B.V. as borrowers and ING as lender under an agreement originally dated 16 April 2007; (iv) € 10 million facility with Ballast Nedam Bouw & Ontwikkeling Holding B.V. as borrower and RBS as lender under an agreement originally dated 13 February 2007; and (v) € 10 million facility with Ballast Nedam Infra B.V. as borrower and RBS as lender under an agreement originally dated 12 February 2007
Feniks Recycling	Recycling Mij. "Feniks" B.V.
Financial Supervision Act	the Dutch Financial Supervision Act (<i>Wet op het financieel toezicht</i>)
General Meeting	the general meeting of shareholders (<i>algemene vergadering</i>) of the Company

GRC	governance, risk and compliance
Group	the Company and its subsidiaries
Group Company	a subsidiary of the Company
H1 2013	the first half of the financial year 2013, which ended on 16 June 2013
H1 2014	the first half of the financial year 2014, which ended on 15 June 2014
H1 2014 Interim Financial Statements	the unaudited condensed consolidated interim financial statements for the first half year of 2014
H2	H2 Equity Partners
IFRS	International Financial Reporting Standards as adopted by the European Union
Ineligible Jurisdictions	jurisdictions outside the Netherlands wherein the Rights and the Offer DRs may not be offered at all, including, without limitation, the United States, Australia, Canada and Japan
Ineligible Person	any DR Holder or any other person residing in a jurisdiction outside the Netherlands wherein the Rights and the Offer DRs may be offered, but to whom certain restrictions apply, as a result of which he cannot lawfully participate in the Offering
ING	ING Bank N.V.
Issue Price	€ 3.10
Joint Bookrunners	ING and Rabobank
Joint Global Coordinators	ING and Rabobank
Large Company	a Dutch public limited liability company which meets at least two of the three criteria referred to in article 2:397(1) Dutch Civil Code
Leverage Ratio	the ratio of total net debt to earnings before interest, taxes, depreciation and amortisation
Margin	EBIT divided by revenue expressed as a percentage
Net Debt	a non-IFRS financial measure and represents total interest-bearing loans and borrowings and other interest-bearing liabilities after deduction of cash and short-term deposits and long- and short-term interest-bearing assets
Non-Dutch Resident	a holder of Offer DRs and/or Rights who is not, nor deemed to be, a Dutch Resident Individual or a Dutch Resident Entity
Euronext Amsterdam	Euronext in Amsterdam
Offer DRs	Depository Receipts of Ordinary Shares in the share capital of Ballast Nedam N.V. with a nominal value of € 1.00 each

Offer Securities	the Rights and the Offer DRs together
Offering	the Rump Offering and the Rights Offering together
Operational Measures	a programme of restructuring with the aim of preserving cash, reducing costs of the business and decreasing capital employed as described in § 8.3.2 ("Business Description - Strategy & Restructuring - Operational Measures and Disposal Programme").
Ordinary Shares	the ordinary shares in the capital of the Company
PFI	Private Finance Initiative
PPPs	public-private-partnership
Pre-Committed DR Holders	the DR Holders that have committed to participate in the Offering by timely and duly exercising all of the Rights that they receive in the Offering and thereby subscribe for approximately 69% of the total number of Offer DRs
Prospectus	this prospectus dated 9 July 2014
Prospectus Directive	Directive 2003/71/EC of the European Parliament and of the Council, and amendments thereto (including those resulting from Directive 2010/73/EU)
Prospectus Regulation	Regulation (EU) No. 809/2004, as amended from time to time
Publication Date	9 July 2014
Rabobank	Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A.
RBS	Royal Bank of Scotland PLC
Recipient	the holder of Offer DRs, who is the recipient of dividends
Record Date	9 July 2014
Refinancing	the strengthening of the Group's financial position by entering into the Consolidation Agreement which, amongst others, amends and restates the Existing Credit Facilities, by combining such facilities into the Syndicated Facility Agreement
Regulation S	Regulation S under the Securities Act
Regulations Concerning Inside Information	the Company's internal code of conduct relating to the holding and effecting of transactions by members of the Board of Management and employees in securities in connection with the Company and affiliated issuing institutions and other securities
Relevant Implementation Date	the date on which the Prospectus Directive is implemented in a Relevant Member State
Relevant Member State	each member state of the European Economic Area which has implemented the Prospectus Directive
Remuneration	the remuneration committee of the Company

Committee	
Restructuring	the Operational Measures, the Refinancing and the Disposal Programme
Rights	the transferable subscription rights to subscribe for the Offer DRs
Rights Offering	the offer to subscribe for Offer DRs through the exercise of Rights
Rump DRs	the Offer DRs that were issuable upon the exercise of Rights but that have not been subscribed for during the Exercise Period
Rump Offering	the offering for sale of Rump DRs in the Netherlands and certain other jurisdictions by way of private placements by the Joint Global Coordinators
Securities Act	the US Securities Act of 1933, as amended
Selection and Appointment Committee	the selection and appointment committee of the Company
Settlement Date	29 July 2014
Shareholder	holder of Ordinary Shares
Share Register	the Company's register of Ordinary Shares, which is kept by the Board of Management
Solvency Ratio	the ratio of total net debt to earnings before interest, taxes, depreciation and amortisation
SPC	special purpose company
Specialised Companies	the companies in the Specialised Companies segment
Subscription, Listing and Paying Agent	Rabobank in its capacity as subscription, listing and paying agent
Substantial Interest	has the meaning given in § 13.2 ("Taxation - Excluded Holders of Offer DRs and/or Rights")
Supervisory Board	the supervisory board (<i>raad van commissarissen</i>) of the Company
Supervisory Board Regulations	the regulations with regard to the functioning of the Supervisory Board as adopted on 25 October 2012, containing additional rules on the allocation of tasks and working methods of the Supervisory Board, and on its dealings with the Board of Management, the General Meeting, and the Works Council
Supplies Companies	the companies in the Supplies segment
SWK	Stichting Waarborgfonds Koopwoningen
Syndicated Facility Agreement	the €110 million syndicated revolving credit agreement with the banking syndicate consisting of ING Bank N.V., Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. and Royal Bank of Scotland comprising (i) a loan facility in the amount of € 80 million that matures on 31 December 2016 and

(ii) a loan facility in the amount of € 30 million

Tax Arrangement for the Kingdom of the Netherlands

the Tax Arrangement for the Kingdom of the Netherlands (*Belastingregeling voor het Koninkrijk*)

Tax Regulation for the country of the Netherlands

the Tax Regulation for the country of the Netherlands (*Belastingregeling voor het land Nederland*)

Underwriting Agreement

the underwriting agreement between the Company and the Joint Global Coordinators dated 9 July 2014

Unexercised Rights Payment

the part of the Excess Amount, proportional to the number of unexercised Rights reflected in each such holders securities account, each holder of a Right that was not exercised at the end of the Exercise Period will be entitled to receive

United States or US

the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia

Working Capital

a non-IFRS financial measure and is defined by the Group as current assets (excluding cash and cash equivalents) minus current liabilities (excluding bank overdrafts and current loans and borrowings)

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