

Date 23 August 2012

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BAM reports net loss due to non-cash impairments of Dutch property and goodwill

- Net loss including impairments for H1 2012: €251 million (H1 2011: profit €66 million)
- Results at Construction and M&E services and Civil engineering in line with management expectations given very difficult market circumstances
- Lower revenue at Property; further deterioration in Dutch property market leads to non-cash impairments of property portfolio by €247 million and of goodwill by €150 million
- Solid performance and good bid pipeline at PPP
- Order book at €10.8 billion at end of H1 2012 (year-end 2011: €10.4 billion)
- Sale of Tebodin completed in April; contribution to net result of €65 million
- Well within limits of banking covenants

(in € million, unless otherwise indicated)	1 st half-year 2012	1 st half-year 2011	Full year 2011
Revenue from continuing operations	3,460	3,557	7,697
Result before tax and impairments from continuing operations	44.5	83.2	143.5
Margin before tax and impairments from continuing operations	1.3%	2.3%	1.9%
Impairments	-397.8	-	-
Net result	-250.6	65.8	126.0
Order book (end of period)	10,800	11,300	10,400

Nico de Vries, Chairman of the Executive Board of Royal BAM Group:

'Our operating companies posted generally satisfactory results in the first half of 2012 in the face of a worsening outlook in the Netherlands and challenging conditions in our other European home markets. Our PPP business is on track with a promising bid pipeline. In view of the deterioration in the property market in the Netherlands, we now assume that our future Dutch property developments will be later (in timing), fewer (in number) and lower (in average selling price). This led to an operational loss of €10 million at Property and non-cash impairments totalling €398 million, including writing down the value of our land bank by a quarter.

Looking ahead, we will keep focusing on reinforcing our financial position and reducing invested capital in Property as quickly as market conditions permit; realising intra-Group synergies and winning new multi-disciplinary contracts; and accessing the opportunities in international markets. We will continue to manage carefully the trade-off between risks and rewards when bidding for new contracts. We forecast a result before tax and impairments from continuing operations of at least €100 million for the full year 2012, based on an expected margin of around 2% for Construction and mechanical and electrical services and Civil engineering.'

Live audio webcast

The Executive Board of Royal BAM Group will present the results of the first half of 2012 on 23 August 2012 during a (Dutch) press conference from 10 a.m. to 11 a.m. and during an (English) analysts' conference from 11.30 a.m. to 1 p.m. Both meetings can be followed via live audio webcast (www.bam.eu).

Analysis by sector

(x € million)	1st half-year 2012		1st half-year 2011	
<u>Results and revenue</u>	Result	Revenue	Result	Revenue
Construction and M&E services	29.7	1,570	45.7	1,547
Civil engineering	24.2	1,761	47.3	1,810
Property	-10.2	240	1.2	305
Public Private Partnerships (PPP)	4.1	275	0.0	229
Eliminations and miscellaneous	-0.1	-386	0.1	-334
Total for continuing sectors	47.7	3,460	94.3	3,557
Group overhead	1.8		-6.9	
Group interest charge	-5.0		-13.3	
Result before tax and impairments from continuing operational activities	44.5	1.3%	74.1	2.1%
Dredging	-		9.2	
Result before tax and impairments from continuing operations	44.5	1.3%	83.3	2.3%
Impairment Property	-247.4		-	
Impairment Goodwill	-150.4		-	

<u>Order book for continuing sectors (end of period)</u>	Q2 2012	Q4 2011
Construction and M&E services	4,266	4,456
Civil engineering	5,574	5,087
Property	1,129	1,103
Public Private Partnerships (PPP)	715	908
Eliminations and miscellaneous	-884	-1,154
Total	10,800	10,400

H1 2012 results and order book for continuing operations

Total revenue of continuing sectors of €3,460 million was down by €100 million (-3%) on the comparable revenue in the first half year of 2011. This decline was due mainly to Civil engineering (-€49 million) and Property (-€65 million), offset by increases at Construction and mechanical and electrical services and PPP. The total result of continuing sectors was €47.7 million, a decline from €94.2 million last year for the same sectors. The decline was due to an operational loss in Property and lower margins at Construction and mechanical and electrical services and Civil engineering. The result at PPP was higher. After lower Group costs and sharply lower interest costs, the result before tax and impairments from continuing operations was €44.5 million, equating to a pre-tax margin of 1.3% (H1 2011 including dredging: €83.2 million, a margin of 2.3%).

Since the announcement of our Q1 2012 results, Dutch property market conditions and outlook have deteriorated. Accordingly, as at Q2 BAM has adjusted the assumptions in the valuation of its Dutch property assets. This has led to a non-cash impairment of property assets by €247 million, discussed below. BAM also impaired the entire goodwill relating to Dutch Property activities of €150 million due to uncertainty as to whether the proposed property divestment program in the coming years can be realized.

In regional terms, the already negative market conditions in most activities in the Netherlands worsened in successive quarters of 2012. The other four home markets were relatively stable, but challenging. BAM International recorded good results with promising new orders, especially in Australia and the Middle East.

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The total order book for continuing operations closed at 30 June 2012 at €10.8 billion, up by €0.4 billion (+4%) from €10.4 billion at 31 December 2011. Most of the increase was attributable to Civil engineering. Order books fell at Construction and mechanical and electrical services and at PPP.

Impairment of Property assets

The economic outlook for The Netherlands has deteriorated in successive quarters in 2012. Growth forecasts have been hit by additional austerity measures and the resignation of the Government has fuelled extra uncertainty over the future direction of policy, particularly for the housing market. The mortgage rules introduced in August 2011 have led to tighter lending criteria and lower affordability, particularly for first-time buyers. House prices continue to fall, and BAM shares the view of other commentators that sellers of existing homes will have to reduce their asking prices further still.

As a consequence, the Group has changed the assumptions for future developments. BAM now expects future property developments to be later in terms of timing, fewer in terms of homes per development and lower in terms of average selling prices. Previously, BAM expected to see a bottoming out of the market in H2 2012 or H1 2013. Now, BAM expects a further deterioration of the market until H2 2014 or H1 2015, with average house prices falling by another 10% to 15% (making a cumulative fall from the peak in 2008 of 25% to 30%). The Group's longer term view is that affordability of home buyers, based on expected income levels, stricter mortgage lending conditions and anticipated changes in the Dutch tax system, will remain at structurally lower levels. Nevertheless, BAM continues to see opportunities in the Dutch housing market in the long run.

On this basis, BAM has conducted an in-depth analysis of its Dutch Property portfolio, including input from independent appraisers. This has led to a reclassification of land positions of €315 million from Property development back to the land bank, because the developments will be later in terms of timing, and a non-cash impairment of €247 million in Q2, because the developments will be fewer in terms of homes per development and lower in terms of average selling price. The impairment of €247 million relates almost entirely to the land bank representing average impairments of 25%.

(x € million)	Q4 2011	Additions* /usage H1 2012	Reclassify ‘Later’	Impair ‘Fewer & lower’	Ending position H1 2012
Land and building rights	601	70	315	-245	741
Property development	891	-39	-315	-2	535
Total investments	1,492	31	0	-247	1.276

* Including €66 million as a result of reappraisal of obligations relating to land purchases

H1 2012 Sector performance

At Construction and mechanical and electrical services, revenue was up by €23 million (+1.5%) to €1,570 million, in line with expectations. Most of this was due to higher non-residential activities in the UK, Belgium (almost doubled compared to H1 2011) and Germany, offset by lower sales in the Netherlands (-€78 million). The margins in H1 2012 were lower compared to H1 2011, which had benefited from higher margins on older projects, but in line with the margins of H2 2011. The sector pre-tax result fell to €29.7 million, equivalent to a margin of 1.9% (H1 2011: 3.0%; H2 2011: 1.7%) in line with an expected pre-tax margin of around 2% for the full year. The fierce competition for new orders continues in the market. The closing order book of €4,266 million was 4% lower than end-2011 due to a continued selective approach to tendering.

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Revenue at Civil engineering was €49 million lower (-3%) at €1,761 million, also in line with management's estimates. Revenue trends in most of the domestic markets are lower. BAM International performed strongly. Due to the lower quality of the order book, the sector pre-tax result fell to €24.2 million from €47.3 million last year, still in line with an expected pre-tax margin of around 2% for the full year. Large orders in Germany and BAM International helped push up the closing order book to €5,574 million (+10%). The ongoing climate for new tenders is mixed with some signs of improvement in Ireland and the United Kingdom and good possibilities for BAM International, but a more subdued picture in the Netherlands and Belgium.

In Property, total revenue fell by 21% to €240 million. As discussed, conditions in the Dutch residential housing and commercial property markets continued to worsen during the first half year. In the Netherlands, 1,154 homes were sold (H1 2011: 1,225). The sales mix was significantly biased to cheaper, 'student' apartments and to institutional (60%) rather than retail buyers (40%). Elsewhere, conditions in Ireland and the United Kingdom (outside the South-East) remained subdued; the performance in Belgium was again encouraging. There was an operational loss of €10.2 million due to the impact of adjusted assumptions.

Total investment in the stock of property at end-H1 2012 was €1,276 million (31 December 2011: €1,492 million). Of this total amount €966 million was invested in the Netherlands (net of the impairment of €247 million); this included stock of 160 completed but unsold homes, approximately 11,500 m² of finished but unlet commercial property and 280 unsold homes still under construction.

At Public-Private Partnerships (PPP), revenue was up to €275 million. The positive result of €4.1 million included the book profit on the transfer of one small project to the joint venture with PGGM. The closing order book of € 715 million was down but the tender pipeline remains healthy, with currently 19 active bids of which 4 expected final decision this year. Governments in our home countries continue to recognise the financial and operations merits of using PPP structures for new infrastructure and construction projects.

Financial position

(x € million)	1 st half-year 2012	1 st half-year 2011	Full year 2011
Net cash position	428	571	1,008
Interest-bearing debts	1,982	2,191	2,191
Net debt position	1,507	1,615	1,178
Recourse net debt position	69	416	-56
Fixed assets	2,388	2,454	2,229
Net operating capital (excl. cash and cash equivalents and current loans)	564	683	621
Shareholders' equity	877	1,165	1,162
Capital base	1,002	1,365	1,362
Balance sheet total	6,679	7,144	7,218
Capital ratio	15.0%	19.1%	18.9%

The recourse net debt position at the end of the half year 2012 of €69 million decreased by €347 million compared to the position a year ago. The main reasons for the decrease were the sales of Van Oord (net proceeds €200 million; December 2011) and Tebodin (net proceeds €145 million; April 2012).

The shareholders' equity was negatively affected as a result of the property impairment and the impairment of goodwill. This also lowered the capital ratio by approximately 4% to 15.0%.

The Group was within the limits of all its banking covenants as at 30 June 2012; the recourse leverage ratio was 0.4, the recourse interest coverage ratio 5.0, the recourse solvency ratio 23.3% and the current ratio 1.13.

Outlook

Royal BAM Group is confident about its prospects based on a sharp focus on its core business activities, its scope to promote synergies across the Group and its prospects for growth in new markets. BAM forecasts a result before tax and impairments from continuing operations for the full year 2012 of at least €100 million, based on an expected margin of around 2% for Construction and mechanical and electrical services and Civil engineering.

Risks and uncertainties

As indicated in the annual report for the 2011 financial year, strengthening risk management is a key element of BAM's strategy for profitable growth through 2015. The Group's risk management system does not imply avoidance of all risks. Instead it aims at identifying opportunities and threats and managing them. Better, more effective risk management will enable BAM to undertake larger commitments in a well-controlled environment.

The risks that can have a material impact on the Group's results and its financial position are described in detail in the annual report for the 2011 financial year. On that basis, BAM can see the following risks and uncertainties in particular for the remainder of the 2012 financial year:

- The risk that conditions will deteriorate further on the Group's markets. Any deterioration of our markets could affect the revenue and result and the valuation of goodwill, the stock of unsold property (property under development, under construction or already completed) and work in progress. The order book could also be affected by the consequences of any further market deterioration.
- Revenue, result and the valuation of accounts receivable could be affected by the risk that it will be impossible to continue relationships with suppliers, partners and customers that do not belong to the Group, but are active in the construction process, causing work on projects to stagnate and perhaps making it impossible to collect receivables.
- The availability of funding and/or the operational cash flow could be affected by the risk of a further reduction in the availability of credit on the financial markets, making it more difficult to receive payments (whether or not in advance) and more difficult to finance or refinance investments in land positions or real estate development.

Other risks that are either not currently known or currently considered non-material could prove to have an effect (material or otherwise) in due course on the markets, objectives, turnover, results, assets, liquidity or funding of the Group.

Declaration in accordance with the Dutch Financial Supervision Act

In accordance with their statutory obligations under Article 5:25d(2)(c) of the Dutch Financial Supervision Act, the members of the Executive Board declare that, in so far as they are aware:

- the half-yearly financial report provides a true and fair reflection of the assets and liabilities, the financial position and the result generated by the Company and by companies included in the consolidated accounts; and
- the half-yearly report by the Executive Board provides a true and fair overview of the information required pursuant to Article 5:25d(8) and (9) of the Dutch Financial Supervision Act.

Royal BAM Group nv

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Bunnik, the Netherlands, 22 August 2012

Executive Board, Royal BAM Group nv:

N.J. de Vries, chairman

M.J. Rogers FCIOB, FICE

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Further information

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Annexes

1. Condensed consolidated income statement
2. Consolidated statement of comprehensive income
3. Consolidated balance sheet
4. Consolidated statement of equity
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1. Condensed consolidated income statement

(x € million)

	1 st half-year 2012	1 st half-year 2011	Full year 2011
Revenue from continuing operations	3,460	3,557	7,697
Operating result before depreciation, amortisation and impairments	92.4	134.8	238.7
Depreciation and amortisation	-45.3	-54.4	-103.3
Property impairments	-247.4	-	-
Goodwill impairment	-150.4	-	-
Operating result from continuing operations	-350.7	80.4	135.4
Finance income	42.1	34.3	72.7
Finance expense	-43.3	-43.1	-99.0
Result from associates	-1.4	11.7	34.4
Result before tax from continuing operations	-353.3	83.3	143.5
Income tax	38.0	-20.5	-28.0
Net result from continuing operations	-315.3	62.8	115.5
Net result from discontinued operations	65.0	3.8	12.2
Net result for the period	-250.3	66.6	127.7
Minority interest	-0.3	-0.8	-1.7
Net result attributable to shareholders	-250.6	65.8	126.0
(x € 1)			
Per ordinary share with par value of €0.10	-1.07	0.28	0.54
Per ordinary share with par value of €0.10 (fully diluted)	-1.07	0.28	0.54

2. Consolidated statement of comprehensive income

(x € million)

	1 st half-year 2012	1 st half-year 2011	Full year 2011
Net result for the period	-250.3	66.6	127.7
Fair value cash flow hedges	-37.4	21.3	-73.1
Exchange rate differences	20.4	-20.7	11.0
Other not-realized result	-17.0	0.6	-62.1
Total comprehensive income	-267.3	67.2	65.6
Attributable to:			
Minority interest	0.3	0.7	1.2
Shareholders of the company	-267.6	66.5	64.4

3. Consolidated balance sheet

(x € million)

	30 June 2012	31 December 2011	30 June 2011
Property, plant and equipment	364.5	373.6	385.1
Intangible assets	589.3	734.5	841.2
PPP receivables	946.8	743.3	697.0
Associates	19.8	19.2	182.9
Other financial assets	73.8	70.9	66.8
Derivative financial instruments	0.9	0.8	3.3
Pension plan assets	155.9	137.6	127.4
Deferred tax assets	236.8	149.4	149.8
Non-current assets	2,387.8	2,229.3	2,453.5
Inventories	1,298.5	1,514.5	1,653.5
Trade and other receivables	2,331.1	2,116.9	2,205.8
Current income tax receivable	14.4	36.5	8.2
Derivative financial instruments	2.0	5.1	1.5
Cash and cash equivalents	475.9	1,012.6	575.8
Non-current assets held for sale	169.6	303.2	246.0
Current assets	4,291.5	4,988.8	4,690.8
Total assets	6,679.3	7,218.1	7,144.3
Share capital	735.4	714.7	713.3
Reserves	-275.5	-258.5	-196.2
Retained earnings	417.5	706.2	646.0
Equity attributable to the Company's shareholders	877.4	1,162.4	1,163.1
Minority interest	1.1	0.7	1.8
Group equity	878.5	1,163.1	1,164.9
Borrowings	1,443.8	1,951.1	1,874.2
Derivative financial instruments	296.9	249.5	98.1
Employee benefit obligations	104.0	100.9	121.4
Provisions	88.3	82.5	70.5
Deferred tax liabilities	77.8	76.1	66.1
Non-current liabilities	2,010.8	2,460.1	2,230.3
Borrowings	538.6	240.1	316.9
Trade and other payables	3,016.8	3,047.9	3,117.9
Derivative financial instruments	2.9	2.0	2.4
Provisions	44.9	54.3	49.1
Income tax payable	23.5	17.5	20.7
Liabilities non-current assets held for sale	163.3	233.1	242.1
Current liabilities	3,790.0	3,594.9	3,749.1
Total equity and liabilities	6,679.3	7,218.1	7,144.3
Capital base	1,002.4	1,362.4	1,364.8

4. Consolidated statement of equity

(x € million)

	1 st half-year 2012	1 st half-year 2011	Full year 2011
Position as at 1 January	1,163.1	1,101.6	1,101.6
Net result for the period	-250.3	66.6	127.7
Fair value cash flow hedges	-37.4	21.3	-73.1
Exchange rate differences	20.4	-20.7	11.0
Total comprehensive income	-267.3	67.2	65.6
Conversion preference shares	-	-	1.4
Dividend paid	-17.5	-4.0	-5.3
Other changes	0.2	0.1	-0.2
Total change	-284.6	63.3	61.5
Position as at period-end	878.5	1,164.9	1,163.1

5. Condensed cash flow statement

(x € million)

	1 st half-year 2012	1 st half-year 2011	Full year 2011
Net result for the period	-250.3	66.6	127.7
Adjustments for:			
- Taxation	-38.1	21.9	31.0
- Depreciation and amortisation	45.4	55.4	106.0
- Impairment of goodwill	150.4	-	-
- Property impairment	247.4	-	-
- Result on sale of PPP projects	-1.9	-	-11.7
- Result on sale of property, plant and equipment	-2.8	-1.8	-4.3
- Result from associates	1.4	-11.7	-34.4
- Result on sale discontinued operations	-65.0	-	-
- Finance income and expense	1.2	9.2	26.3
Investment ppp-receivables	-237.4	-204.0	-419.0
Changes in provisions	-18.8	-25.8	-40.2
Changes in working capital (excl. net cash position)	-248.5	-313.0	-90.9
Cash flow from operations	-417.0	-403.2	-309.5
Interest paid	-57.1	-59.2	-130.0
Income tax paid	-5.8	-32.6	-13.5
Net cash flow from operating activities	-479.9	-494.9	-453.0
Investment/divestment fixed assets	-32.5	-38.4	136.1
Sale PPP projects	4.8	-	25.4
Sale discontinued operations	145.0	-	-
Received interest	41.3	34.1	72.9
Received dividend	1.3	40.2	41.8
Other investment activities	-0.8	-3.1	-3.0
Net cash flow from investing activities	159.1	32.8	273.2
Repurchase preference shares	-	-0.3	-0.3
Changes long-term loans	-250.1	141.4	291.2
Paid dividend (incl. minority interest)	-17.6	-4.0	-5.3
Net cash flow from financing activities	-267.7	137.1	285.6
Increase/decrease in net cash position	-588.5	-325.0	105.8
Net cash position at beginning of the year	1,008.0	912.9	912.9
Change net-liquidities assets and liabilities held for sale	-	-3.8	-17.2
Exchange rate differences on net cash position	8.8	-13.4	6.5
Net cash position at period-end	428.3	570.7	1,008.0
Of which in construction consortiums and other partnerships	200.7	193.5	204.8

6. Statement by sector

(x € million)

	1 st half-year 2012		1 st half-year 2011	
	Result	Revenue	Result	Revenue
Results and revenue				
Construction and M&E services	29.7	1,570	45.7	1,547
Civil engineering	24.2	1,761	47.3	1,810
Property	-10.2	240	1.2	305
Public Private Partnerships (PPP)	4.1	275	0.0	229
Eliminations and miscellaneous	-0.1	-386	0.1	-334
Total for continuing sectors	47.7	3,460	94.3	3,557
Group overhead	1.8		-6.9	
Group interest charge	-5.0		-13.3	
Result before tax and impairments from continuing operational activities	44.5	1.3%	74.1	2.1%
Dredging	-		9.2	
Result before tax and impairments from continuing operations	44.5	1.3%	83.3	2.3%
Impairment Property	-247.4		-	
Impairment Goodwill	-150.4		-	
Income tax	38.0		-20.5	
Net result from continuing operations	-315.3		62.8	
Net result from discontinued operations	65.0		3.8	
Net result for the period	-250.3		66.6	
Minority interest	-0.3		-0.8	
Net result attributable to shareholders	-250.6		65.8	

7. Figures per ordinary share with par value of €0.10

(x €1, unless indicated otherwise)

	1 st half-year 2012	1 st half-year 2011	Full year 2011
Net result attributable to shareholders	-1.07	0.28	0.54
Net result attributable to shareholders (fully diluted)	-1.07	0.28	0.54
Cash flow (net result + depreciation + impairments)	0.82	0.52	1.00
Equity attributable to shareholders	3.63	5.00	4.99
Highest closing share price	3.97	5.76	5.76
Lowest closing share price	1.94	4.08	2.17
Closing share price at period-end	2.21	4.32	3.26
Number of shares ranking for dividend (x 1,000)	241,525	232,497	232,938
Average number of shares ranking for dividend (x1,000)	234,825	232,388	232,665

8. Explanatory notes to the half-yearly report 2012

1. General information

Royal BAM Group nv ('the Company') was incorporated under Dutch law and is domiciled in the Netherlands. This interim financial report contains the financial data for the first six months of 2012 for the Company and its subsidiaries (jointly referred to as 'the Group') and for its share in joint ventures.

The financial data in the annexes to this interim report (pages 7–12) was drawn up in accordance with IAS 34 'Interim Financial Reporting' and does not contain all the information and explanatory notes that are prescribed for financial statements. This financial data should therefore be read in conjunction with the Annual Report 2011. This interim report was approved by the Supervisory Board and released for publication by the Executive Board.

2. Accounting principles

The accounting principles applied in this interim financial report are consistent with the principles applied and described in the consolidated financial statements for the financial year 2011. There have been no changes as a result of applying the new standards, revised standards and/or interpretations. Compared to the annual report

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2011, the presentation of discontinued operations in the income statement has been simplified. Also the presentation of the sectors is adjusted to the new organizational structure of the Group. A reclassification has been made in the cash flow statement.

As a result of reappraisal of obligations relating to land purchases, a value of €66 million is per 30 June 2012 added to land and building rights, which per 31 December 2011 were recognized as off-balance sheet liabilities.

The euro exchange rates for the main currencies in which the Group operates are as follows:

	1 st half-year 2012	Year 2011	1 st half-year 2011
Spot rate on balance sheet date			
Pound sterling	0.801154	0.837521	0.89823
Average rate			
Pound sterling	0.824762	0.869263	0.87125

Per 1 January 2013, Royal BAM Group will adopt the new standard IAS 19R: Employee Benefits. This new standard will have a material impact on the equity and capital base of the company. If this standard would have been applicable per 1 January 2012, equity would have been approximately € 200 million lower as per that date, because the unrealised actuarial gains and losses would have been charged to equity. The impact on result is limited. If EU endorsed, the Group will also adopt per 1 January 2013, the new standards of IFRS 10 "Consolidated financial statements", IFRS 11 "Joint arrangements" and IFRS 12 "Disclosure of interest in other entities". The impact of adopting IAS 19R on the capital ratio is expected to be largely mitigated by the adoption of IFRS 11.

3. Refinancing

In the end of January 2012 the Group has closed a €500 million Senior Revolving Credit Facility (the 'RCF') and a €125 million Subordinated Term Loan (the 'Sub loan'). The RCF, which has a tenor of four years and incorporates a 1-year extension option, is used to refinance BAM's €475 million revolving credit facility and its €360 million term loan. The Sub Loan has a tenor until 30 July 2017, and is used to refinance the company's existing €200 million subordinated term loan.

4. Sale Tebodin

On 24 April 2012 the Group completed the sale of consultancy and engineering firm Tebodin to Bilfinger Berger. With this transaction BAM is taking further steps in line with the Group's strategic agenda to increase the focus on its core business activities and to strengthen its financial position. The transaction results in a profit contribution of €65 million in 2012. The proceeds are used to reduce Group net debt.

5. Impairment

The economic outlook for The Netherlands has deteriorated in successive quarters in 2012. Growth forecasts have been hit by additional austerity measures and the resignation of the Government has fuelled extra uncertainty over the future direction of policy, particularly for the housing market. The mortgage rules introduced in August 2011 have led to tighter lending criteria and lower affordability, particularly for first-time buyers. House prices continue to fall, and BAM shares the view of other commentators that sellers of existing homes will have to reduce their asking prices further still.

As a consequence, the Group has changed the assumptions for future developments. BAM now expects future property developments to be later in terms of timing, fewer in terms of homes per development and lower in terms of average selling prices. Previously, BAM expected to see a bottoming out of the market in H2 2012 or H1 2013. Now, BAM expects a further deterioration of the market until H2 2014 or H1 2015, with average house prices falling by another 10% to 15% (making a cumulative fall from the peak in 2008 of 25% to 30%). The Group's longer term view is that affordability of home buyers, based on expected income levels, stricter mortgage lending conditions and anticipated changes in the Dutch tax system, will remain at structurally lower levels. Nevertheless, BAM continues to see opportunities in the Dutch housing market in the long run.

On this basis, BAM has conducted an in-depth analysis of its Dutch Property portfolio, including input from independent appraisers. This has led to a reclassification of land positions of €315 million from Property development back to the land bank, because the developments will be later in terms of timing, and a non-cash

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impairment of €247 million in Q2, because the developments will be fewer in terms of homes per development and lower in terms of average selling price. The impairments of €247 million relates almost entirely to the land bank representing average impairments of 25%.

These changed assumptions on the future developments and the uncertainty on the realization of the proposed divestment program has led to an impairment of goodwill related to Dutch property activities of 150 million.

6. Taxes

The effective tax rate over the 1st half-year of 2012 is 10,8% as a consequence of the non-deductible impairment of goodwill and the lower tax rate on impairments on property positions outside the fiscal unity of the Group.

7. Seasonal influences

Weather conditions can create seasonal influences in a number of the sectors in which the Group operates. Consequently, the turnover for the first half of the year is often lower than in the second half.

8. Estimates and assessments in the interim financial report

Estimates and assessments are continually evaluated and are based on historical experience and other factors, such as expectations regarding future events that it is reasonable to believe may occur in light of the current circumstances.

The Group makes estimates and assumptions about the future with regard to the value of work in progress and provisions. The reality may subsequently prove to be different from the estimates.

9. Distributed dividends

Holders of ordinary shares were assigned a dividend of €0.16 in cash or 1 new share per 14.4 shares already held during the first six months of 2012.

10. Events after the balance sheet date

There were no significant events impacting on this interim financial report for the first half of 2012 after the balance sheet date.

To the Executive Board, Supervisory Board and Audit Committee of Royal BAM Group nv

Review report

Introduction

We have reviewed the accompanying, as set out on page 7 to 12, condensed consolidated interim financial information for the six-month period ended 30 June 2012 of Royal BAM Group nv, Bunnik, which comprises the condensed balance sheet as at 30 June 2012, the condensed consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of equity, the condensed cash flow statement and the selected explanatory notes for the six-month period then ended. The Executive Board is responsible for the preparation and presentation of this condensed interim financial information in accordance with IAS 34, 'Interim Financial Reporting' as adopted by the European Union. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope

We conducted our review in accordance with Dutch law including standard 2410, Review of Interim Financial Information Performed by the Independent Auditor of the company. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information as at 30 June 2012 is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' as adopted by the European Union.

Rotterdam, 22 August 2012

PricewaterhouseCoopers Accountants N.V.

J.G. Bod RA